



February 26, 2009

**Agenda Item 3.2 Internal Control Policies**

**TO: Sacramento Public Library Authority Board Members**

**FROM: Phil Batchelor, Interim Library Director**

**RE: Internal Control Policies and Procedures**

**RECOMMENDED ACTIONS:**

**APPROVE** the following recommendations to initiate the implementation of the internal controls and cash handling policies and procedures for the Sacramento Public Library system:

1. **Adopt** the comprehensive, organization-wide Internal Control Policy (see Exhibit A) that requires Library management and staff to exercise appropriate controls throughout all Library operations and business systems.
2. **Adopt** the Procurement and Contracts Policy (see Exhibit B), which establishes rules and guidelines for competitive procurement and contracting for the Sacramento Public Library Authority. In addition to previously reviewed policy structure and authorization limits, this action lowers the contract and material procurement threshold from \$100,000 to \$50,000 for Board approval.
3. **Approve** the Library Branch Cash Handling Policy (see Exhibit C) that defines the parameters for securing, controlling, handling and reporting cash that is received in any of the branches. Rec 34, 32
4. **Approve** the Monthly, Quarterly and Annual Financial Closing Policies (see Exhibits D, E, and F) that define the closing requirements to be followed by the Authority. Rec 27, 28
5. **Endorse** the actions taken to increase the security in each branch by the purchase of dual compartment safes for each of the branches from Heathco International at a cost of \$19,630; and the security installation of each safe by bolting them to the floor with a total cost of \$2,600. Rec 30, 31
6. **Endorse** the actions taken to purchase and install cash registers in the branches from the Tech on Web Company at a cost of \$3,998. Rec 33, 34
7. **Endorse** the action taken by staff to have cash collected by Brinks from each of the branches on a regular basis and deposited directly in the bank at a cost of \$31,740 per year. Rec 33



8. **Endorse** the actions that have been taken to implement over-the-counter credit/debit card payment service to facilitate patron payments of fines, fees and miscellaneous merchandise. These actions have included the purchase and installation of credit card terminals at the service desks in 19 branch locations at a cost of \$9,929. Training has also been provided by Bank of America and Library staff, with ongoing support available. Rec 127
9. **Acknowledge** the implementation of online credit card payment service to library customers to provide an additional method of payment and improve collection of outstanding fines and fees. This service commenced on November 24, 2008, and was announced to the public with promotional signage and online instructions. Annual minimum cost is \$300 in associated fees. Desk procedures for the allocation of online revenues with associated cash adjustments have been established and revenues are being allocated appropriately. Rec 27a, 58
10. **Acknowledge** the actions that have been taken by staff to provide to branch and circulation supervisors cash handling training that incorporates the concept of dual custody safeguards for each of the branches. Rec 34, 35
11. **Acknowledge** the fact that cash lock boxes have been purchased from Perma-Vault and installed in each branch to provide for the separate receipt and handling of cash for the Friends of the Sacramento Public Library's branch affiliate groups at a cost of \$6,044. Rec 270
12. **Acknowledge** the implementation of a standard operating procedure whereby Human Resources staff reviews all source documents associated with payroll system changes that originate in Finance (see Exhibit G). This review and approval process has been established as an internal control step to confirm that changes to payroll activity (hours worked) and/or other financial changes to employee records are reviewed and approved by authorized staff. Rec 29h

## FISCAL IMPACT:

The Sacramento Public Library was faced with the need to act quickly to implement the cash handling and internal control actions outlined in the January 26, 2009 Assessment Report, but had to do so without exceeding the budget adopted by the Authority Board on September 25, 2008. Staff utilized the savings realized from appropriation reductions in the services and supplies accounts to fund the following items:



# Sacramento Public Library Authority

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## Agenda Item 3.2 Internal Control Policies

Purchase Safes	\$ 19,630
Installation of Safes	2,600
Purchase Cash Registers	3,998
Brinks annual collection cost	31,740
Cash Boxes for the Friends	6,044
Credit card terminals	9,929
<b>Total</b>	<b>\$ 73,941</b>

The cost of these items will be reflected in the appropriation adjustments that will be brought to the Board for approval as a part of the mid-year budget adjustment.

### REASONS FOR RECOMMENDATIONS:

At the direction of the Board, the Internal Control Policy has been developed and implemented to establish appropriate fiscal controls in order to safeguard assets, provide reliable financial information to member jurisdictions, and ensure compliance with laws and regulations.

Additional policies and procedures are being developed for specific functions of the Finance Department, such as Accounts Payable, Accounts Receivable, Payroll, etc., and will be presented to the Board at future meetings. All future policies and procedures developed to facilitate the operations of the Authority shall consider and incorporate appropriate internal controls in keeping with this Board-adopted policy.

In conjunction with this Internal Control Policy, staff is recommending Board adoption of the Contracts and Procurement Policy, which has been modified per the Board's request to facilitate greater oversight of Authority procurement practices.

Other recommended actions listed in this report support the goal of establishing appropriate internal controls that will assist the Authority in achieving its operational, financial reporting and compliance objectives, as well as achieving its overall organizational goal to be the best source of knowledge and information that enriches and empowers all people of the community, and to do so with integrity and excellence.

### ATTACHMENTS:

- Exhibit A: Internal Control Policy (Feb 2009)
- Exhibit B: Contracts and Procurement Policy (Feb 2009)
- Exhibit C: Library Branch Cash Handling Policy & Procedures (Feb 2009)
- Exhibit D: Monthly Closing Process
- Exhibit E: Quarterly Closing Process
- Exhibit F: Annual Closing Process and Audit Procedures
- Exhibit G: Review and Approval of Processed Payroll

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SUBJECT: <b><i>Internal Control Policy and Procedures</i></b>		POLICY No.  FORMERLY: None
FUNCTIONAL ACCOUNTABILITY: <b><i>Organization-Wide</i></b>	SECTION:	PAGE 1 OF 3
ORIGINAL ISSUE DATE: <b><i>February 26, 2009</i></b>	REVISION No:	REVISION DATE:

### ***I. PURPOSE***

The purpose of this administrative policy is to describe management's responsibility to establish minimum standards of internal controls; to provide guidance for managing business processes and practices of the Sacramento Public Library Authority for a strong internal control framework; and to provide guidance for monitoring internal controls. It is the responsibility of the Library Director to ensure this policy is regularly reviewed and kept current as business needs of the Authority evolve.

### ***II. POLICY***

#### **A. SCOPE**

This policy and associated procedures are applicable to all business practices in the Sacramento Public Library Authority ("Authority").

#### **B. GENERAL**

Library Management has established appropriate "tone at the top" for the organizational culture of the Authority. For purposes of this administrative policy, "Library management" means collectively the Authority Board, Library Director, Deputy Library Directors, Authority Auditor/Controller, managers, and supervisors. Standards such as the mission statement, code of ethics/conduct, hiring and promotion standards, and a fraud control strategy provide examples of such documentation. Library Management shall constantly be vigilant documenting policies and procedures containing requirements that protect Authority assets, communications, information, processes, and employees.

#### **C. POLICY INTENT**

1. The intent of this policy is to establish management's responsibility for developing, maintaining, and monitoring internal controls.
  - a. Library management shall be responsible for establishing and maintaining internal controls and for developing policies and procedures containing internal controls.



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- b. Library management shall evaluate internal controls on a regular basis and modify them as required.
- c. Library management shall provide employees with the information and training necessary to ensure compliance with internal controls.
2. The intent of this policy is also to establish the responsibility of each employee to follow policies and procedures; to be alert to weaknesses in the internal control framework; and to elevate identified weaknesses to management for improvement.
3. All staff shall be vigilant to violations of internal controls and inform supervisors when violations occur or when weaknesses in the internal control framework may place the Authority at risk.
4. Departments and branches shall establish documented policies and procedures for all business practices of the Authority. Internal controls shall be considered in all policies and procedures.
5. Departments with primary internal control responsibility are Human Resources, Finance, Information Technology and Procurement. These departments shall ensure that their policies and procedures are available to all staff on SPL@.
6. All policies and procedures shall consider the control environment of the users to establish policies and procedures that safeguard Authority assets, processes, information, and staff.
7. All policies and procedures shall contain minimum areas of internal control including control environment, risk assessment, control activities, information and communication, and monitoring. Internal controls shall include practices that provide prevention, deterrence and detection.

### **III. PROCEDURES**

- A. Authority departments and branches shall establish policies and procedures containing internal controls. An effective control system provides reasonable, but not absolute assurance for the safeguarding of assets, the reliability of financial information, and the compliance with laws and regulations. When internal controls are weak management must increase supervision and monitoring, institute additional or compensating controls, and/or accept the risk inherent with the control weakness.
- B. Internal controls shall rely on the compliance of individual Library employees; however, such reliance shall recognize the risk created by:
  1. Management override;
  2. Collusion by two or more individuals;
  3. Improper maintenance of adequate segregation of duties;
  4. Negligence in updating controls as processes or objectives change;



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5. Laxity in providing adequate training as needed on a continuing basis; or
6. Failure to detect mistakes made in the course of ordinary business.

Library management shall appropriately balance the risks and costs of internal controls such that the costs of the controls do not outweigh the benefits of such controls.

- C. When establishing documented policies and procedures the Library shall consider the five interrelated components of internal controls with no single component taking precedence over another component. These components have been identified by the Committee of Sponsoring Organizations of the Treadway Commission ([www.COSO.org](http://www.COSO.org)) and ongoing guidelines are prepared by them. Additionally Statements of Auditing Standards (SAS) and Generally Accepted Auditing Standards (GAAS) provide additional guidance. Additional information regarding the following five components is contained in Attachment A.
1. Control Environment
  2. Risk Assessment
  3. Control Activities
  4. Information and Communication
  5. Monitoring
- D. All Library staff shall remain vigilant to weaknesses in the internal control framework and report even the appearance of a weakness to their supervisor. If an employee is hesitant to have this discussion with their supervisor they shall report it to the department or branch head responsible for the policy and/or to a Deputy Director. Any errors or irregularities that indicate internal control weaknesses shall be reported to the Library Auditor/Controller within one business day after they are discovered.
- E. Whenever an allegation of error or irregularity arises, management shall consider it in the Internal Controls Committee consisting of the Deputy Director of Administrative Services, the Library Auditor/Controller and an uninvolved upper manager in the function of the alleged error or irregularity. This committee shall consider all allegations within 30 days. The Internal Controls Committee may require investigation to resolve the allegation. The Internal Control Committee shall make recommendations to improve controls, consider disciplinary action, and/or consider whether criminal proceedings should be recommended.
- F. The Library Auditor/Controller shall timely report all instances of errors or irregularities including all fraud, waste and abuse to the Deputy Director of Administrative Services and at least annually to the Library Board.

