

# **PUBLIC LIBRARY SYSTEM FINANCIAL REPORTING POLICY MANUAL**

**November 2005**

**Based on the work of  
the Public Library Financial Reporting Committee**

**Prepared by Provincial Library  
Saskatchewan Learning**

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## **Purpose of the Financial Reporting Manual**

The purpose of this manual is to provide library boards and staff with a standard format for their audited financial statements based on generally accepted accounting policies appropriate for library systems.

Public library systems agreed to follow the accounting standards set by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants (CICA) to prepare their financial statements. These standards are set out in the CICA public sector accounting handbook (PS Handbook). The PS Handbook is available from the CICA ([www.cica.ca](http://www.cica.ca)).

This manual is not a substitute for the PS Handbook. We encourage the preparer to refer to the handbook in addition to this manual when preparing their financial statements.

The manual includes:

- Recommended functions and objects for revenue and expenditures. While recognizing each library system has its own unique reporting needs, use of a consistent set of functions and objects will make the financial reports comparable.
- Suggested financial management controls. These controls will help library boards and staff review and further develop policies to safeguard and control library assets.

Saskatchewan Learning provides updates to this manual annually to reflect further recommendations of the Financial Reporting Committee and changes in accounting or control processes for public library systems.

## Financial Reporting Committee Members

<b>Members 2005/06</b>	
Chinook Regional Library	Michael Keaschuk/Shirley Syrenne
Lakeland Library Region	Jacky Bauer
Pahkisimon Nuyeháh Library System	Audrey Mark
Palliser Regional Library	Jan Smith/Wanda Burton
Parkland Regional Library	Deirdre Crichton
Regina Public Library	Colleen Schommer /Allison Wilson
Saskatoon Public Library	Erinn Timpson/Cal McCarthy
Southeast Regional Library	Allan Johnson
Wapiti Regional Library	Jo Anne M. Schnell
Wheatland Regional Library	Michele Fedyk/Joanne Hardy
CICA Saskatchewan Representative	Garry Erickson
Corporate Services/Saskatchewan Learning	Dan Nameth
Provincial Library/Saskatchewan Learning	Joylene Campbell June Rincker/Melissa Bennett Marilyn Jenkins

## Background

The need to put forward recommendations for standardized reporting for libraries arose from the Committee that reviewed the public library legislation:

*Recommendation 4.6 That public library systems be required to provide standardized financial reporting, using standardized forms developed in consultation with public library system, the Saskatchewan Institute of Chartered Accountants and any other appropriate stakeholders.*

In addition, in 1997, the Office of the Provincial Auditor made recommendations that the department should obtain assurances from the public libraries receiving provincial grants that assets are safeguarded, the CICA reporting standards are met, and department objectives are achieved.

*The Public Libraries Act (1996) also states: Section 83: the Lieutenant in Council may make regulations: (1) respecting the forms for and the manner of making reports respecting the equipment, cost, maintenance and finances of libraries.*

In December 1996, a committee was formed whose task it was to make some recommendations for the reporting of library finances. Representatives were requested for the committee from the library systems and the CICA – Saskatchewan and the Provincial Library.

On the recommendation of the Financial Reporting Committee, the library systems agreed to adopt the PSAB standard for its audited financial statements beginning in 2000. In addition, the Public Library Regulations were amended, including the implementation of statutory declarations for regional library system grants.

Garth Knakoske, Stark and Marsh Chartered Accountants, reviewed the 2000 audited financial statements of the ten public library systems. In February 2002 he reported that the library systems had made significant progress in preparing their financial statements in accordance with PSAB and recommended the development of a financial policy manual and a set of model statements in order to further develop compliance to PSAB and assist in comparability.

As a first step in the development of a financial reporting manual, a draft set of model financial statements were recommended by the Financial Reporting Committee and sent to library systems in an electronic format in December 2002.

In December 2003, library systems received the draft financial policy manual with a request to provide feedback on its use for additions etc from accounting staff and auditors. This draft manual was revised in 2004 and a section on internal management controls added. The manual was updated on in July 2005 to reflect changes in PSAB and comments received from the Office of the Provincial Auditor.

## LEGISLATIVE CONTEXT

The principle for provincial funding for public libraries grants is based on resource sharing to facilitate equitable access to library materials and information for Saskatchewan people.

