

FP-01	FINANCIAL CONTROLS		
APPROVED	19 January 2022	EFFECTIVE	1986
AMENDED	1995, 2003, 2006, 2011, 2016, 2021	NEXT REVIEW	2026

## 1. PURPOSE

To provide guidance on how the Library ensures it is in fiscal compliance with all applicable federal and provincial legislation, and with local government bylaws.

## 2. SCOPE

This policy applies to the Library Board and the Chief Librarian.

## 3. DEFINITIONS

Nil.

## 4. GENERAL

- a. The Library is financed according to the provisions of the *Library Act*.
- b. The Library Board has exclusive control of funds provided for Library purposes:
  - i. from the City and the RDEK;
  - ii. of all money granted, donated or bequeathed to the Library Board from any source;
  - iii. of the revenue derived from fines or money recovered for detention, damage or loss of material belonging to or in custody of the Library;
  - iv. of revenue generated from the sale of surplus material; and of all money received under agreement for library services.
- c. The fiscal year for the Library runs from 1 January to 31 December.
- d. The Library Board delegates day-to-day fiscal management of the approved budget to the Chief Librarian.

## 5. MANAGEMENT OF ACCOUNTS

- a. The Library maintains distinct and regular accounts of its receipts, payments, assets, and liabilities.
- b. All funds collected during regular operations are rung into the cash register and reconciled on a daily basis. Funds received by electronic transfer are reconciled on a monthly basis against the bank statement. Petty cash is reconciled against receipts on a monthly basis.
- c. All invoices are reviewed and initialled by the Chief Librarian or Deputy Librarian before they can be processed for payment.
- d. The Chair and Chief Librarian review month-end financial statements and the balance sheet on a monthly basis. The Library Board reviews the Library's financial reports, including explanations of variances, three times per year during regular Board meetings.

## 6. RESERVE FUNDS

- a. To implement financial standards that will assure its fiscal viability, the Library shall establish and maintain reserve funds to cover contingencies, and support operations, the implementation of strategic projects, and capital replacement programs.
- b. Unless otherwise directed by the Board, monies remaining in the budget as surplus at year-end are transferred into a reserve.

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- i. A surplus results from revenues exceeding expenditures at the end of the fiscal year.
- ii. Externally restricted funds held by the Library are classified as deferred revenue and consequently are not considered part of a surplus, nor as a reserve fund.
- iii. Reserves shall be recorded on the balance sheet. Transfers from reserves to fund expenditures during a fiscal year shall be identified as such in the budget and on financial statements.
- c. The Library will establish separate reserves to serve different purposes.
  - i. **General Reserve** – The purpose of this reserve is to fund specific initiatives, capital or operational, as determined by the Board during the annual budget process, to provide for unanticipated expenditures, and/or to cover shortfalls of revenue in the operating budget. Any surplus not allocated to another reserve shall be transferred into the General Reserve.
  - ii. **Technology Reserve** – The purpose of this reserve is to provide for the substantial maintenance, upgrading or replacement of technological resources, including any software licensing and staging costs, which are not part of the Library’s regular technological maintenance cycle. Any revenue from the public use of the Library’s technological resource exceeding the budgeted amount shall be transferred into the Technology Reserve. Additional funds from donations, sale of assets, or appropriation of surplus, may be paid into this reserve from time to time.
  - iii. **Projects Reserve** – The purpose of this reserve is to set aside internally allocated funds for specific strategic projects. These funds can be identified as matching funds when applying for external grants. Funds for projects identified in this reserve may accrue through fundraising activities, and/or the transfer of funds from the General Reserve at the Board’s discretion.
  - iv. **Manual Training School (MTS) Reserve** – The purpose of this reserve is to provide for the substantial maintenance, upgrading and/or replacement of furnishings and equipment used in the meeting room. Any revenue exceeding the expenditures related to the meeting room shall be transferred into the MTS Reserve.

## 7. AUDITS & FINANCIAL REPORTS

- a. The Library submits its accounts to be audited by the City auditors in the same manner and at the same time as the accounts of the City are audited.
- b. The Library’s financial statements are prepared on a modified accrual basis.
- c. During the audit process, furnishings, collections and equipment will be capitalized based on the terms set out in the Tangible Capital Assets Schedule.
- d. The audited financial statement is the sole financial document used to present the Library’s financial standing for the previous year to any outside agency.
- e. Financial reports the Library is required to file by law shall be based on the information contained in the audited financial statement.
  - i. The Library shall file a Statement of Financial Information (SOFI) with the provincial Public Library Branch as required by the *Financial Information Act*.
  - ii. The Library shall file the Registered Charity Information Return with the Canada Revenue Agency.

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**8. SIGNING AUTHORITY**

- a. The Chair, Vice Chair, Chief Librarian, and Deputy Librarian are the authorized signing officers for the Library.
- b. All cheques issued by the Library require the signature of one of the Chair or Vice Chair, and one of the Chief Librarian or Deputy Librarian.
- c. By motion of the Library Board, the Library may enter into arrangements to make payments by electronic transfer.

**9. AGREEMENTS**

- a. The Chief Librarian and Deputy Librarian may enter into agreements and contracts for the supply of goods and/or services on behalf of the Library.
- b. Before entering into any agreement, it must be approved by the Library Board either as part of the regular budget process or by separate motion.
- c. All agreements are subject to expenditure limits set in policy by the Library Board.

**RELATED POLICIES**

- FP-02 Revenue & Expenditure
- FP-A01 Tangible Capital Assets Schedule