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SUBJECT: <b>Contracts and Procurement Policy</b>		POLICY No. FORMERLY: N/A
FUNCTIONAL ACCOUNTABILITY: <b>FACILITIES</b>	SECTION:	PAGE 1 OF 21
ORIGINAL ISSUE DATE: <b>2/26/09</b>	REVISION No.:	REVISION DATE:

### I. PURPOSE

The Sacramento Public Library Authority Board (“Board”) has adopted this Contracts and Procurement Policy to establish standards and controls for the purchase of all goods and services, including non-professional services and technical/professional services. All expenditures must be authorized in the approved budget; new budget appropriations must be approved by the Board concurrently with contract approval, and will be reflected in periodic budget updates. This Policy is intended to facilitate full and open competition and cost-effective procurement and to ensure proper accountability for all purchases.

### II. POLICY

#### A. Legal Basis

As per Section 4.a.xviii of the Joint Powers Agreement between the County of Sacramento and the cities of Citrus Heights, Elk Grove, Galt, Isleton, Rancho Cordova and Sacramento creating the Sacramento Public Library Authority (“Authority”), the Authority will base its procurement policy on the legal statutes governing procurement for the City of Sacramento. This document does not refer to or replicate the City’s purchasing policies and procedures, but rather provides the legal bases for the Authority to develop appropriate purchasing policies and procedures to effectively implement budgeted purchases.

#### B. Conflict of Interest and Compliance

No employee, officer or agent of the Authority shall participate in the selection or purchase of goods or award of contracts supported by Authority funds if a conflict of interest, real or apparent, would be involved. Authority officers, employees or agents will neither solicit nor accept gratuities, favors nor anything of monetary value from contractors, potential contractors, suppliers or parties to any agreements.

To implement this Policy, all staff shall comply with all procedures established herein and from time to time modified by the Library Director or designee.

Library employees are expected to exercise good judgment in the use and stewardship of Library resources.



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- Employees – Each employee is responsible for following these practices. Violation of this policy may result in disciplinary action up to and including termination, and/or criminal prosecution.
- Library Department Managers and above – Library Managers are responsible for ensuring that all employees of their department who conduct purchasing activities possess a thorough understanding of ethical conduct, prohibited practices, this Policy, and all implementing procedures.

### C. Approval Authority

All contracts in the amount of \$50,000.00 or more shall be approved by the Board. The Library Director shall determine and administer the appropriate method of selecting the successful contracting party consistent with this Policy and forward a recommendation for approval to the Board. The Board may delegate the authority to negotiate, sign and execute contracts of \$50,000.00 or more to the Library Director on such terms as the Board may approve.

Contracts in the amount of \$49,999.99 or less may be approved by the Library Director or designee.

The Library Director or designee is responsible for all contract administration.

### D. Thresholds for Competitive Procurement

1. **Purchases under \$2,000.00 (Over-the-Counter or Expedited).** A single quote for purchase of these goods or services is acceptable. A branch or work unit Supervisor or higher level position is required to approve the invoice for payment. Transactions will be monitored by Supervisors and Managers at least monthly in Budget to Actual reports.

These purchases may be accomplished through Purchase Order, Credit Card, Blanket Purchase Order, Petty Cash (not to exceed \$50), employee paid and subsequently reimbursed, or by established negotiated price accounts (such as Office Depot).

2. **Purchases of \$2,000.00 to \$24,999.99 (Informal Competitive).** Informal competitive purchases require three documented quotes. The quotes must be based on the same criteria being provided to each vendor to ensure fair and comparable quotations. The quotes may be oral, but must be documented in writing in a consistent manner and must be available for review by management during the approval process. Written quotes may be based on written specifications or scope of work, with proposals provided to the Library in writing. In each case, the most responsive, cost effective good or service is selected. This process is informal to minimize the quote and selection time



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required by the vendor and staff while ensuring competitive pricing and required quality. Informal procurements must be approved by a Department Manager or higher position. Consistent with accepted government procurement practices, a documented “decline to quote” may be considered as one of the required quotes. Contracts resulting from the Informal Competitive process must be approved and signed by the Library Director or designee.

3. **Purchases of \$25,000.00 to \$49,999.99 (Formal Competitive).** Formal competitive purchases require a formal process and an extensive competitive review of responses be conducted. The processes include: Request for Quotation (RFQ), Request for Proposal (RFP) or Invitation for Bid (IFB). A comprehensive scope of work or bid specification will be prepared by the Authority and advertised in a local newspaper or through the City of Sacramento and/or County of Sacramento public online bid sites. A thorough review process of all quotations/proposals/bids will be conducted to ensure a fair selection process and that in-depth due diligence has been performed/completed. Contract awards resulting from formal competitive bids must be approved and signed by the Library Director or designee.
4. **Purchases of \$50,000.00 or more (Formal Competitive).** The process for formal competitive procurement is the same as stated above, except that the contract award must be approved by the Board. The Board may delegate the final negotiations of price and details, including execution of the final contract documents, to the Library Director or designee within the parameters of key terms approved by the Board.

### **E. Inter-governmental Agreements / Co-operative Agreements / Piggy-back Agreements**

To encourage and foster greater economy and efficiency, the Authority may take advantage of other state and local governmental agreements for procurement of goods and services, without separate competitive bidding, under the following circumstances:

1. A governmental agency has solicited bids or conducted negotiations and awarded a contract for services or materials that the Authority desires to obtain.
2. Participation by the Authority on the awarded contract terms is agreeable to the agency awarding the contract and the bidder awarded the contract. A letter from each party to the agreement stating concurrence to the Authority’s participation will serve as documentation to this agreement. The Authority will accept the negotiated terms and cannot negotiate separate terms under this policy.



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3. The Board or the Library Director finds the procurement process has met the Library's competitive procurement requirements, and that participation in such group purchasing agreements is in the best interest of the Authority. This will be documented in a written memo and retained with the procurement documents for review and audit.
4. Eligible procuring agencies will include, but are not limited to: all agencies party to the Authority's Joint Powers Agreement, Califa, California Multiple Awards Schedule (CMAS), U. S. Communities, and Western States Contracting Alliance (WSCA).

### **F. Sole Source Procurements**

The Authority recognizes that special circumstances may make use of competitive bidding inappropriate. In these situations, directed or sole source procurements may be an acceptable alternative.

Sole source or sole-brand procurements are an exception to the Authority's competitive bidding policy, and require written justification. The Library Director will approve sole-source or sole-brand procurement on a case-by-case basis. If the amount of the contract is \$50,000.00 or more, a sole source procurement must be approved by a two-thirds (2/3) vote of the Board at or before the time of the award.

Sole source procurement may be used if:

1. The product or service can only be purchased from or performed by a single party or vendor;
2. The nature of a service is such that one party is uniquely qualified to perform the service; or
3. The procurement is time-critical in nature and use of a competitive process is impractical.

Sole brand procurement may be used when only a single brand/model is acceptable, but is available from more than one vendor.

The Library Director shall prepare written findings outlining the circumstances that warrant and justify a sole source/sole brand procurement. This finding shall be retained with the procurement documents for review and audit.

### **G. Credit Card/Procurement Card Policy**

Library credit and procurement cards (hereinafter referred to as credit cards) may be used to make supply and service purchases of less than \$2,000 on behalf of the Authority, to pay for travel expenses only when registering for Authority-



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related conferences, and booking Authority-related travel, such as airfare, at the most competitive rates.

**Library Use Only.** It is the policy of the Authority that the Authority credit cards are for official business use only. Charging personal expenses, even if the intent is to reimburse the Library later, is prohibited. Doing so may result in disciplinary action, up to and including termination.

1. The authorized cardholders shall be limited to:
  - a. Procurement and Contracts Coordinator, who is involved in and implements most procurements.
  - b. Director of Facilities, who is responsible for overseeing the procurement function.
  - c. Library Director and Deputy Director of Administrative Services, whose cards are issued for Emergency Purchases and should rarely be used.
2. Only the person to whom the credit card is issued is authorized to use the card. Shared use of a card is not intended or authorized.
3. The total cumulative credit limit for the four cards shall not exceed \$30,000.
4. Credit cards may be used to purchase goods and services where the cost is less than \$2,000 only if it is not practical to purchase through normal purchasing channels. A credit card shall not be used to circumvent a requirement for competitive quotes or bids.
5. Credit cards may be used to pay conference registrations to take advantage of early registration discounts and for booking travel, such as airfare, at the most competitive rates.

### H. **Petty Cash**

Petty cash may be set up at each Library branch or work unit. The petty cash fund may range from \$50 to \$300 based on the business needs of the branch or department requiring petty cash, and is intended to accommodate very small purchases, not to exceed \$50. The intent is to efficiently procure small dollar purchases, including mileage reimbursements or local travel costs, for Authority business purposes. Requirements include:

1. No cash register or cash drawer funds will be used to fund Authority expenditures. This will facilitate the daily reconciliation of incoming revenues with cash register tapes.



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2. A documented process that requires receipts for each petty cash purchase will be created. Periodic reconciliation will be required to account for and reimburse petty cash through the Accounts Payable process.
3. Each location will have an assigned petty cash custodian. Petty cash use will be recorded in a daily activity log maintained by the assigned petty cash custodian.
4. Petty cash replenishment checks will be made payable to the petty cash custodian, who will cash the checks and replenish petty cash. Staff may consider alternative replenishment methods with proper internal controls.

### **I. Emergency Purchases**

An emergency situation may make it impossible to use the normal purchasing procedures. The Library Director or designee may authorize an emergency purchase, which authorization must be provided in advance of the purchase. The policy of the Library Authority is that:

1. An emergency purchase that circumvents normal purchasing procedures shall be presented to the Board as soon as practical for review and ratification of the emergency occurrence, the purchase and the process used. If the purchase is \$50,000 or greater, the Board must ratify the purchase.
2. An emergency is defined as a circumstance that constitutes a threat to public safety, life or property; or a condition that requires immediate intervention.

### **J. Purchase of Books, Periodicals and Non-Print Materials**

The publications and materials marketplace and related procurement is highly specialized. As a result, the purchase of books, periodicals, non-print materials, online services and computer based products may be exempt from the competitive bidding process. The Library Director or designee shall have the authority to determine whether the procurement of print or non-print materials will be subject to competitive bidding. Staff will track vendor performance.