This intent is expressed in *The Public Libraries Act, (1996)*:

- 3 (2) *The purposes of the provincial public library system are:*
- (a) to facilitate equitable access to basic library services by all residents of Saskatchewan; and
  - (b) *to ensure the existence and availability of:*
    - (i) *the Saskatchewan union catalogue composed of the records of public, academic, special and school libraries, regardless of the format in which those records are stored or accessed;*
    - (ii) *interlibrary loans;*
    - (iii) *reciprocal borrowing;*

Public library systems are required to submit annual reports and audited financial statements in accordance with the following provisions in *The Public Libraries Act, (1996)*:

### Annual Report

- 74(1) By May 15 in each year, each municipal library board, each regional library board and the northern library system board shall prepare:
- (a) a report on the operations of the library system during the preceding fiscal year; and
  - (b) an audited financial statement for the library system for the preceding fiscal year, in the form prescribed in the regulations.
- (2) A municipal library board shall submit its annual report and financial statement to the minister and to the council.
- (3) A regional library board shall submit its annual report and financial statement to the minister and to the council of each participating municipality.
- (4) The northern library system board shall submit its annual report and financial statement to the minister and to each body that has appointed a current member of the board.

- (5) A northern community public library board shall submit its annual report to:
- (a) the minister;
  - (b) the northern library system board; and
  - (c) each council that has appointed a current member of the board.
- (6) The fiscal year of a municipal library, a regional library system and the northern library system is the calendar year or any other period prescribed in the regulations.

1996, c.P-39.2, s.74; 2000, c.22, s.13

*The Public Libraries Regulations 1996*, (amended 2000, and 2002) sets out the conditions for provincial funding in Section 21.1 – 21.9.

## GOVERNMENT GRANTS

### Payment of grants

21.1(1) For the purposes of section 64 of the Act, in each fiscal year, the minister may make a grant in accordance with section 21.5, 21.6 or 21.7, as the case may be, to a municipal library board, a regional library board or the northern library system board, where the municipal library board, regional library board or northern library system board, as the case may be:

- (a) applies for a grant pursuant to section 21.2; and
- (b) meets the eligibility criteria set out in section 21.3.

(2) The minister may make a grant payment pursuant to these regulations in the manner and at the time determined by the minister.

(3) Notwithstanding any other provision of these regulations:

(a) the total amount of grants made pursuant to sections 21.5 to 21.7 in any fiscal year is not to exceed the total moneys appropriated by the Legislature in that fiscal year for providing financial assistance to municipal library boards, regional library boards and the northern library system board; and

(b) based on the appropriation by the Legislature mentioned in clause (a), the minister shall determine the total moneys to be set aside in any fiscal year for grants:

- (i) to municipal library boards pursuant to section 21.5;
- (ii) to regional library boards pursuant to section 21.6; and
- (iii) to the northern library system board pursuant to section 21.7.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s7; 25 July 2003 SR 79/2003 s4.

## Application

21.2 In each fiscal year, a municipal library board, a regional library board or the northern library system board may apply for a grant pursuant to section 21.5, 21.6 or 21.7, as the case may be, by submitting to the minister, within the period set by the minister:

(a) an application, in a form acceptable to the minister, that is completed in all respects, including the signing of any declarations the minister may require; and

(b) any other information that the minister may reasonably require.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s8.

## Eligibility

21.3 To apply for a grant from the minister pursuant to section 21.5, 21.6 or 21.7, the municipal library board, regional library board or northern library system board, as the case may be, must participate in:

(a) the Saskatchewan union catalogue;

(b) reciprocal borrowing within Saskatchewan; and

(c) Saskatchewan's interlibrary loan system.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s9.

## Use of grant

21.4 Unless otherwise provided in these regulations, any grant received by a municipal library board, a regional library board or the northern library system board pursuant to section 21.5, 21.6 or 21.7 must be used to support resource sharing.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s10.

## Municipal libraries

21.5(1) In this section, "municipal library" means the Regina municipal library or the Saskatoon municipal library.

(2) Subject to sections 21.2 and 21.3, in each fiscal year, the minister shall make a grant to a municipal library in accordance with the library service agreement between the Province of Saskatchewan and the board of the municipal library.

3 Apr 98 SR 25/98 s5.

## Regional libraries

21.6(1) In this section:

(a) “paid regional library open hours” means the hours that a regional library, including all branches and bookmobiles:

- (i) is open to the public; and
- (ii) is staffed by paid library staff;

(b) “population of the region” means the population:

- (i) that is within the boundaries of the regional library, as those boundaries exist at July 1 of the preceding year; and
- (ii) that, unless otherwise determined by the minister, is determined by the most recent census taken pursuant to the Statistics Act (Canada), as amended from time to time.

