



Otonabee – South Monaghan Public Library

Policy Type: **Governance**

Policy Title: **Financial Control & Oversight**

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Chair Signature: _____ Date: _____

The Library Board is accountable to the community for the Library's financial affairs. The Board must ensure adequate controls are in place to manage finances and see that the Library has adequate resources to deliver service and fulfill its mission. This policy sets out the Board's financial practices.

Section 1: Accountability

1. Financial year

The financial year of the OSM Public Library shall terminate on the 31st day of December in each year.

2. Bank accounts

In accordance with the **Public Libraries Act**, R.S.O. 1990, c. P44 s. 15(4b), the Treasurer will open an account or accounts in the name of the Library Board in a chartered bank, trust company or credit union approved by the board.

3. Signing officers

- a) The Board shall appoint at least three signing officers, one of which will be the Treasurer.
- b) All cheques or other orders for the payment of money in the name of the OSM Public Library Board shall be signed by any two signing officers.
- c) The CEO shall be the signing officer for contracts with vendors and granting agencies.

4. Budget

- a) The Board, with the assistance of the Treasurer, shall develop an annual operating budget showing potential revenue from all sources (province, local, donations, self-generated) and proposed expenses for Library operations.
- b) The Board, with assistance of the Treasurer, may prepare a long-term capital budget which supports the Library's approved long-term goals.
- c) The Annual Operating and Capital budgets shall be approved at a meeting of the Library Board prior to the approval of the OSM budget.

5. Estimates

- a) In accordance with the **Public Libraries Act**, s. 24(1), the Board shall submit to council, annually on or before the date and in the form specified by council, estimates of all sums required during the year for the purposes of the Board.
- b) The Board will provide sufficient information to support the estimates.

Section 2: Financial Responsibilities of Chief Executive Officer (CEO)

1. The Library CEO will serve as the Treasurer for the Library Board, and acts as the bookkeeper to manage and report on library finances.
2. The CEO will submit a copy of the audited financial statement to the provincial Ministry responsible for libraries as part of the requirements to complete the Public Library Operating Grant (PLOG) application, if required or upon Ministry request.
3. The CEO is authorized to operate the Library within the approved Library budget and shall authorize payments of all invoices and payroll within the budgeted amounts.
4. The CEO may apply for, and bind, any grants deemed appropriate for the operations of the Library.
5. The CEO may accept donations of cash, in-kind, or materials to support the operations of the Library.

Section 3: Financial Monitoring

1. The Board monitors the finances to ensure that the ongoing financial position of the Library is consistent with the priorities approved by the Board. The Board shall monitor the monthly financial report as prepared by the Treasurer, at each meeting.
2. In accordance with the **Public Libraries Act**, s. 24(7), the accounts of the board shall be audited, by a person appointed under section 296 of the **Municipal Act**, S.O. 2001, c. 25 and submitted to the council annually on or before the date specified by the council.
3. An audit may also be undertaken, upon the death, resignation, dismissal or other termination of the Treasurer of the Board, and at such other times as the Board shall direct.

Section 4: Authorization of Reserve Accounts

1. The CEO may authorize the annual roll-over of any unused funds or interest into an Operating Reserve Account. The Library reserve accounts may not include annual provincial funding (PLOG or Pay Equity Downpayment) which must be spent on Library services in the fiscal year received.

2. The Library reserve accounts will be held by the Library and will be credited with any interest earned on the fund balances.
3. Board resolution is required when requesting or recommending Council-held reserves be accessed, such as funds in the Development Charge reserves. The Finance Department and/or Council shall approve such requests, according to the municipal by-law.

Section 5: Funds from the Disposal of Assets

1. The Board wishes to ensure that the disposal and sale of non-capital surplus assets is fair and transparent.
 - a. Items held on the Municipal ledgers shall be turned over to the municipality for disposition.
 - b. Items expensed under the Library budget shall be held on the Library ledger, and therefore funds from the sale of disposed assets shall be returned to the Library accounts. Disposal of these items falls under OP-18. Library collection materials are exempt from this policy and will follow OP-04.

Section 6: Tangible Capital Assets

The Library will follow the *Municipal Tangible Capital Assets Policy*, with the following library-specific guidelines and exceptions:

1. Responsibility

The Municipality will compile and maintain records and prepare reports for specific tangible capital assets related:

- Land and Land improvements for the library space
- Buildings and Building improvements for the library space

Biannually, the Library will compile and maintain records and prepare reports for the following tangible capital assets:

- Shelving and furniture
- Specialty and other equipment
- Computer hardware and software
- Resource materials, collections

2. Threshold

Tangible Capital Assets will be capitalized when the individual unit cost meets or exceeds the following thresholds:

- Shelving and furniture: \$5,000
- Specialty and other equipment: \$5,000
- Computer hardware & software: \$5,000
- Resource materials: no threshold

Tangible Capital Assets that have a useful life of greater than one year but a per unit cost that is less than the thresholds will be expensed in the year of purchase unless it is an asset that is included in an asset pool. These assets may be tracked for asset management purposes.

3. Useful life

Useful life is the estimate of the period over which a tangible capital asset is expected to provide services. The life of a tangible capital asset may extend beyond its estimated useful life. As a guideline, assets should be amortized over the following life spans:

- Shelving: 25 years
- Furniture: 10 years
- Specialty and other equipment: 10 years
- Computer hardware 3 years:
- Computer software (office): 3 years
- Computer software (ILS): 10 years
- Resource materials, collections: 7 years

4. Disposals:

Under PS3150, the difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset should be accounted for as a revenue or expense in the statement of operations. Disposals of tangible capital assets in the accounting period may occur by sale, trade-in destruction, loss or abandonment. Such disposals represent a reduction in the Library's investment in tangible capital assets, regardless of how that investment is reported.

Related Documents:

- OSM Public Library Board **BL 01– Board By-laws**
- OSM Public Library Board **OP-04 – Collection Development**
- OSM Public Library Board **OP-18 – Purchasing/Procurement of Goods and Services**
- Municipal Act**, S.O. 2001, c. 25
- Public Libraries Act**, R.S.O. 1990, c. P44