Vendor selection will be based on a variety of factors, including:

1. Variety and quantity of stock available and demonstrated fill rate.
2. Timeliness of delivery.
3. Accuracy of recordkeeping, invoicing, cataloging, etc.
4. Available discounts.



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5. Availability of selection tools and specialized selection products that make the order process more efficient.
6. Availability of support staff.
7. Product specialization (format, language, etc.)
8. Electronic or online products and services:
  - Compatibility with existing Library systems
  - User-friendly interface
  - Set-up and ongoing support and maintenance costs
  - Support of index, full text and imaging technologies

### **K. Emerging and Small Business Enterprises**

The Authority shall take steps to ensure that emerging and small business enterprises are encouraged and afforded an opportunity to participate in Authority procurement.

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SUBJECT: <b><i>Library Branch Cash Handling Policy and Procedures</i></b>		POLICY No. 710 FORMERLY: N/A
FUNCTIONAL ACCOUNTABILITY: <b><i>Finance</i></b>	SECTION:	PAGE 1 OF 18
ORIGINAL ISSUE DATE: <b><i>2/26/09</i></b>	REVISION No: N/A	REVISION DATE: N/A

### ***I. PURPOSE***

The Library Branch Cash Handling Policy and Procedures is an Administrative Policy of the Sacramento Public Library Authority. It is the responsibility of the Library Director to ensure this policy is regularly reviewed and kept current as business needs of the Library evolve.

1. The purpose of this policy is to:
  - A. Provide approved Library Branch Cash Handling policy and information needed for the establishment and management of Cash Drawers.
  - B. Clarify employee responsibility for securing, controlling, handling, and reporting cash in Cash Drawers.

### ***II. POLICY***

#### **2. SCOPE**

The policy and procedures are applicable to all Library Branch Cash Drawers in the Sacramento Public Library Authority ("Library").

#### **3. GENERAL**

The Library has established Cash Drawers in Library branches for the purpose of maintaining cash available to make change to customers paying fines and fees and/or purchasing merchandise and to receive monetary donations for the Library from Library Friends organizations.

#### **4. POLICY INTENT**

The intent of this policy is to standardize the establishment of cash handling and management of Cash Drawers in the Library system.



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### 5. CASH DRAWERS

The Director of Finance, after conferring with the respective Branch Services Manager, shall authorize Cash Drawers to be established in each Library branch to make change to customers paying fines and fees and/or purchasing merchandise and to receive monetary donations for the Library Friends organizations.

6. Branch Supervisors shall be responsible for maintaining the Cash Drawers in Library Branches. A Branch Supervisor may delegate maintenance of the Cash Drawer to Library branch staff. The Branch Supervisor shall periodically verify that Library branch staff is in compliance with this policy.
7. The term Cash Drawer refers to the authorized amount of funds maintained at a designated Library branch. Cash Drawers shall be designated as shown in Attachment A. If the amount of the Cash Drawer requires an increase in amount, the Branch Supervisor shall make a request with justification to increase it and the request shall be forwarded to the Director of Finance for approval. If the amount of a Cash Drawer is more than is necessary, the Director of Finance shall discuss the change with the Branch Supervisor and reduce the authorized Cash Drawer balance and have the difference remitted to the Finance Department.
8. Library branch staff is responsible for the adequate security and control of the assigned Cash Drawer. The Cash Drawer shall be secured at all times in a safe, cash register, locked desk, credenza or filing cabinet.
9. **Cash Registers** – The Library will attempt to standardize cash registers in the branch libraries. Cash registers provide a safe and secure method of securing receipts during the day. Most cash registers have a key to unlock and lock the cash register. The key should not be left in the key slot. After opening the cash register staff should place the key in a safe place, i.e. inside a tray in the cash register. After locking the cash register, the key should be stored in the cash register drawer inside the safe. Cash registers shall be secured so they become immovable. Cash registers should come already programmed with description keys to match the General Ledger descriptions for receipts. The Information Technology Department shall make all changes to cash registers and shall service cash registers to insure their readiness. When a cash register is not available or is unable to function, see Item #15C. The Finance Department shall control key descriptions and General Ledger descriptions. Library branch staff shall use the applicable description keys showing the type of transaction being conducted. The description keys and the related General Ledger accounts are described in *Attachment B* to this policy.



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10. **Safes** – The Library will provide safes, where practical, that have a drop slot into the top safe with a second safe below of adequate dimension to allow cash register drawers to be stored within.

A. If safes do not allow a cash register drawer to be stored within, at least the coin trays should be stored in the safe and the cash may be banded or clipped for overnight storage in the safe.

B. Safes should be secured to the physical surroundings to eliminate movement. Safes should remain locked when not being used. Whenever locking a safe, the dial should be returned to zero. Safes may have a key in addition to the combination and if so, the key should be placed in a secure place with at least two people aware of its location. Safes that cannot be opened or are not operating correctly should be reported immediately to the Senior Accountant in the Finance Department who will notify the Director of Facilities.

C. **Safe combinations** should only be known by those employees who have a need to know. Safe combinations should be changed whenever an employee who knows the combination leaves the branch permanently and at least annually. Branch Supervisors shall seal new safe combinations in an envelope (so they cannot be read through the envelope) with the date and the branch name on the outside, and forward it to the Senior Accountant in the Finance Department. The envelope shall be maintained unopened in a safe in the Finance Department.

D. **Safe Entry Log** – Each safe should have a Cash Drawer Safe Entry Log Form 710-1 to record the branch, identify the safe, the date of all entries into the safe and showing who entered. The Safe Entry Log should also record the dates of combination changes. The Safe Entry Log shall be kept near the safe but not in it. For double safes with a top drop slot, separate Safe Entry Logs for each safe shall be maintained. When a Safe Entry Log sheet is filled the Branch Supervisor shall forward it to the Senior Accountant in the Finance Department to be retained in accordance with the Retention Policy for financial documents.

E. Entry into the upper safe with the drop slot shall only be made by the designated courier. The upper safe shall not be opened by Library branch staff.

## 11. **Checks and Check Cashing**

Cash Drawers will not be used to cash personal checks or to honor IOU's for personal funds. The Library will accept personal checks, cashier's checks and company check if the payee is the Sacramento Public Library Authority (Sacramento Public Library is acceptable but initials "SPL" should not be



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used). The Library does not accept traveler's checks and does not cash checks for customers or employees, including Library payroll checks, petty cash checks, travel reimbursement or other Library issued checks, or personal checks. The check must be for the amount of the transaction – all money must be applied to the transaction – and a refund request may be made for the overage if required. No cash may be given back for a check transaction because that constitutes a loan of funds. No checks drawn on foreign currency shall be accepted. Third party checks are checks that the payee has already endorsed to someone else. The Library shall not accept any checks already endorsed to someone other than the Library. All checks shall be endorsed by stamping the back of the check with the Library's bank endorsement stamp for the branch that received it. The endorsement should be stamped upon receipt. See Attachment C for additional cash handling information and techniques.

### **12. Identification**

Library branch staff shall require identification from customers who pay the Library with a check. It is common practice to require a valid government issued ID (such as a valid driver's license, green card or passport) from customers who pay the Library with a check. If a person buys merchandise or pays fees for services with a check that is later returned by the bank, there is no way to retrieve the merchandise, fees, or services. If the check is returned by the bank to the Finance Department every effort will be made to recover the amount in accordance with the Revenue and Receipts Policy 712. If the check is uncollectible by Finance Department staff, the Finance Department shall notify Collection Management Services to place a stop on the customer's Millennium account and enter the amount due with costs.

### **13. Cash Register Opening Activity**

- A. Library branch staff is responsible for setting up the cash register daily. Library branch staff should unlock and turn on the register; place the key in the drawer; and place coin and currency into the divided separate compartments. (Placing smaller denominations closer and larger denominations farther away, helps prevent the accidental distribution of incorrect denominations.)
- B. Verify that the cash register date is correct. Two Library branch staff should verify the dollar amount of the beginning cash by preparing the Opening Section (A) of the Cash Drawer Reconciliation and Cash Receipt Form 710-2. Enter the cash drawer amount in the register if prompted to do so (cash registers vary for prompt messages). The Opening Cash Drawer Total as shown in Section A of the Cash Drawer Reconciliation



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and Cash Receipt Form 710-2 should equal the authorized cash drawer balance for the branch. If not, notify the Branch Supervisor. Both Library branch staff shall initial Section (A) showing that they each have counted the Cash Drawer and the total amount is correct.

C. During branch operating hours the following issues should be considered:

- 1) When the cash drawer begins to get full and/or several large bills have been received, paper clip or rubber band excess currency and place it in an envelope, seal it and write the amount on the outside and initial it. Transfer that envelope to a safe storage area, preferably the lower safe but do not put it in the drop slot.
- 2) Lock all cash and coins in the safe or in the cash register drawer when in use.
- 3) Never leave the cash register drawer open after a transaction.
- 4) Never leave the cash register drawer unattended.
- 5) Never let anyone touch the cash register or cash register drawer except authorized staff.
- 6) Library branch staff should ensure that an adequate supply of Cash Drawer Cash Receipts Form 710-3, bank deposit slips (sample Form 710-4) and Cash Drawer Courier Receipt Log Forms 710-5 (or similar form provided by the courier company) are stocked at each register.

D. The cash operation at each Library branch have a permanent collection record, such as a cash register tape, that records all transactions including voids or cancels. A copy of this permanent collection record, cash register tape, shall be retained by the department or branch until transferred to the Finance Department.

**14. Daily Cash Counts** – See Attachment D, Cash Drawer Balancing Summary.

Two Library branch staff shall make daily counts of the cash drawer utilizing the Closing Section (B) of the Cash Drawer Reconciliation and Cash Receipt Form 710-2. Both Library branch staff shall initial Section (B) showing that they each have counted the Cash Drawer and the total amount is correct. If there is any difference it must be reported immediately to their supervisor who shall notify the Branch Supervisor if the amount cannot be resolved. The Cash Drawer shall be reconstituted to its authorized Cash Drawer Balance.