(2) Subject to sections 21.2 and 21.3 and subsection (6), in each fiscal year, the minister shall make a grant to a regional library in an amount based on the regional library’s proportionate share, calculated in accordance with subsection (3), of the total moneys set aside by the minister in that fiscal year for grants pursuant to this section.

(3) A regional library’s proportionate share is to be based on the aggregate number of points the regional library achieves for the following three components in relation to all regional libraries that apply for a grant in that year pursuant to this section:

(a) the library headquarters component, being the sum of:

- (i) 300,000 points; and
- (ii) 2.25 points per capita based on the population of the region for the preceding calendar year;

(b) the library open hours component, being the product of:

- (i) two points; and
- (ii) the total number of paid regional library open hours for the preceding calendar year;

(c) the library materials expenditure component, being one-half point per dollar expended by the regional library on library materials in the preceding calendar year, to a maximum of 1.5 points per capita based on the population of the region for the preceding calendar year.

(4) For the purposes of calculating points pursuant to subsection (3), the regional library shall submit as part of its application to the minister:

(a) a statutory declaration by the chairperson of the regional library board, verifying the total number of paid regional library open hours for the preceding year;

(b) the audited financial statement of the regional library for the preceding year, verifying the total amount expended by the regional library on library materials in that year; and

(c) where claimed on behalf of a local library board and not covered by clause (a) or (b), a statutory declaration by the chairperson of the local library board verifying expenditures by the local library, or by a municipality for the benefit of the local library, in the preceding year with respect to all or any of the following:

- (i) library materials catalogued and available for interlibrary loans to any public library in Saskatchewan;
- (ii) hours that the local library was open to the public and staffed by paid library staff.

(5) A regional library shall use the library headquarters component of its grant to support the provision and co-ordination of the regional library's headquarters operations.

(6) Repealed. 1 Dec 2000 SR 96/2000 s11.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s11.

#### Northern library system

21.7(1) Subject to sections 21.2 and 21.3, in each fiscal year, the minister shall make a grant to the northern library system in an amount determined by the minister.

(2) The northern library system board shall use the grant received pursuant to subsection (1) to support:

- (a) resource sharing in accordance with section 21.4;
- (b) the provision and co-ordination of all library services to people living within the boundaries of the northern library system; and
- (c) the allocation of funds to northern community public library boards for the purpose of providing public library services.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s12.

21.8 Repealed. 1 Dec 2000 SR 96/2000 s13.

#### Special project grants

21.9 Notwithstanding any other grant made by the minister pursuant to these regulations, the minister may make grants to any person, agency, organization, association, institution, board or public library within or outside Saskatchewan for special projects for the purpose of:

- (a) assisting in the establishment of any public library; or
- (b) contributing towards the maintenance of public library services.

3 Apr 98 SR 25/98 s5; 1 Dec 2000 SR 96/2000 s14.

## Financial Reporting Policies

Public Library Systems have agreed to follow the recommendations of the Canadian Institute of Chartered Accountants (CICA) and the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The CICA Handbook and the PS Handbook should be referred to for reference purposes.

The Financial Reporting Committee has recommended the following financial policies.

- Adoption of the CICA - PSAB accounting recommendations by all library systems.
  
- As shown in the set of model statements (see section 5), the audited financial statements include:
  - *a statement of financial position*
  - *a statement of financial activities*
  - *a statement of changes in financial position;*
  - *a schedule of current fund activities*
  - *a schedule of library materials fund activities;*
  - *schedule of capital fund activities ;*
  - *a schedule of reserve fund activities*
  - *a schedule of expenditures by object to include wages, benefits, honoraria and grants to people, purchased goods and services, interest, capital assets, and library materials.*
  - The main statements and supporting schedules are not sufficient to meet the current disclosure requirements of the CICA and PSAB Handbooks. In order to meet the current disclosure requirements of the CICA Handbook, notes similar in form included in the sample set of financial statements are required.
  - Additional schedules may be included as required by the individual library system.
  - In addition, the inclusion of a statement outlining management and board responsibility for preparing the financial statements is recommended. The statement can take the form of the Statement of Management Responsibility included in the sample set of financial statements.

**The set of sample financial statements contains additional explanatory notes and the format for each statement and schedule. In addition, the sample set of notes contains sample wording and includes explanations of policies e.g. policy for recording physical assets, purpose and authority of the library system.**

- Inclusion of the approved budgets within the respective statements and, that the prior year amounts are shown for comparability.

