

# **Madison County Public Library**

## **Financial Operating Policies (23)**

### **Model Procurement Policy**

The Madison County Public Library will make all contracts, leases, or other agreements for the purchase of materials, supplies, equipment, or contractual services in conformance with the provisions of the Kentucky Local Government Model Procurement Code, KRS 45A.345–460.

### **Purchasing Authority**

Unless otherwise provided for in this policy, the director, or designee, shall have the authority to purchase or lease products or services within the budget adopted, and may sign contracts and other instruments of the board when authorized to do so by the board. All procurement expenditures are subject to audit.

### **Purchases over \$40,000**

As required under KRS 424.260 and KRS 45A.385, all purchase orders or contracts for products or services in excess of forty thousand dollars (\$40,000), except those exempted by the Local Model Procurement Code, shall be advertised for bid. Purchases may not be parceled, split, or scheduled over a period of time in order to subvert the intent of this requirement.

All such bid processes shall be conducted according to the provisions of KRS 424.130 and KRS 424.140.

### **State or Federal [GSA] Contract Pricing**

As authorized under KRS 45A.050, KRS 45A.420, and KRS 66.470, the library may purchase products and services outside of the bidding process if those products and services meet the specifications of price contracts awarded by the state Finance and Administration Cabinet or the Federal Government.

### **Purchases Less Than \$40,000**

Purchases of products and services less than forty thousand dollars (\$40,000) but more than ten thousand dollars (\$10,000) may be made in the open market, without newspaper advertisement. Such purchases shall, whenever possible, be based on at least three competitive written proposals or ascertained from vendor's price lists or other quote information.

### **Purchases Less Than \$10,000**

Purchases of products and services less than ten thousand dollars (\$10,000) may be made without competitive proposals but shall be made with attention to the lowest possible cost, consistent with the needs of the library with regard to durability, performance, delivery and service.

## Tax Exempt Policy

In accordance with KRS 139.470(6), the library is exempt from the Kentucky sales and use tax as applied to purchases of tangible personal property or services. This exemption applies only to purchases of property or services for use by the library. The exemption cannot be claimed by a contractor purchasing property to be used in fulfilling a contract with the library, or by a library employee or board member for their own personal purchases.

## Electronic Payments Policy

The library may issue electronic payments (ACH) for service-related budgeted expenditures that are billed on a regular basis. Invoices must be approved by the director prior to payment. Any invoice paid by ACH will be presented at regular check signing by a library board member.

Electronic payments may be made to the following entities:

- Telecommunications
  - AT&T
  - Sprint
  - Spectrum/Time Warner Cable
  - Verizon
  - Windstream
- Utilities
  - Advanced Disposal
  - Berea Municipal Utilities
  - Delta Gas
  - KU
  - Richmond Utilities
  - Waste Connections
- Insurance and Benefits
  - Aflac
  - BMS
  - Cincinnati Life
  - Colonial Life
  - Humana (Dental Concern)
  - Delta Dental
  - KACo
- Building Maintenance
  - Cintas

Electronic payments will not be issued for purchases including:

- Collection or programming materials
- Office supplies
- Furniture
- Equipment

## Reimbursement of Expenses

### **Purpose**

Madison County Public Library staff members may be reimbursed for pre-approved, out-of-pocket travel and meal expenses actually incurred in the performance of their duties for the Madison County Public Library.

Pursuant to KRS 45.101, travel is defined as an area 40 or more miles from the staff or board member's primary workplace. All reimbursements related to travel expenses will follow the current rate schedules set by the Kentucky Revised Statutes.

Actual and necessary travel expenses include: lodging, meals, commercial transportation, taxes related to actual and necessary expenses, and gratuities that do not exceed 20% (KAR 2:006 Section 8).

Original receipts must document claimed expenses. No expenses will be reimbursed for friends or relatives accompanying a staff member on Madison County Public Library business. No expenses will be paid or reimbursed for non-business-related travel or extension of stay beyond completion of the business of the library. Travel expenses incurred by library staff must be pre-approved by the director to be eligible for reimbursement.

### **Travel Related Meal Expenses**

Staff members who engage in pre-approved, out-of-town travel on official Madison County Public Library business will be reimbursed at the current rate established by KAR 2:006 for expenses incurred for meals while travelling. The library will not reimburse for the cost of alcoholic beverages.

Staff members requesting reimbursement must submit to the director an official check request with original receipts attached. The library's credit card may not be used for meal expenses during travel.

