

Policy Name:	Financial Controls and Oversight Policy		
Section:	Governance	Effective Date:	November 28, 2024
Motion Number:	24-26	Reviewed Date:	November 28, 2024
Policy Number:	FN-04	Next Review Date:	October 2028

Purpose

In accordance with the *Public Libraries Act*, R.S.O. 1990, c. P44, s. 3(3), the Barrie Public Library is under the management and control of the Library Board. The Board must ensure adequate controls are in place to manage finances and see that the Library has adequate resources to deliver services and fulfill its mission. Implementing and monitoring financial controls is a task delegated to the CEO as treasurer. The Board provides oversight through appropriate approvals and regular review of financial statements.

This policy sets out the Board’s financial practices.

Policy

Fiscal Year

- The fiscal year of the Barrie Public Library shall terminate on the 31st day of December each year.

Bank Accounts

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

Signing Officers

- The Board shall appoint at least three signing officers, one of which will be the CEO as treasurer.
- All cheques or other orders for the payment of money in the name of the Barrie Public Library Board shall be approved by at least two signing officers.
- The CEO or designate shall be the signing officer for contracts with vendors and granting agencies.

Budget

- The CEO and Finance team will develop an annual operating budget showing estimated revenue from all sources (such as provincial, municipal, donations, and self-generated) and expenses for library operations to be presented to the Library Board’s Personnel and Finance Committee. The Committee shall make budget recommendations to the Library Board.
- The CEO and Finance team may, when necessary, prepare and present to the Board for approval a capital budget which supports the Library Board’s approved short and long-term goals.
- Capital and annual operating budgets shall be approved at a meeting of the Library Board.
- In accordance with the *Public Libraries Act*, s.24(2), the amount of the Library’s budget (referred to as “estimates” in the *Public Libraries Act*) that is approved, or amended and approved by Council, shall be adopted by the Library Board.

Budget Estimates

- In accordance with the *Public Libraries Act*, s. 24(1), the board shall submit to Council, annually on or before the date and in the form specified by Council, estimates of all sums required during the year for the purposes of the Board.
- The Board may provide supplemental information to support the estimates during the annual budget process.

- The Board may prepare a multi-year Reserve Forecast outlining expected use of reserves as well as all movements of each during the fiscal period (e.g. opening and closing balances, contributions, and withdrawals).

Financial Responsibilities of Chief Executive Officer (CEO)

- The Library CEO will be the treasurer for the Library Board and shall be granted the authority to delegate financial and other operational functions to library staff, as appropriate. The CEO reports on financial matters at regular Board meetings through the Statement of Operations or otherwise as needed.
- The CEO or delegate is authorized to operate the library within the approved Library budget and shall authorize payments of all invoices and payroll within the budgeted amounts.
- The CEO may apply for, and bind, any grants deemed appropriate for the operations of the Library.
- The CEO may accept donations of cash, in-kind, or materials to support the operations of the Library.
- The CEO or designate will submit a copy of the audited financial statements to the provincial Ministry responsible for libraries as part of the requirements to complete the Public Library Operating Grant (PLOG) application, if required or upon Ministry request.

Spending Authority

The Library CEO shall:

- Respect and manage a global budget (higher than expected spending in one area is first offset by savings in another)
- Monitor that overall expenditures do not exceed approved global budget, subject to the emergency purchase provisions detailed in the *Procurement Policy*
- Regularly review and report on any over or under expenditure from approved budget lines to the Library Board through the regularly provided Statement of Operations

Reserves and Reserve Funds

The Library Board recognizes that an ongoing commitment to reserve funds enables unplanned, short-term operating and capital funding when needed. Funds held in Library Reserves are a means of supporting enhanced services, programs, designated capital campaigns, and provide protection against future liabilities.

Reserve funds are intended to provide an internal source of funds that will build long-term capacity and are not intended to replace a permanent loss of operational funds or eliminate an ongoing funding gap.

Reserves can be established, with Board and City of Barrie Council approval, through the annual budget process, as required to accomplish the work of the Board.

The establishment of all Reserve accounts, and transfers from accounts require approval from the Board. Reserves can only be dissolved with the approval of the Board.

Investment income is credited to the reserves.

The Library Board will maintain the following reserves:

1. Financial Stabilization Reserve

- Any unexpended funds, excluding net fundraising and donation revenue, will be applied to the Financial Stabilization Reserve, up to the target specified below.

- The Financial Stabilization Reserve shall strive to retain a minimum balance of 5.0% and a target balance of 8.3% of annual budgeted general library expenses.
- Use of the Financial Stabilization Reserve will be determined by the Board based on recommendations from the CEO, after considering the general financial position of the organization.

2. General Reserve (formally Future Capital Expenditures Reserve)

- Any balance above the target in the Financial Stabilization Reserve will be transferred to the General Reserve and applied to the Library's one-time operating initiatives and capital projects
- Drawdowns from this Reserve shall be considered by the Library Board through the annual budget process and/or when recommendations arise from the CEO to support Library capital or other one-time funding needs.
- This reserve also includes funds obtained through fundraising or donations.
- This reserve is to be used to fund projects that cannot be funded through the regular operating budget or as stipulated in agreements with donors.
- The Library Board may request additional funding to be added to the General Reserve for specific uses, as considered by City Council as part of the annual budget process.
- This fund is in addition to the collection of Development Charges. Development Charges are collected by the City of Barrie to support Library and other service enhancements related to growth. Development Charges are held by the City of Barrie and can only be accessed by Council resolution.

Operating Surplus/Deficit

Any surplus funds will be allocated as per the above reserve provisions.

In the event of an operating deficit, the Library Board will transfer any available funds from the Financial Stabilization Reserve first, followed by the General Reserve if necessary. If funds are not available in reserves, the Library Board may seek additional funds from other sources.

The CEO or designate shall provide the Library Board annually with recommended allocations for surplus/deficit funds as per the above provisions for approval.