- For regional library systems, the governance, administration and services to branches expenditure functions are considered as headquarters expenditures for the purposes of the headquarters component of the provincial grant.
- Public libraries fully disclose all accrued liabilities that have financial and service implications such as liabilities for workers' compensation, pensions, vested sick leave, pension obligations and other post employment- benefits.
- Common functions and object codes will be used by Regional Library Systems and Paskisimon Nuyeháh Library System according to the agreed definitions and index. Regina and Saskatoon Public Libraries agreed to work toward common functions for expenditure and revenues; when appropriate, they will use the same functions as the regional libraries and northern library system. In general, municipal libraries use the PSAB standard and/or follow the guidelines of their respective municipality.
- In the absence of PSAB specific guidelines, the Financial Reporting Committee recommended that the following policies be observed to ensure that libraries were safeguarding their assets.
  - A common guideline was recommended: physical assets over \$500 would be reported. Books would be excluded as physical assets. The issue is to be revisited when PSAB sets its standard. (Regina Public Library was already including books in its capital assets and would continue to do so.)
  - All library systems will include information on yearly materials expenditures in their audited financial statements. Library materials expenditures are broken down into expenditures on books, audio-visual materials, serials /periodicals and electronic information databases. It was recommended that if a system wished, these four categories could also be sub-divided further by including subcategories on the financial statement.
  - The size of the collection is noted in the annual report and partial inventories are also noted in the annual report when carried out.
  - A statement of management responsibility is also included. (See model statement section for suggested wording and format)
  - Shared expenditures that apply to several functions for example, telephone costs, should be broken down and allocated to the appropriate function. If it is not possible to do this, the expenses should be allocated on a percentage basis and noted in the financial notes. Or, if the expenditure represents less than 1% of the actual total budget, the expense may be allocated to one function, and this should also be noted.

## **Use of Reserves**

The CICA handbook sections relative to the use of reserves are included here, as there have been several questions on their use under PSAB.

There may be statutory or funding restrictions governing the use of reserves for a specific public entity, however the recording of board approved reserve transactions should follow the handbook recommendations. It was also recommended that in the notes to the financial statements or on the statement itself any external or internal restrictions placed on a reserve be identified.

*Section – PS 1800 General Standards of Financial Statement Presentation*  
Reporting on Funds

- .55 Historically, local governments have accounted and reported on a fund basis. Usually, those funds include a current fund, capital fund and reserve fund. Information about fund balances is useful in assessing a local government's financial condition and results of operations because it provides information about amounts that are available to offset future revenue requirements and amounts that have been set aside to finance future expenditures.
- .56 Reporting on a local government's fund balances and changes in those balances is important and useful information. The financial statements could display information about its funds in notes and schedules or as statement themselves.
- .57 Financial statements should disclose a local government's current, capital and reserve fund balances at the end of the accounting period. [APRIL 1993]
- .58 Information about a local government's current fund balance is important because it describes the amount to be included in a following year's revenue requirements. The information should be described in terms of either the amount available to offset future revenue requirements or the amount that is required to be financed from future revenues.
- .59 Information about the capital fund balance is important because it describes whether or not the local government has secured permanent financing for its capital expenditures or whether it has secured financing but not yet spent the resources raised. Information about that balance should include how the local government intends to finance any unfinanced balance or describe how any unexpended balance would be applied. Information should also include a summary of those projects for which financing has not yet been arranged as well as those projects having an unexpended balance.
- .60 The balance in the combined reserve fund should be disclosed. Information about that balance would describe the purpose and amounts of each main category of reserve and should disclose the sources and uses of the reserves in total.
- .61 Reporting information about changes in a local government's fund balances helps the user assess the local government's short-term revenue requirements. Fund balances are affected by revenues, expenditures and financing transactions.
- .62 Providing information about the changes in the separate funds and transfers between them is also useful in understanding decisions made about the allocation of resources to various activities, such as current operations,

capital operations and reserves. The total of the changes in all funds should equal the combined changes in fund balances on the statement of financial activities.

- .63 Financial statements should disclose the changes in a local government's current, capital and reserve fund balances in the accounting period. [APRIL 1993]
- .64 Reporting the changes in the current fund is important because it describes information about the uses of the revenues raised by the local government and provides information that is easily comparable to the budget. Information would describe the total revenue raised by the local government, its operating expenditures, revenues raised to transfer to the capital fund, transfers to and from reserve funds, and amounts required for debt repayment.
- .65 Changes in the capital fund represent the timing difference between the sources and uses of financing. Information about the capital fund would include revenues and any long-term financing, transfers to/from other funds, and capital expenditures. The differences between the sources and uses of financing would explain the change in the local government's capital fund balance.
- .66 Reporting changes in the reserve fund describes the transfers from other funds and the transfers to other funds that have affected the balance in the total reserve fund. Disclosing changes in the reserves is also important because it represents amounts the local government has either set aside or used to finance expenditures during the period.