**15. Receiving and Receipting Department Funds**

A. Cash Drawers shall receive cash, checks and credit/debit transactions. All checks for Library transactions should be made payable to the Sacramento Public Library Authority ("Sacramento Public Library" is



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- acceptable but the initials “SPL” should not be used). Library branch staff should have a stamp in the name of Sacramento Public Library Authority available at the cash register for customers to use when writing a check. The written checks need to be legible, dated, and signed. All checks should have an identification notation made as to what the payment is for (Fines, fees, mdse, etc). This is important if the check is returned for non-sufficient funds. Credit/debit transactions may be conducted at the credit card computer terminals at the Circulation desks in the Library branches and also on the internet. Credit/debit transactions are accounted for by Branch staff and at the Finance Department in accordance with the Revenue and Receipt Policy 712.
- B. Receipts shall be issued to customers from the Millennium system for Millennium related transactions. Non-Millennium related receipts shall be issued to customers through a Library cash register except as stated for the areas without cash registers. The Library’s name, date, transaction type and amount will be listed. The customer should always be given a receipt, especially when paying in cash.
  - C. In the event of a power shortage or other emergency, Cash Drawer Cash Receipts Form 710-3 contained in receipt books have been provided to the branches for use. The receipts are in a three-part form. The customer should receive the back copy, the branch retains the second copy and the Finance Department receives the original copy. When the power loss or emergency has ended, enter all the transactions into the cash register and forward the original handwritten receipts to the Finance Department with the Cash Drawer Reconciliation and Cash Receipt Form 710-2.

### **16. Voids and Over Rings**

Occasionally, Library branch staff may over ring a transaction requiring a void and/or a correction to the transaction. After completing a transaction, use of the Void key will void the entire transaction and require Library branch staff to make an entirely new transaction. When Library branch staff voids a transaction the Library branch staff shall circle the voided transaction and the new transaction. If an explanation is necessary it should be written on the cash register tape. If additional explanation is required the entry should be explained on the Cash Drawer Reconciliation and Cash Receipt Form 710-2 in Section F.

### **17. Cash Register Closing Activity**

- A. At the end of the workday or at a consistent daily time, Library branch staff is responsible for documenting all of the Library money received. This involves the balancing of the cash drawer, preparing a deposit of Library



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- funds, removing the ending cash to the safe and reporting to the Finance Department all monies received. If balancing the next business day, run all daily closing reports and secure them separate from cash until the cash balancing is performed. Where cash is concerned, maintaining accountability and integrity is of vital importance. As a result, all cash received should be verified.
- B. To close the cash register it is necessary to run a Z1 tape. A Z1 tape captures the transactions for the period from the last time a Z1 tape was run. In most large branches a Z1 tape will need to be run daily near the same time each day to close the cash register.
  - C. A Z2 tape captures as many days as requested but a Z2 tape need not be run unless requested to do so by the Finance Department.
  - D. An X tape may be run to determine the daily revenue. An X tape does not close the cash register but is like a subtotal to that point in time and the cash register will continue on until a Z1 tape is run. In smaller branches running an X tape will allow the Branch Supervisor to determine what day the cash register should be closed and allow for reconciliation to that point in time.
  - E. All branches will prepare deposits daily, except those specifically designated to perform weekly deposits.

### **18. Balancing Cash Drawer**

At the time appointed by the Branch Supervisor, Library branch staff account for all increases and decreases of cash in their cash drawer. This process is referred to as balancing – the accounting of all branch funds received that day. Balancing involves completing Section (C) and (D) of the Cash Drawer Reconciliation and Cash Receipt Form 710-2 by adding currency, coin and checks, determining the dollar total received from the permanent record, subtracting the Opening Cash and comparing the total money with the total transactions. These two dollar amounts should be the same. Balancing should occur out of public view in a location away from the collection area. Each Library branch staff may have their own method for balancing the cash drawer; however, there are several steps that everyone should have in common:

- A. Remove all currency, coin and checks from the cash register drawer. Count the money as many times as it takes to get the same total twice. Prepare the Cash Drawer Reconciliation and Cash Receipt Form 710-2.
- B. Add all checks on an adding machine tape (use two-part tape or run two tapes). Use the endorsement stamp on the bottom of each tape. Place one copy of the tape around the checks and place the other copy with



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- your cash register transaction tape. All checks shall be endorsed upon receipt.
- C. Place Identification notations on the front of the check (Fines, fees, merchandise, etc.) for branch identification.
  - D. When applicable, add all of the credit card transactions together and balance the total to the credit card report as well to the cash register Z1 tape. Note the total on the Cash Drawer Reconciliation and Cash Receipt Form 710-2. Library branch staff should then "buy" from the remaining cash on hand to bring the cash drawer back to the preferred mix of currency denominations as determined by the Branch Supervisor.
  - E. Voids require an explanation for audit control. Library branch staff shall annotate and circle the original transaction that was voided and the new transaction to correct it. On the bottom of the Cash Drawer Reconciliation and Cash Receipt Form 710-2, Branch Supervisors shall make notations/explanations for all voids entered.
  - F. Branch staff shall print a daily Millennium Fines Paid Report (see Form 710-6 for a sample and instructions) for the day(s) matching the cash register Z1 tape. Note the total on the Cash Drawer Reconciliation and Cash Receipt Form 710-2.

### **19. Cash Drawer Reconciliation and Cash Receipt Form 710-2**

In order to complete the deposit of branch funds, Library branch staff must complete a Cash Drawer Reconciliation and Cash Receipt Form 710-2. The Cash Drawer Reconciliation and Cash Receipt Form 710-2 shall be dated and the branch name and respective Fund /Org Code shall be entered. The reconciliation shall include reconciling the cash receipts to the Cash Register Z1 tape and to the Millennium Fines Paid Report. Descriptions of the sections of this form are included by description in Item #9 and #33 of this policy and also as instructions for the form.

### **20. Partner Libraries and LINK+ Library Network**

A. The Library may collect revenue on behalf of a Partner Library or Libraries in the LINK+ Network and revenue shall be processed through the cash register. If Collection Management Services/LINK+ received the payment, the payment shall be processed through the Central Library cash register as if the branch received it. Partner Library and LINK+ Library transactions shall be entered on the cash register as "OUT" transactions. A Millennium system receipt shall be provided to the customer.

B. The Information Technology Department shall prepare a Fees Paid OUT Detail Report by the fifth of the month for revenue received the prior month



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and now due to Partner Library's or LINK+ Library's (see a sample Form 710-7). The Information Technology Department shall prepare an Accounts Payable Check Request Form 715-1 requesting payment to the Partner Library or LINK+ Library less any library costs due to the Sacramento Public Library and forward it to the Finance Department, with a copy of the Fees Paid OUT detail report, requesting payment to the Partner Library or LINK+ Library. The revenue may be Fines/Fees and/or Lost/Paid. Library costs shall be in accordance with the Circulation Manual and LINK+ costs as directed by Collection Management Services/LINK+ if not already in the Millennium system. If the customer has made payment with a check the Finance Department shall wait for the check to clear the bank account before forwarding payment to the Partner Library or LINK+ Library.

### **21. Inter Library Loan Program**

- A. The Library may collect revenue on behalf of a library in the Interlibrary Loan Program and revenue shall be processed through the cash register. If Collection Management Services/ILL receives the payment, the payment shall be processed through the Central Library cash register as if the branch received it. Inter Library Loan Program transactions shall be entered on the cash register as "ILL" transactions. The Library branch staff shall identify on the cash register tape which Interlibrary Loan Program Library's revenue was received. The revenue may be Fines/Fees and/or Lost/Paid. Any questions regarding the amount due in the Millennium system for the Interlibrary Loan Program should be referred to Collection Management Services/ILL. A Millennium system receipt shall be provided to the customer.
- B. The Interlibrary Loan Program sends an invoice to the Sacramento Public Library to the attention of Collection Management Services/ILL. Collection Management Services/ILL confirms or modifies the amount of the invoice and forwards the invoice to Accounts Payable for payment. Collection Management Services/ILL shall stamp and sign the invoice showing authorization to make payment in accordance with the Accounts Payable Policy 715. The Finance Department shall compare the Interlibrary Loan Program transactions on cash register tapes to the invoice amount.

### **22. Donations and gifts to the Library**

- A. The Sacramento Public Library Authority branch staff shall direct donors to make monetary donations through the Sacramento Public Library Foundation ("Foundation"). Branch staff shall make available a Foundation donation envelope (see Form 710-8 for sample). The Foundation donation envelopes are machine stamped and donors should mail them directly. Branch staff shall not accept Foundation donation envelopes.



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B. Library branch staff shall receive monetary donations payable to the Library at the library branches only from Friends and Foundation, transact them through their cash register and prepare them for deposit. Library branch staff shall prepare or have the donor prepare a Donation Monetary Receipt Form 710-9. The Donation Monetary Receipt Form 710-9 shall include the date, donor's name, address, amounts and check number if paid by check. Where feasible, all donations received by a branch will be attributed to that branch and/or designated purpose per the donation. The form may contain a designated request by the donor if the donor wishes to designate or restrict the donation subject to approval by Library Management and the Sacramento Public Library Authority Board. Donations may be designated for a specific preference such as for books (22101), programs (22102), or supplies (22103). These same preferences are contained in the template for the entry in the accounting system.

23. **Non Library Money** – Library branch staff may not receive funds that are not to be deposited to the Library.

A. **Foundation** – Library branch staff shall direct individuals to make all payments and/or donations for the Sacramento Public Library Foundation (Foundation) payable to the Foundation. Branch staff shall make available a Foundation donation envelope (see Form 710-8 for sample). The Foundation donation envelopes are machine stamped for ease in mailing. In accordance with the Foundation Memorandum of Understanding, all donations received at a branch shall be returned to the Library where they shall be made available for the designated purpose if one exists and/or for the benefit of the receiving branch library. Donations made by the Foundation to the Library shall be receipted through the cash register if received at a Library branch, see Item #22.

B. **Friends** - Individuals donating to the Friends of the Sacramento Public Library (Friends) should be referred to Friends personnel or the Friends collection drop box. Donations made by the Friends to the Library shall be receipted through the cash register if received at a Library branch, see Item #22.