### **Mileage**

When pre-approved out-of-town travel on official Madison County Public Library business is conducted using a staff member's personal vehicle, mileage shall be recorded and will be reimbursed by the library. Mileage will be reimbursed for the shortest of the most direct routes between the library and the destination. The library credit card should not be used for gasoline expenses. Mileage will be reimbursed at the rate approved by the Commonwealth of Kentucky Finance and Administration Cabinet on a quarterly basis.

Any traffic violations or citations incurred during pre-approved travel and/or official library business are the responsibility of the driver. The library will not reimburse for fees related to traffic violations.

Requests for reimbursement for mileage should be made to Accounts Payable using the *Mileage Reimbursement* Form which should be submitted within 30 days of returning from the event.

### **Special transportation**

The library will reimburse reasonable taxi and ride sharing service expenditures upon the staff or board member's return from pre-approved travel. Staff members should take reasonable efforts to seek the most economical means of travel available. Staff members requesting reimbursement must submit to the director an official check request with original receipts attached.

### **Board Member Travel**

Madison County Public Library board members may be reimbursed for pre-approved, out-of-pocket travel and meal expenses actually incurred in the performance of their duties for the Madison County Public Library. Board members require prior authorization by a vote of the library board to qualify for reimbursement.

No expenses will be reimbursed for friends or relatives accompanying a board member on Madison County Public Library business. Board members requesting reimbursement must submit original receipts to the director.

## **Petty Cash Policy**

### **Purpose**

The Madison County Public Library maintains a petty cash checking account in each location to support the operations and programs of the library. Each petty cash account should have no more than \$500 in available funds at any time. Branch Managers in each location are responsible for the security of funds and the control of disbursements.

Petty cash is intended for maintaining the cash register tills, customer refunds, program or other library purchases that do not exceed \$100. Petty cash is not intended for routine budgeted purchases. All petty cash expenditures for library programs and services must be submitted to and approved by the director in advance.

### **Petty Cash Purchases**

Personal expenditures or borrowings, in any amount, by any person including the director are not authorized uses of the funds. Petty cash checks must be signed out by the purchaser and logged in the account register upon use. Receipts must be presented to the branch manager immediately after purchase. Petty cash cannot be used for reimbursement of purchases made by library staff.

### **Physical Control, Monitoring and Reporting**

Petty cash and petty cash checks must be kept in a locked box, drawer, cabinet, or safe. The administration assistant monitors the use and replenishment of petty cash, conducts daily and

weekly balancing of accounts, creates monthly reports and oversees deposits. Deposits are taken to the bank by the courier, director, or other staff member without account signing privileges. Petty cash account signers are limited to Branch Manager, Youth Services Manager, and Community Partners Manager. Removal from or addition to petty cash account signers must be approved by the board.

The director reviews reports, account activities, and provides monthly bank statements and reconciliation to the accountant. Petty cash account balances are included in monthly statements of financial position reviewed by the board.

## Library Credit Card Use Policy

### **Purpose**

The Madison County Public Library maintains credit cards for budgeted, library-related purchases only. Primary use occurs in the following situations:

- Direct billing arrangement or pay by invoice options do not exist
- Online or credit card purchasing offers a discounted price point
- Other forms of payment are not recognized

### **Responsibility**

The director will be responsible for library credit cards, including their secure location, account monitoring, retrieval and compliance. The board is responsible for monitoring credit card use by the director, through weekly card activity review, as well as monthly financial reporting. Statements of credit card activity from the bank as well as a detailed transaction report from the director will be included as an addendum to the monthly financial report.

### **Approved Expenditure Categories**

The director must pre-approve all credit card purchases. Staff members requesting a credit card purchase must do so by using the online credit card request form.

Credit cards may be used for the following expenditures:

- Conference and continuing education related travel, including registration costs, hotel, and airfare
- Program supplies and materials
- Technology related equipment

Credit cards may not be used for the following expenditures:

- Gift cards
- Meals consumed during library-related travel
- Alcohol
- Gas for library or staff vehicles

### **Controls**

The library's credit card will have a credit limit of \$20,000, and a daily purchasing limit of \$5,000. A block will be placed on any cash advance or existing credit-related loan offers. Authorized users of the credit card must be approved by the board. The director is currently the sole authorized user. Other users may be added at the director's recommendation to the library board and will be listed in the board meeting minutes as approved.