Budgeting to fund expenditures from reserves or transferring current year surplus to specific reserves is possible; however the budgeted amount is shown as a transfer from/to accumulated surplus and not a current year expenditure or revenue.

*Section – PS 3255 Post Employment Benefits, Compensated Absences and Termination Benefits*

Please refer to this section of the Public Sector Accounting Handbook for guidance on reporting post employment benefits, compensated absences and termination benefits. Also, please refer to PS 3255 Appendix B for an illustrative example

*Public Sector Accounting Guideline PSG-4  
Funds and Reserves*

- 1 The purpose of the Guideline is to provide guidance on presenting information related to a government's financial funds and reserves that are part of the government reporting entity. It applies to the summary financial statements

of federal, provincial and territorial governments. This Guideline does not apply to funds and reserves that are externally restricted. External restrictions are addresses in RESTRICTED ASSETS AND REVENUES, Section PS 3100.

- 2 Funds and reserves established by a government take a variety of forms, and are used to reflect a government's intentions to undertake certain future activities or to demonstrate compliance with legislation. For example, a government may establish a stabilization fund to facilitate long-term planning.
- 3 Some funds and reserves are supported by assets. These meet the definition of designated assets set out in RESTRICTED ASSETS AND REVENUES, paragraph PS 3100.04(c).
- 4 RESTRICTED ASSETS AND REVENUES, paragraph PS 3100.30, requires that when a government chooses to provide information about designated assets, it does so in the notes and not on the statement of financial position.
- 5 Governments also establish fund and reserves that are not supported by assets. These are designations of accumulated and/or annual surplus/deficit to reflect a policy purpose, to assist with fiscal management or to demonstrate compliance with legislation.
- 6 Separate reporting on the financial statements of funds and reserves not supported by assets would be inconsistent with FINANCIAL STATEMENT PRESENTATION – FEDERAL, PROVINCIAL, & TERRITORIAL GOVERNMENTS, Section PS 1200, and RESTRICTED ASSETS AND REVENUES, Section PS 3100.
- 7 Therefore, when a government chooses to provide information about any funds or reserves, it does so only in the notes and schedules and not on the statement of financial position. The creation of, addition to or deduction from funds and reserves does not create a revenue or expense, and would therefore not be reported on the statement of operations.
- 8 These principles are consistent with those established in FINANCIAL STATEMENT PRESENTATION – FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, Section PS 1200, which sets out the indicators for consolidated financial statements and specifies the residual amount of the financial statements<sup>1</sup>.
- 9 FINANCIAL STATEMENT PRESENTATION – FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, paragraph PS 1200.038 establishes that the statement of financial position reports net debt and the accumulated

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<sup>1</sup> The residual balance on a financial statement refers to the final number or "bottom line" of the financial statement.

surplus/deficit as the two indicators that together explain the financial position at the end of the accounting period. The accumulated surplus/deficit is the residual amount of the statement of financial position.

- 10 Likewise, consistent with FINANCIAL STATEMENT PRESENTATION – FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, paragraph PS 1200.079, the residual amount of the statement of operations is the ending accumulated surplus/deficit unless a separate statement reconciling the beginning and ending accumulated surplus/deficit with surplus/deficit for the period is provided. In this case, the residual amount for the statement of operations is the surplus/deficit for the period.
- 11 Any disclosures required to be reported to indicate that a government is in compliance with balanced budget legislation would be provided in the notes and schedules to the financial statements and not on the face of the financial statements.

# **BACKGROUND PAPER**

## **Financial Reporting Committee Recommendations (May 12, 1999)**

### **Recommendations of the Financial Reporting Committee**

#### **Committee Members and Resource Persons**

Jeff Barber, Joy Campbell, Roy Evans, Allan Groen, Katrina Hansen, Allan Johnson  
Audrey Mark, Anne McLeod, Colleen Schommer, June Rincker, Maureen Woods

#### ***The Role of Financial Statements***

The primary purpose of financial statements is to provide relevant, timely information to the users. In our case, the primary purpose is to provide financial information to our boards in order to help our boards, and managers make rational informed decisions about library services.

The old maxim applies. “you can only manage what you measure”. What financial statements need to do is to provide for the full accounting of revenues and expenditures, liabilities and assets, in order to help boards and managers manage the library. Financial Statements are just one of several performance measuring tools that help decision makers in the process of ensuring that the library fills its stated social purpose. However, it is important to include all the information necessary to measure financial performance, not just those items that we wish to disclose.

#### ***The Role of the Auditor***

The role of the auditor is to perform standardized tests and then to form an opinion on the validity of the financial statements based upon these tests. This provides outside verification of our information which allows the users of the statements some assurance that the information provided is valid. If the information provided is free of error, then decisions can be made upon the basis of good data. The auditor also ensures controls are in place to safeguard the assets of the organization. The auditor also ensures that constraints placed upon the organization by legislative and regulatory authorities are being followed (by ensuring that resources are being spent on the primary purpose of the organization).

#### ***The Need for Standards***

“Accounting and financial reporting standards are important because they set the rules for measuring, recording and reporting financial information used for

management, decision making and accountability. (p.1)". These standards assure that we follow "generally accepted accounting principles" in the reporting of our activities.

What we do with financial statements is match revenues with the services (expenses) during a given reporting period. An example of the importance of standards is related to overdue fines.

According to PSAAB rules, revenue and expenses are recorded (or recognized) when the revenues are earned and expenses are incurred, not when we receive the money from the municipality or pay the bills for past activities. Thus, when we issue a letter to a patron showing an overdue fine, the invoice is supposed to be shown as revenue in our statements at the time the invoice was created (even though we may never see the money) not when the money is received. We all may have opinions on that example but what does matter for comparability purposes, is that we all need to agree when to report the revenue. (I think the committee would be willing to recommend that we recognize overdue fines when we receive the money).

Standards help with the process of comparing one organization with another. Benchmarking performance is one of the buzzwords of the business world, but benchmarking may also provide useful information for the management of libraries. How one library measures up against another might be misused, but it could also be used to measure ones practices against the best of the rest and thus provide a performance mark an organization could aim for. Standards help ensure that when comparisons are made, the comparisons are made against the same (or similar) items – it ensures that you are comparing apples with apples and not apples with stereos.

## **Objectives of Library Financial Statements (p.6-7)**

### ***Objective 1***

Financial statements should communicate reliable information relevant to the needs of those for whom the statements are prepared, in a manner that maximizes its usefulness. As a minimum, this requires information that is clearly presented, understandable, timely and consistent.

### ***Objective 2***

Financial statements should provide an accounting of the full nature and extent of the financial affairs and resources for which the [library] is responsible including those related to the activities of its agencies and enterprises.

### ***Objective 3***

Financial statements should demonstrate the accountability of a (library) for the financial affairs and resources entrusted to it.

- (i) Financial statements should provide information useful in evaluating the [library's] performance in the management of its financial affairs and resources.
- (ii) Financial statements should provide information useful in assessing whether financial resources were administered by the [library] in accordance with the limits established by the appropriate legislative and regulatory authorities.

#### **Objective 4**

Financial statements of a [library] should account for the sources, allocation and use of the financial resources in the period.

- (i) Financial statements should account for expenditures by function and object, revenues by sources and type and the extent to which revenues were sufficient to meet expenditures.
- (ii) Financial statements should show how the [library] financed its activities in the period and how it met its cash requirements.

#### **Objective 5**

Financial statements should present information to display the state of a [library's] finances.

- (i) Financial statements should present information to describe a [library's] financial condition at the end of the accounting period.
- (ii) Financial statements should provide information useful in evaluating the ability of a [library] to finance its activities and to meet its liabilities and commitments.

#### ***Recommended Requirements for Financial Reporting***

"To meet these objectives PSAAB recommends that any set of public sector financial statements should have certain attributes. For example, financial statements should:

- be clearly identified and should include an acknowledgment of who is responsible for their preparation;
- include a comparison of current period amounts with those of the prior period;
- be issued on a timely basis; and
- include, as a minimum, a statement of financial position, a statement of financial activities and a statement of changes in financial position." (p.7).

Roy Evans, of KPMG, who has been graciously helping us out has also stated that we need to include the approved budget (as may be amended over time) and the actual expenditures in the line items, not just prior period amounts. This would help the users of the information to see how we carried out our plan during the year and help manage any significant variances.

The Financial Reporting Committee recommends that as well as the PSAAB minimum, that we also include a schedule of current fund operations, schedule of

capital fund operations, and a schedule of reserve fund operations. This will help differentiate between operational budgets, capital budgets, reserve funds and how we spend our operational, capital and reserve funds.

Also, the Public Libraries Regulations state “for the purposes of calculating points... the regional library shall submit... the audited financial statement of the regional library for the proceeding year, verifying the total amount expended by the regional library on library materials in that year” (21.4). The recommended functional categories do not break out the objects of the function (dealt with further). Thus, we also need to have a separate audited Schedule of Library Material Expenditures.

Thus, it is recommended that, as examples of statements, the minimum financial reporting for regional libraries be as Exhibits B-G as shown in “An Illustrative Guide to Municipal Accounting and Financial Reporting.”

#### **Recommendation # 1**

The financial statements include, as a minimum:

- a statement of financial position
- a statement of financial activities
- a statement of changes in financial position
- a schedule of current fund operations
- a schedule of capital fund operations
- a schedule of reserve fund operations
- a schedule of library materials expenditures
- the inclusion of the approved budgets within the respective statements
- and that the prior years amounts be shown.

One of the major changes for all library systems is related to Objective 4(i). It appears that most, if not all of the regional library systems have been displaying expense information by object not function. We need to change this around. What showing information by function and then by object in notes to the financial statements shows is the social impact of activities (p.12). The objects of the functions would be disclosed in a note.

**Recommendation # 2**

The committee recommends reporting expenses based upon the following functions, as based upon the levels of services identified in the Review of Regional Libraries:

- Governance
- Administration
- Services to Branches
- Regional Resource Center Services
- Area Resource Library Services
- Local Branch Services
- Direct Library Services

Within each of these categories would be various objects such as wages, benefits, postage, collections, etc. These objects would be reported in a separate schedule or note- they would not be shown on the Statement of Financial Activities (as an example of one of the statements).

There is also the question of what is a Headquarters Expense for the purposes of the Provincial Public Libraries Grant. In general, this would be the Governance, Administration, and Services to Branches categories. These categories are meant to exclude the collections expenditures and branch open hours components as well as any expenditures related to duties solely placed upon the Local Library Board/Regional Resource Center by the Public Libraries Act, 1996. Services Branches is meant to encompass ILL, Acquisitions, Processing, Block Exchanges, etc. Although a case could be made that local branches would have expenses related to acquisitions and ILL if there were no region, the HQ expenses are related to those activities that make the region a regional library.

**Recommendation # 3**

That the Governance, Administration, and Services to Branches categories be considered as Headquarters expenditures for the purposes of the Headquarters component of the Provincial Grant; and

That any expenditures related to responsibilities placed solely upon the Local Library Board/Regional Reference Center by the "Public Libraries Act, 1996" be excluded from this calculation.

Just like HQ summary categories, Regional Resource Center Services, Area Resource Library Services and Local Branch Services would include categories such as personnel wages, benefits, postage, collections, programming, etc. Direct Library Services are those services provided by the regional library in lieu of branch-services provided direct to the patron through HQ. This would include such items as Bookmobile Services, 1-800 Reference services, access to the catalog by the home user, etc. All of the objects would be shown in notes.

***Recommendation # 4***

That regional libraries summarize revenues by the following sources:

- Municipal Levies/Grants
- Provincial Public Libraries Grant
- First Nations Agreements
- Other Agreements
- Supplemental Branch Hours Agreements
- Other Operational Grants
- Employment Grants
- Services
- Fines and other charges
- Donations/Fundraising
- Interest and Investment Income
- Special Project Grants
- Recoveries
- Lost and Damaged Items
- Miscellaneous Revenues

## ***Implementation***

### **A. Unrecorded Liabilities**

“Many (libraries) do not report on their balance sheets major long-term liabilities for such things as workers compensation, pensions, vested sick leave and other post-employment benefits. Unrecorded liabilities represent a charge for services already rendered, that have to be met with future tax or other revenues... Those liabilities... can be substantial. (P.3)”

For example, we all have sick leave plans of some sort. These benefits accrue on an ongoing basis and liability for these benefits need to be recorded in the period in which they are earned, not when the sick leave is taken in order to get a true picture of the actual cost of providing the current service. It is possible that some of this information would have to be verified by an Actuary, but perhaps we could provide an estimate.

#### **Recommendation #5**

- That the public libraries fully disclose all accrued liabilities that have financial and service implications, such as liabilities for workers compensation, pensions, vested sick leave, pension obligations and other post-employment benefits.

### **B. Collection Assets**

“[Libraries] are responsible for managing vast stocks of physical assets such as buildings, equipment” (p.3) and large collections of books, videos, etc. “ Without recording assets in the books of account and allocating the cost of using them to specific departments, managers do not know the full cost of its programs and services, nor can they assess performance or the cost of a service in relation to its benefits. [Library Managers and Boards] need to know what assets the [library] has and their state of repair in order to continue to provide essential services and assess any maintenance and replacement requirements. They also need to know what programs cost in order to make service delivery choices. [Libraries], therefore, need to ensure that all assets are account for and reported in their financial statements.” (p. 3–4).

The PSAAB rules are pretty clear that all assets must be reported. The committee has struggled with the question of the financial reporting of our collections of materials. In theory, we need to track the individual cost of each item as a physical asset, add the value of each item to the asset account, and as we withdraw items from our collection, we should be devaluing our assets accordingly. It’s easy to measure the expenses related to the purchase, but it will be difficult for us to value or measure the cumulative historical value of our collections.

Related to this, we will all need to perform some type of periodic inventory of our collections in order to keep the information timely and relevant.

***Recommendation # 6***

- That the inclusion of collections information be reviewed after three years in order to provide regional libraries time to measure the value of their collections. If collections are included as physical assets before then, the asset is to be recorded in the notes to the financial statement, not in one of the required schedules.

**C. Other Physical Assets**

One of the fundamental differences between the PSAAB rules and Not-for-Profit rules is in regards to assets. Under the PSAAB rules, assets are not depreciated. Assets are recorded in the financial statements at their historical value. In other words, the value of the asset is what we originally paid for it. There is no annual depreciation. When the item is sold or otherwise removed from the inventory, it is only then that the total amount of the value of the item is removed from the appropriate asset category. This will mean a significant change in accounting policy and practice for several library systems.

***Recommendation # 7***

- That regional libraries record assets at their historical cost, that no depreciation be charged against current operations, and that the asset be removed at the time of disposal. Also, that a capital unit only be recorded if its value is more than \$500.

**D. Transfers to Reserves from Current Operations**

It is especially crucial when measuring for the purposes of the provincial grant, that expenditures measure actual cash disbursements for services or items received. The current operating budget needs to show actual expenditures, especially for collections and branch open hours expenses. Including transfers to reserves for future expenditures does not accurately depict the current operating budget. Allocations to reserves must be made “below the line” of the operating budget. In other words, if there is an operating surplus, then allocations to reserves are made from the surplus, not charged against current operations.

***Recommendation #8***

That public libraries allocate funds for future expenditures to capital reserves out of any surpluses that may occur from current operations

## **E. Capital Purchases**

Under the PSAAB, Capital Purchases are made in the current operating budget as a regular line item even if there is a capital reserve for the purchase. The purchase is made as a regular operating item. If there is a deficit in the year, then the reserve covers the deficit and an interfund transfer is made and shown in the financial statement.

## **F. Previous Year**

### ***Recommendation # 9***

- In order to have comparability over time, and as the previous years, information needs to be included in the statements, the committee recommends that the 1998 financial statements be redone (not re-audited) in order to fit the recommended categories.

## **G. Financial Statement Presentation**

“Not only is having complete information important, but the way information is presented in the financial statements is also important. How the story is told often governs the messages received.” (p. 4). The primary purpose of financial statements is to provide information to the users. Thus, it is important to ensure that the information is understandable and appropriate to the audience. If the information is difficult to follow, it becomes difficult to make rational, informed decisions – decisions that will affect the future of the organization.

The committee has spent some time talking about how to best present the data. In many ways, the exact format of the statement does not matter. What does matter, is that when we report something like a grant, it really is a grant and not something else like levies and that other people can easily identify the place where the grant is reported.

### **Endnote**

Chartered Accountants of Canada, Public Sector Accounting and Auditing Board. An Illustrative Guide to Municipal Accounting and Financial Reporting. Toronto 1997.

## **Sample Library System Financial Statements**

**Statement of Management Responsibility**

**Sample Auditor's Report**

**Statement of Financial Position**

**Statement of Financial Activities**

**Statement of Financial Changes in Fund Balances**

**Statement of Cash Flows**

**Sample Notes to Financial Statements**

**Schedule of Current Fund Activities**

**Schedule of Capital Fund Activities**

**Schedule of Library Material Fund Activities**

**Schedule of Reserve Fund Activities**

**Schedule of Expenditures by Object**

**Schedule of Library Materials Expenditures**

[Note: The *Statement of Management Responsibility* accompanies, but is not part of, the annual financial statements. Its use is encouraged whenever the financial statements are to be widely distributed. The report is fairly free flowing and the CICA (Canadian Institute of Chartered Accountants) encourages experimentation with the report. CICA AcG 7 (Accounting Guideline #7) provides guidance as to certain content. The guideline content is indicated by the highlighted text below, providing an example of how to incorporate it.

## SAMPLE LIBRARY SYSTEM

### