Policy Type: Governance **Policy Number: GOV-07**
Policy Title: Financial Control / Oversight **Initial Approval Date: June 2012**
Last Review/Revision Date: 2020
Review Date: November, 2023

The Township of Madawaska Valley Public Library Board (the Board) is accountable to the community it serves for the financial affairs of the Madawaska Valley Public Library (the Library). The Board must ensure controls are in place to manage finances and see that the library has the resources to deliver efficient and effective service and fulfill its mission. This policy sets out the Board's financial practices.

Section 1: Accountability

1. Financial year
   The financial year of the library shall terminate on the 31st day of December in each year.
2. Bank accounts
   In accordance with the ***Public Libraries Act***, R.S.O. 1990, c. P44 s. 15(4b), the Board treasurer will open an account or accounts in the name of the Board in a chartered bank, trust company or credit union approved by the Board.
3. Signing officers
   a) The Board shall appoint at least three signing officers, one of which will be the treasurer.
   b) All cheques or other orders for the payment of money in the name of the Library shall be signed by any two signing officers.
4. Budget
   a) In accordance with the *Public Libraries Act*, s. 24(1), the Board shall submit to the municipal council, annually on or before the date and in the form specified by council, estimates of all sums required during the year.
   b) The Board prepares, for council approval, annual estimates of a long-term capital budget which supports the library's approved long-term goals.
   c) The Board will provide sufficient information to support the estimates.

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

1. The CEO will submit a copy of the audited financial statement to the Ministry of Culture, Tourism and Sports as part of the requirements to complete the Ontario Public Libraries Annual survey.
2. The CEO is authorized to operate the library within the approved budget.

Section 3: Financial Monitoring

1. The Board monitors the finances to ensure that the ongoing financial position of the library is consistent with the priorities approved by the Board. The Board shall monitor the monthly financial report as prepared by the treasurer, at each monthly meeting.
2. In accordance with the ***Public Libraries Act***, s. 24(7), the Board accounts shall be audited, by a person appointed under section 296 of the ***Municipal Act***, S.O. 2001, c. 25 and submitted to the municipal council annually on or before the date specified by the council.

3. An audit may also be undertaken, upon the death, resignation, dismissal or other termination of the Board treasurer, and at such other times as the Board shall direct.

Section 4: Reserve Fund

When annual operating revenues exceed expenditures in a fiscal year, a surplus is created. The Reserve Fund has been established by the accumulated surplus and is maintained by the Library. The amount is determined and approved by the Board upon completion of the annual audited financial statements. The Reserve Fund will be maintained in a separate bank account and any interest accrued will remain in that account.

The Reserve Fund will be used for:

1. Unforeseen or unanticipated Capital items or projects not otherwise covered under the approved budget.
2. Emergency uses, which may include situations where items are damaged and need to be replaced but are not due for regular replacement, or maintenance under the approved budget.
3. Unforeseen or unanticipated consultant or legal fees.
4. Special one-time projects or capital expenses which do not require sustained funding as approved by the Board.
5. Any operating year where expenses are greater than revenues and a shortfall is expected. However, Reserves are not to be used to cover regular operating expenses in a sustained manner.

Expenditures from the Reserve Fund will be handled in accordance with the Library's Purchasing Policy (OP-06-Purchasing).

Section 5: Investment Fund

The library may hold an Investment Fund for future library enhancement initiatives, capital in nature. The Investment Fund shall be managed on a going concern basis, with the primary objective of providing reasonable rates of return, consistent with available market opportunities, a quality standard of investment, and low levels of risk dictated by liquidity requirements.

Investment Beliefs: The Board from time to time will review and confirm its investment beliefs with respect to the Fund. The Board currently believes:

- that the Fund should be fully invested because long-term cash holdings will reduce long- term rates of return;
- that the Fund should be invested in fixed income to retain the capital required to meet short and long term needs;

- that maturity of investments shall be a minimum of thirty days to a maximum of five years, to meet library short and long term needs

Investment Management Structure and Rules: The CEO and Board Treasurer will invest the funds as follows:

- Funds will be held in an insured commercial financial institution in interest bearing accounts;
- Investments will be held will be held in a Certificates of Deposit, Term Deposits, or Guaranteed Investment Certificates (GICs) with the financial institution and Principle Protected Notes;
- Investments must be principal protected;
- Investments will be made through a certified Investment Advisor;
- Investments shall only be in Canadian funds, payable in Canadian funds; and
- Investments shall not exceed five (5) years maturity and CDIC insurance coverage wherever possible.

Non-Eligible Investments: If the Library receives an investment such as equities or mutual funds as part of bequest or donation, the CEO or Treasurer will arrange for the sale of the securities or other assets at the first opportunity.

Related Documents:
Public Libraries Act, R.S.O. 1990 c. P44
Municipal Act, S.O. 2001, c. 25
Policy Number BL-03 Terms of Reference of Officers
Policy Number OP-06 Purchasing