## 24. REFUNDS

A. All refunds shall be processed through the Finance Department Accounts Payable.



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- B. The customer must prepare and sign a Refund Request Form 710-10 to obtain a refund regardless of the amount. Upon request by the customer, Library branch staff shall fill in the information on the form called for the Library branch staff to complete. Refund requests must include proof of payment, the date paid, amount paid, the purpose of the payment, and the General Ledger account number the payment was credited to. A brief explanation of why the money is being refunded must also be indicated on the form.
- C. Library branch staff shall make a printout of the Millennium Customer Account Fine Paid Detail report (see a sample Form 710-11). The Refund Request Form 710-10 with the Fine Paid Detail Report attached shall be forwarded to the Finance Department with the Cash Drawer Reconciliation and Cash Receipt Form 710-2. Upon receipt of the Refund Request the Finance Department will refund any amount that is due in accordance with the regular Accounts Payable Policy and shall reduce that amount by any refund processing fee that may be established. This processing fee is under consideration and is not in place as of the adoption of this procedure. Staff will be notified if this fee is formally adopted.
- D. Any amount owed to a customer should be pro-actively placed as a credit on that customer's library account on the Millennium system if applicable. When a refund is credited to a customer's account the Refund Request Form 710-10 shall explain the transaction. A printout of the customer account from the Millennium system shall always be attached to the Refund Request Form 710-10.
- E. **Partner Libraries, Link+ Library Network, and Interlibrary Loan Program Refunds** – There are no refunds once a Lost Paid and/or Fines/Fees have been paid.
- F. **Check Refunds:** All payments that were made by check more recently than 20 days must be refunded by a Library Accounts Payable check. A Request for Refund Form 710-10 must be prepared, approved and sent to the Finance Department for processing. A printout of a Millennium Customer Account Fine Paid Detail Report must accompany the Refund Request.
- G. **Credit Card Refunds:** All payments received by credit card must be refunded to the same credit card that made the initial payment. If a refund is due to a customer during the same day that the credit card transaction took place, the transaction can be voided and documented on the daily Cash Drawer Reconciliation and Cash Receipt Form 710-2. However, if a refund is due based on a prior day's transaction a credit card refund must be issued by the Finance Department. The Request for Refund Form 710-



# Sacramento Public Library

## *Policy and Procedure Manual*

10 must include the credit card number and be signed indicating that approval was given for the refund.

### **25. Deposit Preparation**

A. Library branch staff shall prepare cash for deposit (See Attachment B for information and techniques).

- 1) Currency shall be banded by denomination.
- 2) Coins shall be bagged by denomination and the total weight shall not exceed 25 pounds per bank pouch. A bank pouch is the pouch used to transport sealed bank bags.
- 3) The total of the cash and currency shall match the coins and currency to be deposited as shown in Section (C) the Cash Drawer Reconciliation and Cash Receipt Form 710-2.

B. Library branch staff shall prepare checks for deposit.

Library branch staff shall endorse all checks and money orders received with the endorsement stamp for the Library. Library branch staff shall prepare two matching adding machine tapes of all checks and money orders received with a total. The checks and money orders will be bundled in amounts of approximately \$300 with the tape on top. The total amount of checks and money orders shall be entered in Section (C) of the Cash Drawer Reconciliation and Cash Receipt Form 710-2 and the second adding machine tape shall be attached.

**26. Deposit Slip Preparation** – Library branch staff who performed the cash count shall prepare a deposit slip daily, except at those branches specifically designated to deposit weekly. A bank deposit slip shall be prepared listing the currency and checks separately with a total. Each branch must prepare an original and two (2) copies of the daily deposit slip. The total amount on the deposit ticket must be the same amount listed on the Cash Drawer Reconciliation and Cash Receipt Form 710-2, Section C5h. The deposit slip should be distributed as follows:

- A. First copy (White) in the sealed transparent plastic bank bag with the money and checks.
- B. Second copy (Yellow) to Finance attached to the Cash Drawer Reconciliation and Cash Receipt Form 710-2.
- C. Third copy (Blue) is to be retained by the branch; if there is a fourth pink copy, it should be destroyed.



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27. **Bank Deposit Bag** – The two Library branch staff who performed the cash count and prepared the deposit slip shall insert the day's collected money and the first copy of the deposit slip into the tamper proof transparent plastic bank bag. Library branch staff shall make sure the bag is completely sealed and that the numerical identification tag, generally a serial number, has been removed. This tag number shall be entered on the top of the Cash Drawer Reconciliation and Cash Receipt Form 710-2 and forwarded to the Finance Department with the second copy of the deposit slip attached to the Cash Drawer Reconciliation and Cash Receipt Form 710-2.

### 28. **Courier and Deposit of Money**

Under no circumstances shall Library branch staff open the upper drop slot safe. Only the courier shall have access to the combination of the upper safe. There are two types of courier service: 1) An armored carrier may make the pick up and deliver it to the bank or Finance Department, and 2) Designated couriers may transport deposits to the Finance Department.

- A. After Library branch staff have sealed the bank deposit bag (placing the cash, coin, and checks in the transparent plastic bank bag with the first deposit slip) drop it into the top slot of the upper safe. A courier will transport the money to the bank or to the Finance Department.
- B. The Branch Supervisor of a Library branch designated by the Finance Department for armored carrier pick up shall have the bank deposit bag ready for a timely pick up.
- C. The Branch Supervisor of a Library branch designated for pick up by a courier shall notify the Facilities Department by email when a bank deposit bag is or shall be ready. Signs or other displays of readiness for a bank deposit pick up are inappropriate and shall not be displayed.
- D. For Library branches designated for courier pick up; hand delivery of the deposit pouch to the Finance Department is acceptable. Depositing through the inter-office mail is acceptable if the deposit includes endorsed checks only. If inter-office mail is utilized the Branch Supervisor shall notify the Finance Department by email that a deposit is being sent through the inter-office mail.
- E. Regardless of the transport method, the Branch Supervisor shall have the courier complete the Cash Drawer Courier Receipt Log Form 710-5 or form provided by the courier service. If hand delivered or mailed in inter-office mail, an entry shall be made identifying who delivered it or mailed it and when. The armored carrier may require additional forms be completed summarizing total deposits such as the sample Receipt for Corporate Deposit Delivered by Carrier to Vault Form 710-12.



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### **29. Required Closing Forms to the Finance Department**

After Library branch staff has completed the Cash Drawer Reconciliation and Cash Receipt Form 710-2 and made entries in the accounting system, it shall be forwarded to the Finance Department with the following forms attached to it:

- A. Cash register transaction Z1 tape
- B. Any manual cash receipt Form 710-3
- C. Printout of daily Millennium Daily Maximum Fines Paid Report (see sample Form 710-6)
- D. Bank deposit slip adding machine tape for checks
- E. Summary report for merchant account debit/credit transactions and the transaction slips
- F. Eden cash receipt entry print-out.
- G. Donation Monetary Receipt Forms 710-9
- H. Refund Request Forms 710-10, with Millennium Customer Account Fine Paid Detail reports (see sample 710-11)
- I. Receipt for Corporate Deposit Delivered by Carrier to Vault (see sample Form 710-12)
- J. Any other pertinent document.

Branches should keep a copy of the completed Cash Drawer Reconciliation and Cash Receipt Form 710-2 and blue copy of the deposit slip for a one year period.

### **30. Entries in Accounting System**

Whenever a Cash Drawer Reconciliation and Cash Receipt Form 710-2 is prepared there should be a deposit slip and also entries made into the library accounting system. A template is available for Branch Supervisors or designees to make entries as shown in Attachment C. The account template contains the same descriptions as are on the cash register description keys. Each item on the Cash Drawer Reconciliation and Cash Receipt Form 710-2 in Section D requires an entry into the accounting system. In the template there are three different descriptions for donations. The total of these three descriptions should equal the amount in Section D7h. Print a copy of the cash receipt entry by clicking the print icon.



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31. **Misuse or abuse** of the Cash Drawer may result in disciplinary action up to and including termination.

### **III. PROCEDURES**

32. Monetary funds shall be handled and maintained in a safe and secure environment. A Safe Entry Log Form 710-1 shall be utilized to record entry and closure of all safes. The form shall be maintained with the safe until the sheet is full and shall then be forwarded to the Senior Accountant in the Finance Department for retention.

33. Cash Drawer Reconciliation and Cash Receipt Form 710-2

A. Daily (or weekly for those designated branches), a Cash Drawer Reconciliation and Cash Receipt Form 710-2 shall be prepared, thereby recording the starting and ending cash position. The ending time may be designated by the Branch Supervisor but should be consistent from day to day. If more than one day is being reported, the date line should show the dates included.

B. After reconstituting the cash drawer the monetary difference shall be prepared for deposit. The deposit bag shall be sealed and remain unopened except by the bank. Two Library branch staff shall initial their cash counts in Sections A and B and the deposit calculation in Section C.

C. The two Library branch staff shall print a Millennium Fines Paid Report, enter the amounts in Section D and attach the report. Prepare the Millennium Fines Paid Report as follows: In Millennium Circulation, open Fines Paid mode. Enter the corresponding date range and your Statistics Group number and change Owning Location to "All". (See detailed instructions on running the Fines Paid Report on Spl@ > IT Page > Millennium > View Fines Paid. The list of Statistics Group numbers is on the same page.) The Millennium Fines Paid Report must be reconciled to the cash register Z1 tape. There are exceptions where the Millennium items may not balance with the Z1 tape amounts, specifically library cards and damage charges entered by the partner library (should be rung up as OUT but will show Millennium as Manual Paid.) The latter is a relatively rare occurrence.

D. The two Library branch staff shall enter the amounts from the cash register tape in Section D and attach the Z1 tape. The amounts in the Millennium Fines Paid Report should reconcile to items 1, 2, 3, and 4 of the cash register items. Differences shall be explained in Explanations Section (E).



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- E. The Branch Supervisor or designee shall reconcile the items in Section D and make the required entries into the accounting system template for the amounts on the cash register Z1 tape.
- F. In Section E, the Branch Supervisor or designee shall reconcile the deposit amount to the cash register Z1 tape.
- G. A copy of Form 710-2 shall be maintained in the branch library until the Finance Department returns a stamped copy to the branch showing receipt.
34. Cash Receipt books containing manual receipts Forms 710-3 shall be available in all branches for emergency use or whenever a cash register is unavailable for any reason. When used, the forms shall be attached to the Cash Drawer Reconciliation and Cash Receipt Form 710-2.
35. A bank deposit slip shall be prepared to accompany the bank deposit and to inform the Finance Department of the amount deposited. A sample is contained in Form 710-4. The original slip shall accompany the deposit and another copy shall be forwarded to the Finance Department.
36. A Courier Receipt Log Form 710-5 shall be prepared whenever a courier receives and transports the bank deposit bags.
37. Daily Branch staff shall print out a daily Millennium Fines Paid Report (sample Form 710-6 with instructions) and use it to balance with the cash register
38. A Foundation donation envelope (sample Form 710-8) shall be provided to any donor to mail a donation to the Library Foundation. The envelope is self-addressed and machine stamped.
39. A Donation Monetary Receipt Form 710-9 shall be prepared whenever a monetary donation is received by the Library from Friends or Foundation. It shall include the name of the donor, the date and the amount of the donation. It may also provide for the donor to request designation of the donation.
40. Whenever funds are received on behalf of a Partner Library, LINK+ Library, or Interlibrary, Library branch staff shall note the Library name on the cash register tape and print a copy of the Millennium Customer Account Fine Paid Detail report. A sample Millennium payment transaction printout is contained in Form 710-11. A Millennium Customer Account Fine Paid Detail report



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(Form 710-11) shall be attached to the Cash Drawer Reconciliation and Cash Receipt Form 710-2. Regarding payments to be paid to a Partner Library or LINK+ Library, Information Technology staff shall prepare a Check Request Form 715-1 and attach a monthly Fines Paid OUT Detail report. A sample Fines Paid OUT Detail report is contained in Form 710-7.

41. All refunds must be made by the Finance Department. Library branch staff shall obtain a Refund Request Form 710-9 whenever a refund is requested and print out a copy of the Millennium Customer Account Fine Paid Detail report showing a refund should be made. Library branch staff shall attach the Refund Request Form 710-10 and the Millennium Customer Account Fine Paid Detail report (sample Form 710-11) to the Cash Drawer Reconciliation and Cash Receipt Form 710-2.
42. Branches that have armored carrier pickup shall prepare a Receipt for Corporate Deposit Delivered by Carrier to Vault Form and obtain the signature of the armored carrier custodian (see sample Form 710-12).

### **Branch Cash Handling Policy and Procedures Forms**

Forms referred to in the implementation of this policy are as follows:

- 710-1 Safe Entry Log
- 710-2 Reconciliation and Cash Receipt.
- 710-3 Cash Receipts (booklet of manual receipts)
- 710-4 Bank deposit slip (sample)
- 710-5 Courier Receipt Log
- 710-6 Daily Maximum Fines Paid Report (sample with instructions)
- 710-7 Monthly Millennium Fees Paid OUT Detail Report (sample)
- 710-8 Foundation donation envelope
- 710-9 Donation Monetary Receipt
- 710-10 Refund Request
- 710-11 Millennium Customer Account Fine Paid Detail report (sample)
- 710-12 Receipt for Corporate Deposit Delivered by Carrier to Vault (sample)
- 715-1 Accounts Payable Check Request

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**Sacramento Public Library**  
**Library Branch Cash Handling**  
**Attachment A**  
**Cash Drawer Locations and Balances**

<b>Branch</b>	<b>Account Title</b>	<b>GL Number</b>	<b>Cash Balance</b>
Arcade	Change fund - ARC	201-11112	250.00
Arden-Dimick	Change fund - ARD	201-11111	250.00
Carmichael	Change fund - CAR	201-11113	250.00
Central	Change fund - CEN	202-11139	550.00
Colonial Heights	Change fund - CHS	202-11128	150.00
Belle Cooleedge	Change fund - COO	202-11129	250.00
Courtland	Change fund - COU	201-11116	100.00
Del Paso Heights	Change fund - DEL	202-11130	200.00
Elk Grove	Change fund - ELK	201-11114	250.00
Fair Oaks	Change fund - FAI	201-11115	200.00
Franklin	Change fund - FRA	201-11126	250.00
Galt	Change fund - GAL	201-11117	250.00
Isleton	Change fund - ISL	201-11118	150.00
Martin Luther King	Change fund - KIN	202-11131	200.00
McClatchy	Change fund - MCC	202-11132	150.00
McKinley	Change fund - MCK	202-11133	250.00
South Natomas	Change fund - NAT	202-11135	250.00
North Highlands-Antelope	Change fund - NHI	201-11119	250.00
North Natomas	Change fund - NNT	202-11137	200.00
North Sacramento	Change fund - NSA	202-11134	250.00
Orangevale	Change fund - ORA	201-11120	150.00
Rancho Cordova	Change fund - RAN	201-11121	250.00
Rio Linda	Change fund - RIO	201-11122	100.00
Southgate	Change fund - SOU	201-11123	150.00
Sylvan Oaks	Change fund - SYL	201-11124	250.00
Valley Hi	Change fund - VAL	203-11136	150.00
Walnut Grove	Change fund - WAL	201-11125	150.00
			5,850.00

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**Sacramento Public Library**  
**Library Branch Cash Handling Policy**  
**Attachment B**  
**Cash Register Key Assignment and Programming**

- B. Fines/Fees ( F/F )** Revenue when materials are late or damaged. Fines/Fees have generally already been established in the Millennium system and payment requires a credit entry in the Millennium system. Revenue from replacement library cards shall be included in this category. Revenue shall be transacted through the cash register. A Millennium system receipt shall be provided to the customer.
- C. Lost/Paid ( L/P )** Revenue when materials are lost. Lost Fees and/or Fines/Fees have generally already been established in the Millennium system and payment requires a credit entry in the Millennium system. Revenue shall be transacted through the cash register. A Millennium system receipt shall be provided to the customer.
- D. Partner and LINK+ Library Network ( OUT )** see Item #20. The Library may collect revenue on behalf of a Partner Library or Libraries in the LINK+ network and revenue shall be processed through the cash register. A Millennium system receipt shall be provided to the customer.
- E. INTER Library Loan Program ( ILL )** see Item #21. The Library may collect revenue on behalf of a library in the Interlibrary Loan Program and revenue shall be processed through the cash register. If time allows, Library branch staff shall identify on the cash register tape which Interlibrary Loan Program Library's revenue was received. The revenue may be Fines/Fees and/or Lost/Paid. Any questions regarding the amount due in the Millennium system for the Interlibrary Loan Program should be referred to Collection Management Services/ILL staff. A Millennium system receipt shall be provided to the customer.
- F. Merchandise ( MERC )** Revenue from the sale of merchandise shall be processed through the cash register and a cash register receipt shall be provided to the customer.
- G. Print Management ( PMGT )** Revenue from print management shall be processed through the cash register when a deposit is prepared for the branch or at least weekly.
- H. Miscellaneous ( MISC )** Revenue from miscellaneous sources, such as fax revenue, and any other unlisted fee, shall be processed through the cash register. This source of revenue should be very infrequent since most revenue sources have separate cash register description keys. If time allows, Library branch staff shall identify on the cash register tape an explanation of the miscellaneous transaction.
- I. Donations ( DON\$ )** See Item #22. Only donations from Friends and Foundation to the Library shall be processed through the cash register after receiving a Donation Monetary Receipt.

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**SACRAMENTO PUBLIC LIBRARY AUTHORITY  
LIBRARY BRANCH CASH HANDLING POLICY 710  
ATTACHMENT C**

**ADDITIONAL CASH HANDLING INFORMATION AND TECHNIQUES**

**1. Cash Handling and Check Recognition**

The Federal Reserve Bank of the United States has the responsibility for issuing currency for the United States. The face of the bill contains key elements: denomination amount, Federal Reserve Bank seal, serial number, and Treasury Department seal. The reverse side of a bill is similar for all denominations. The value designation differs but also appears in ten places. In the center of the bill, under the words, "*In God We Trust*," appears the Great Seal of the United States.

**2. Counting Currency**

To ensure consistent accuracy, there are three common ways of counting currency. Each method ensures that no bill is double counted. Whichever method is used, recount the money as many times as necessary to come up with the same total twice. This means you will always count a stack of currency at least two times. Cash handlers should establish a set routine for counting money.

A. Hand-to-Hand Method- Use the hand-to-hand method to give change to customers. The hand-to-hand method involves the following steps:

- 1) Separate bills into denominations with all the bills facing up.
- 2) If the pile contains more than one denomination, count the largest denomination first.
- 3) Place the pile in one hand.
- 4) Transfer one bill at a time from your hand to the customer's hand as you count it.
- 5) Check each bill, as you count to ensure correct denomination.
- 6) Make the hand-to-hand count your second count.
- 7) If your totals do not agree, repeat the count until they do.
- 8) Stack the pile in order with the highest denomination on bottom and the smallest denomination on top.

B. Hand-to-Table Method- Use the hand-to-table in the same manner as the hand-to-hand method except that instead of placing the currency in the customer's hand you will place it on the table as you count it.

C. Walk-Through Method- Use the walk-through method to count new money, count pre-packaged money, and count for bundling or packaging. The walk-through method involves the following steps:

- 1) Place the stack of bills on a table face up. For unbound currency, all the bills should be face up and in the same direction. Each stack should contain only one denomination of currency.
- 2) Use the thumb and forefinger of one hand to lift back the corner of each bill. Then, use the thumb and forefinger of your other hand to hold back the counted bill.
- 3) Check each bill, as you count to ensure correct denomination. Remain vigilant to the possibility that the corner of a bill of a larger denomination may have been taped onto the corner of a bill of a smaller denomination.
- 4) Count the pile twice. If your totals do not agree, repeat the count until they do.
- 5) Stack the pile in order with the highest denomination on bottom and the smallest denomination on top.

### 3. Counting Coins

- A. As with counting currency, establishing a set routine for counting coins can ensure your accuracy as a cash handler. Coins may be stored in plastic bags, coin wrappers, or rolls, to ensure accurate handling. Each person counting should initial and date the container. When cash handlers open a container, cash handlers should always empty the entire amount into the coin drawer or coin machine.
- B. Customers paying with rolled coins in coin wrappers will need to present to the cash handler the coins rolled in the appropriate coin wrappers. Have customers who pay with rolled coins put their name, address and PNumber.

### 4. Receiving Currency and Coins

The following lists the best steps for receiving currency and coins:

- A. Separate the currency from the coins.
- B. Count the currency before the coins.
- C. Count each currency denomination separately.
- D. Separate coins into denominations.
- E. Count each coin denomination separately.
- F. Count all cash and coins in the presence of the customer.
- G. Verify the grand total against the amount listed on the billing or invoice.
- H. If any discrepancies exist between your total and the customer's total, count the money again. If a discrepancy still exists, ask the customer to count the money. Put away all currency and coins from the last transaction before starting a new transaction.

