

Here's what the Handbook for Library Trustees of New York State has to say:

Audit and Control of Funds

Under New York State law, the board of trustees has sole authority over the expenditure of funds appropriated for library purposes. The board therefore, must have a method in place for the review and approval of all expenditures. All trustees should receive a monthly financial statement prepared or approved by the library treasurer, showing receipts, expenditures, and a comparison with the budget. All expenditures of library funds must be approved by the library board either prior to the expenditure or, for such items as petty cash, recurring utilities or subscriptions, soon thereafter. Each library should have a policy governing such transactions.

In recent years library boards have been criticized by the State Comptroller for insufficient oversight of library expenditures. Specifically, boards are instructed to establish a "claims auditing" procedure where one or more trustees are assigned to review the monthly bills and make a recommendation to the full board for payment. All trustees are encouraged to exercise "due diligence" in the payment of claims. Bills must be available for trustee review at board meetings at which they are approved should questions arise.

One thing to keep in mind is that there are big differences between municipal libraries (us) and taxing district/association libraries. We are a department of the City of White Plains.

Here's our procedure for the expenditure of funds.

- The librarian who receives the materials or services reviews the shipment, marks the invoice as "OK to Pay," signs it and forwards it to Bill for payment. We only pay for items we have received. Programmers aren't compensated until the program is completed. Some claims are generated by Bill, such as utilities.
- Bill in turn creates a claim form, coding every item. Sometimes a claim will cover multiple shipments from the same vendor, like books from Baker & Taylor.
- I review and sign off on every claim. I'm not checking for accuracy so much as I am following where the money is going, who's ordering what, is there something unusual, etc. The claims provide a lot of information about how the Library is working.
- The claim then goes to one of two places. Some claims go to Purchasing--items like soap--to check that we are ordering from the correct vendor on a NYS contract. Then they go to Finance. But most claims go directly to Finance. Finance reviews the claims, occasionally calling if they see an error or have a question, then they cut the check. The funds are drawn down by Finance staff from the appropriate Library Fund lines; this is represented in MUNIS, the City's financial management system. We use MUNIS to create the Library Fund report for the Board each month.
- Claims for the past month are then assembled and every bill and/or invoice is attached to its appropriate claim. This is completed a week before the Board meeting, and is available for inspection by anyone. A Board member reviews the claims and bills, checking for accuracy. This is the "claims auditing" referred to above. At the meeting the Board member makes a recommendation for payment; the documents are available for consultation at the meeting if any questions arise.
- After the meeting the claims are filed by code in the Administrative offices. The Library retains them for three years, the City retains them for six years.
- The Library is audited once a year by a firm hired by the City.

Can the Board approve Claims before payment is generated?

Yes. But if you examine the claims, you'll see that this is a lot of work, happens almost every day, and involves several people. We would need a commitment from the Board that someone would review the claims in person at least twice a week.

Why no treasurer?

Most libraries in Westchester have a treasurer, especially association and taxing district libraries that lack the support that municipal libraries have, such as a Finance department, and which have to assume more responsibilities in governance. Treasurers in municipal libraries typically present the information generated for them by library staff. Here's what Greenburgh's treasurer does: "The Treasurer shall...review, authorize and submit the bills for payment, keep record of the Library's budget, and prepare financial reports as needed." Another Library has their director make an initial approval with the Town Comptroller approving later.

I'm not sure how many libraries approve expenditures after the fact. The few I have polled don't wait for board approval.

If the Board wanted to approve expenditures before generating payment then perhaps that could be the job of the treasurer, providing they could come to the Library frequently enough. But they would still be in the position of recommending to the Board payment that has already happened. There's no way we could hold up expenditures for a month.

To do list: Whatever we decide to do, we need a policy.