## 5. Making Change

- A. Cash Drawer cash handlers should exercise good judgment when making change. If a customer provides a large denomination bill to make a small payment, the Cash Drawer cash handlers does not have to accept it if it may deplete the smaller cash drawer denominations, for example if a \$100 bill is provided to make a payment of \$5, the change may deplete the small denominations in the cash drawer. However, if a \$100 bill is provided to make a payment of \$70, it may be accepted. Likewise, any size denomination bill does not have to be accepted if there is concern as to its authenticity. Cash Drawer cash handlers should familiarize themselves with knowledge of currency by referring to internet sites describing how to recognize counterfeit currency. The U.S. Secret Service and U.S. Treasury don't recommend relying solely on a "counterfeit-detection pen" of the kind you often see clerks use in stores. These pens can only indicate whether a note is printed on the wrong kind of paper (they simply react to the presence of starch). As such, they'll catch some counterfeits, but they won't detect more sophisticated fakes and will give false-negatives on real money that's been through the wash.
- B. There are two ways to give change back to a customer. One way is for the cash register to automatically calculate the dollar amount to be returned to the customer. The other way is for the cash handler to count from the amount of the transaction to the amount tendered. Change should be counted at least two times: once when the cash handler counts it out of the cash drawer and a second time when the cash handler counts it back to the customer.

## 6. Bundling Currency

Currency is bundled to assist other employees in keeping accurate counts. Often \$1, \$5, \$10 and \$20 bills are bundled in set amounts. \$1's are placed in bundles of \$20; \$5's are placed in bundles of \$100; \$10's are placed in bundles of \$100; \$20's in bundles of \$500; \$50's in bundles of \$500.

## 7. Handling Mutilated Money

Your job as a cash handler includes removing from circulation all torn or otherwise mutilated bills. Whenever you receive such a bill, place it aside in your cash drawer and include it in your deposit but attach a sticky note to it for the bank to observe. The bank, in turn, will return the mutilated money to the Federal Reserve Bank for redemption. Currency is mutilated whenever it is torn, written on, missing a portion, or otherwise damaged. Coins are mutilated whenever they are bent, worn, broken, or otherwise damaged.

## 8. Checks and Check Cashing

A check is used to transfer funds from one party to another. The term "negotiable instrument" means the check is payable to a person when presented at its signer's bank. The "drawer" or "maker" is the party issuing and signing the check. The "drawer" may be one or more individuals acting on their own behalf or the "drawer" may be one or more individuals authorized to act on behalf of a company,

corporation, partnership, or municipality. The “drawee” is the party on whom the check is drawn: the bank or trust company. Some check types may not be accepted.

- A. Personal Checks** – Personal checks are the most common type of check. Personal checks belong to people who maintain demand account balances at banks. The payee should be the Sacramento Public Library Authority.
- B. Company Checks** – Company checks appear similar to personal checks; however, they may have a carbon strip attached for the company's own bookkeeping system. Company checks may also have stubs or copies attached. Remove strips, stubs or copies and process only the original check.
- C. Cashier's Checks** – This is a check drawn by a bank on its own funds. Only the failure of the bank would cause the bank not to honor such checks.
- D. Personal Money Orders** – A personal money order is a check purchased by a customer from a bank for cash. When issued, it shows the drawee bank and the amount. The purchaser fills in the date, the payor, and the payee's name and address. Banks usually restrict the maximum amount for which they will issue a money order. This amount is usually printed on the face of the Money Order. For example, on the Money Order may be printed the words "Not to exceed \$300.00." Money Orders are accepted the same as currency.
- E. Traveler's Checks** – These checks are not to be accepted by cash handlers.

Traveler's checks were designed for use by persons on business or vacation, but were also used in other situations. They are included here for explanation however, due to the high propensity of individuals using them fraudulently; they will not be accepted by cash handlers. They are signed on the face of the check when purchased and countersigned when cashed, either on the face or on the back. When using a traveler's check, the owner would countersign and write in the payee in the presence of the cash handler. If Traveler's checks were accepted they would be stamped with the endorsement and placed with the other checks. Traveler's checks drawn on foreign currency should never be accepted. If presented with a Traveler's Check the cash handler should ask the person to cash it at a nearby financial institution and then return to the Library.

- F. Check References** – All checks should be referenced upon receipt. The reference should be listed on the face of the check, and should state the purpose for payment (Fines, fees, etc.)

## 9. Check negotiability/Validity

Several requirements make a check negotiable or valid.

- A. The check must have a current date.
- B. The check must be made payable to the Sacramento Public Library Authority (Sacramento Public Library is acceptable but initials “SPL” should not be used).
- C. The amount must appear twice. It must be both spelled out and printed in numbers. If there is a difference in the spelled out amount versus the printed amount, the spelled out amount is the legal amount.
- D. The check must be drawn on a bank whose name appears on the check.

- E. The check must be signed by the maker or drawer.
- F. Finally, if the MICR numbers are not pre-printed at the bottom of the check, be aware that the check requires special handling by the Library's bank and shall not be accepted.

#### **10. Overage or Shortage**

An overage or shortage is an unintentional collection mistake such as a change making error. An overage occurs when a cash handler has collected too much money and cannot return the excess to a specific customer. A "loss" is when the cash handler has obtained custody of money and due to reasons like negligence; an act of God; or an unlawful action, cannot deposit that money with the Finance Department. An example of negligence is leaving Library money unattended and not properly safeguarding that money from loss.

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# Sacramento Public Library

## *Policy and Procedure Manual*

SUBJECT: <b><i>Monthly Financial Closing Activities</i></b>		POLICY No <b>796.1</b>  FORMERLY: None
FUNCTIONAL ACCOUNTABILITY:  <b><i>Finance</i></b>	SECTION:	PAGE 1 OF 3
ORIGINAL ISSUE DATE:  <b><i>2/11/09</i></b>	REVISION No:	REVISION DATE:

### ***I. PURPOSE***

To ensure that Library financial information is available to decision makers in a timely manner, the Library will establish monthly financial closing activities.

The purpose of this policy is to establish a formal monthly closing checklist with a designated timeframe for completion and to clarify employee responsibility for specific financial processes.

### ***II POLICY***

#### **POLICY STATEMENT**

The Library will complete monthly financial closing activities within 10 business days of the prior month end.

#### **SCOPE**

Monthly financial closing activities as listed below.



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### **POLICY INTENT**

The intent of this policy is to ensure that financial information is available to decision makers in a timely manner by identifying and documenting the processes necessary to complete the monthly financial close, by identifying those individuals responsible for completing specific processes, and by establishing a timeline for completion.

### **III. PROCEDURE**

#### **MONTHLY FINANCIAL CLOSING ACTIVITIES**

##### **Monthly Close Adjustments**

1. Amortization of pre-paid expenses – #11405 – AP
2. Deferred revenue – #21403 & #21404 – Acct Spec
3. Recognition and allocation of investment/interest income (#20101) and corresponding receivable (#11370) – Acct Spec/Sr Acct
4. Record all cash transfers, including transfers between the investment (#12101) and operating cash (#11101) and between operating cash and payroll cash (#11102) – Acct Spec/Sr Acct
5. Postage allocation – AP
6. E-commerce revenue allocation – Acct Spec/Rev Spec – *weekly or monthly*
7. Reclassification (expenses/revenue) requests from managers/supervisors – Budget Analyst/Acct Spec/Sr Acct
8. Budget Adjustments – Budget Analyst
9. Pay inter-library loan liabilities – AP
10. Pay partner library loan liabilities – #21603 – AP
11. Prepare and record postage billing – #11609, #11611 & #11304 – Acct Spec
12. Prepare and record city (#11503) and county (#11502) billings – Acct Spec
13. Accrue for and estimate electric/utility bill from the city (invoiced every July) – Sr Acct/AP

##### **Monthly Reconciliations**

1. Cash – #11101 & #11102 – Acct Spec/Sr Acct
2. Clearing checks – Acct Spec
3. Investment – #12101 – Acct Spec/Sr Acct
4. Accrued interest (investment) – #11370 – Acct Spec/Sr Acct
5. Payroll liabilities – PY/ Acct Spec/Sr Acct



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6. Pre-paid expenses – #11405 – AP/Sr Acct
7. Deferred revenue – #21403 & #21404 – Acct Spec /Sr Acct
8. Postage receivables – #11609, #11611 & #11304 – Acct Spec /Sr Acct
9. All other receivables – Acct Spec/Sr Acct
10. Due to inter-loan libraries – Acct Spec /Sr Acct
11. Due to partner libraries – #21603 – Acct Spec /Sr Acct
12. Worker’s Comp – #21317 – PR/Sr Acct
13. Parking liability – #21325 – PR/Sr Acct

### **Monthly Reports**

1. Account Receivable Aging Report
2. Account Payable Aging Report
3. Customer Receivable Statements
4. Statement of Revenues and Expenditures to SPL Board of Directors
5. Detail Statement of Revenue and Expenditures – Budget vs Actual to Management and Suprvsrs
6. Balance sheet
7. Outstanding fines and fees and aging
8. Customer amounts owed (Millennium)
9. Schedule of fixed assets
10. Schedule of pre-paid expenses
11. Schedule of deferred revenue

### **Other Activities**

1. Receivable Invoices
  - a. Cost reimbursements from staff or external Agency – Sr Acct

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# Sacramento Public Library

## *Policy and Procedure Manual*

SUBJECT: <b><i>Quarterly Financial Closing Activities</i></b>		POLICY No <b>796.2</b>  FORMERLY: None
FUNCTIONAL ACCOUNTABILITY:  <b><i>Finance</i></b>	SECTION:	PAGE 1 OF 3
ORIGINAL ISSUE DATE:  <b><i>2/11/09</i></b>	REVISION No:	REVISION DATE:

### ***I. PURPOSE***

To ensure that periodic Library financial information is available to decision makers in a timely manner, the Library will establish quarterly financial closing activities.

The purpose of this policy is to establish a formal quarterly closing checklist with a designated timeframe for completion and to clarify employee responsibility for specific financial processes.

### ***II POLICY***

#### **POLICY STATEMENT**

The Library will complete quarterly financial closing activities within 20 business days of the prior month end.

#### **SCOPE**

Quarterly financial closing activities identified below Quarterly activities are in addition to normal monthly financial closing activities identified in policy 796.1.



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### **POLICY INTENT**

The intent of this policy is to ensure that periodic financial information is available to decision makers in a timely manner by identifying and documenting the processes necessary to complete the quarterly financial close, by identifying those individuals responsible for completing specific processes, and by establishing a timeline for completion.

### **III. PROCEDURE**

#### **QUARTERLY FINANCIAL CLOSING ACTIVITIES**

##### **Quarterly Close Adjustments**

1. Allocation of materials – Sr Acct/FIN Director
2. Depreciation of fixed assets – AP/Sr Acct
3. Fixed Asset Acquisitions, both depreciable and managed assets – AP/Sr Acct

##### **Quarterly Reconciliations**

1. Use tax – #21151 – AP/Sr Acct
2. Payroll liabilities – PR/Acct Spec/Sr Acct

##### **Quarterly Reports**

1. Board Financials by Fund Pages to Budget/Audit Committee of the Board – FIN Dir
2. Treasurer’s Report to SPL Board of Directors – FIN Dir
3. Gift and Donations Detail Report – Acct Spec
4. Gift and Donations Report to SPL Board of Directors – Budget Analyst
5. Foundation Quarterly Activity Report – Acct Spec
6. Friends Quarterly Activity Report – Acct Spec
7. County Fund 11 – P&L Quarterly – Budget Analyst/FIN Director
8. Grant Quarterly Reporting to Federal and State providers – Acct Spec
9. Federal, State, and Local Taxes
  - a. Internal Revenue Service
    - Form 941 – Employer’s Quarterly Federal Tax Return (PY)
    - Schedule B – support for Form 941 above (PY)
  - b. Employment Development Department
    - DE6 - Quarterly Wage and Withholding Report (PY)
    - DE 166 – Magnetic Media Submittal for DE6 above (PY)



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- c. Board of Equalization
  - BOE 401E , State, Local and District Consumer Use Tax Return (AP)

### **Other Activities**

1. Calculation and submittal of quarterly invoices to County and City of Sacramento – Sr Acct
2. Address any supplemental payments from City of Sacramento – FIN Dir
3. Annual System receivable (end or 2<sup>nd</sup> quarter for partner library's use of Millennium) – Acct Spec/ Sr Acct

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# Sacramento Public Library

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SUBJECT: <b><i>Annual Financial Closing and Audit Activities</i></b>		POLICY No. <b>796.3</b>  FORMERLY: None
FUNCTIONAL ACCOUNTABILITY:  <b><i>Finance</i></b>	SECTION:	PAGE 1 OF 3
ORIGINAL ISSUE DATE:  <b><i>2/11/09</i></b>	REVISION No:	REVISION DATE:

### ***I. PURPOSE***

To ensure that periodic Library financial information is available to decision makers in a timely manner, the Library will establish annual financial closing activities and assure that annual financial audits are completed within five months of the fiscal year end.

The purpose of this policy is to establish a formal annual closing checklist with a designated timeframe for completion and to clarify employee responsibility for specific financial processes.

### ***II. POLICY***

#### **POLICY STATEMENT**

The Library will complete annual financial closing activities within 45 days of the fiscal year end.

The annual financial audit will be completed within 5 months of the fiscal year end.



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### **SCOPE**

Annual financial closing activities identified below. Annual activities are in addition to normal monthly and quarterly financial closing activities identified in policy no. 796.1 and policy no. 796.2

### **POLICY INTENT**

The intent of this policy is to ensure that periodic financial information is available to decision makers in a timely manner by identifying and documenting the processes necessary to complete the annual financial close and the annual financial audit report, by identifying those individuals responsible for completing specific processes, and by establishing timelines for completion.

## ***III. PROCEDURE***

### **ANNUAL FINANCIAL CLOSING ACTIVITIES**

#### **Year End Close Adjustments**

1. Letters to management identifying deadlines for invoices and revenue related items – FIN Director/Sr. Acct.
2. Letters to member agencies for report of capital maintenance account – FIN Director
3. Accrue expenses – AP/Sr. Acct.
4. Accrue revenue – Acct Spec/Sr Acct
5. Payroll accrual – PY/Sr Acct
6. Accrued compensated absences – PY/Sr Acct
7. Allocation of shared costs – Sr. Acct./FIN Director – Simple process will end effective FY 2008
8. Recognition of realized gains/losses (#20102) and unrealized gains/losses (#20103) related to WFB permanent funds (#12201) – Acct Spec/Sr Acct
9. Base cost adjustment, related to county library use of city materials, for \$200K – (DR 201; CR 202) – #55503 – Sr. Acct./FIN Director – Simple process will end effective FY 2008
10. Encumbrance roll forwards – Acct Spec/Sr Acct
11. Deferred revenue – #21403 & #21404 – Acct Spec



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### **Year End Reports**

1. Federal, State, and Local Taxes
  - a. Employees
    - Form W2 – Wage and Tax Statements (PY)
    - Earned Income Tax Credit (EITC) Notification (PY)
  - b. Vendors
    - Form MISC 1099 – Miscellaneous Income Statement (AP)
  - c. Internal Revenue Service
    - Form MISC 1099 – Miscellaneous Income Statement (online e-file) (AP)
    - Form 940 – Employer’s Annual Unemployment Tax Return (PY)
    - Attachment A – support for Form 941 above (PY)
  - d. Employment Development Department
    - DE7 – Annual Reconciliation Statement (PY)
2. Annual Grant reporting to external agencies (Acct Spec)
3. Prepare the annual audited financial reports, with Financial Statements, Management Discussion & Analysis, Notes and Required Supplemental Information (FIN Dept)

### **Other Activities**

1. Payment of annual maintenance allowance to city and county – FIN Director/Deputy Director
2. Work with external audit firm to perform review, analysis, investigation, provide records, and perform all other activities necessary to complete the annual financial audit.

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# Sacramento Public Library

## *Policy and Procedure Manual*

SUBJECT: <b><i>Review and Approval of Processed Payroll</i></b>		POLICY No. <b>730.50</b>
FUNCTIONAL ACCOUNTABILITY: <b><i>Finance</i></b>		FORMERLY: None
SECTION:		PAGE 1 OF 4
ORIGINAL ISSUE DATE: <b><i>2/9/09</i></b>	REVISION No:	REVISION DATE:

### ***I. PURPOSE***

The Review and Approval of Processed Payroll is the internal control step of the payroll process which confirms that the processed payroll is accurate and that changes to processed payroll have been correctly and appropriately recognized. It is the responsibility of the Director of Finance to monitor and evaluate the Review and Approval of Processed Payroll Policy to ensure compliance with the policy and make revisions as needed to accommodate process changes.

The purpose of this policy is to establish a formal procedure of review and approval of processed payroll; to clarify employee responsibility; and to provide reference and instruction for reviewing and approving processed payroll.

### ***II. POLICY***

#### **POLICY STATEMENT**

The Library will assure that processed payroll payments and associated mid-process changes have been reviewed against payroll activity reports and approved by designated employees before payroll payments are authorized.

All calculations and adjustments associated with net payroll payments \$5,000 or greater will be individually reviewed and approved by designated employees.

#### **SCOPE**

The policy and procedures are applicable to all normal and supplemental payroll payments and adjustments.



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### **POLICY INTENT**

The intent of this policy is to document and standardize the procedure for review and approval of processed payroll. The Library has established an in-house payroll system for the purpose of making wage and benefit payments to employees of the Sacramento Public Library Authority. This policy will establish critical internal control steps of review and approval of processed payroll batches to assure accuracy of payroll, to provide separation of duties, and to provide information as a reference for authorized employees.

### **III. PROCEDURE**

#### **1. PRELIMINARY CONTROL STEPS**

Electronic timesheets are updated by employee  
 Electronic timesheets are reviewed and approved by supervisor/manager  
 Timesheets are imported into Eden's activity entry forms  
 Timesheets are processed in Eden by the Sr. Payroll Technician

#### **2. PRELIMINARY REPORTS**

Two initial reports are produced by the Senior Payroll Technician:

- Activity Report
- Processed Payroll Report

#### **3. REVIEW BY SENIOR PAYROLL TECHNICIAN OR DESIGNEE**

- A. The Sr. Payroll Technician or designee performs a detailed review of the Activity report and the Processed Payroll Report for errors or changes which occurred during the pay period.
  1. For example: new hires entered, benefit and deduction changes forwarded from Human Resources, hour type code changes, retro-active adjustments, payroll receivables payments, adjustments to hours forwarded by supervisor/managers, corrections to prior pay periods, etc.
- B. Errors are identified with red tags and noted on the Activity Report.



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- C. Appropriate changes are made to employee activity in Eden and screen prints are made to document changes.
- D. Senior Payroll Technician or designee runs a tape beginning with the old summary total on the processed payroll report followed by the subtraction of the incorrect net paycheck and the addition of the new net paycheck for each employee record changed.
- E. Payroll is processed a second time and the summary pages are printed for the final Activity Report and the Processed Payroll Report. An electronic copy is given a discrete name and placed in the appropriate pay period folder.
- F. The Senior Payroll Technician or designee signs off on the final summaries of the Activity Report and the Processed Payroll Report.

#### **4. REVIEW AND APPROVAL BY SENIOR ACCOUNTANT OR DESIGNEE**

- A. The following is forwarded to the Senior Accountant or designee for review and approval.
  - 1. Initial changes (step A above)
  - 2. Secondary changes (step C above)
  - 3. The preliminary Activity Report
  - 4. The preliminary Processed Payroll Report.
  - 5. The new summary pages of both reports
  - 6. The adding machine tape
- B. The Senior Accountant or designee reviews the initial changes, the secondary changes, and the tape prepared by the Sr. Payroll Technician. Senior Accountant confirms that the new summaries are equal to the initial report summary totals plus the secondary changes (i.e. old net payroll subtracted and new net payroll added for each employee whose record was changed).
- C. The Senior Accountant or designee reviews the summary page of the electronic version of the final processing report to confirm that the final file is copied to the pay period folder and confirms that changes are correct and have been applied to the appropriate employee record.
- D. The Senior Accountant or designee approves the payroll for payment by signing off on the final summary pages of both the Activity Report and the Processed Payroll Report.



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### **5. SPECIAL HANDLING OF PAYMENTS EXCEEDING FIVE THOUSAND DOLLARS (\$5,000)**

All calculations and adjustments associated with net payroll payments \$5,000 or greater will be individually reviewed and approved by written signature of the Senior Accountant or designee.

### **6. RECORD RETENTION**

A hardcopy of both the final Activity Report and the Processed Payroll report will be maintained for a period of one year.

An electronic version of the final Activity Report and the Processed Payroll report will be maintained with discrete names in the appropriate payroll folder for a period of 5 years.

The approved (signed) summary reports will be maintained for a period of 5 years (may be scanned and filed in appropriate pay period folders).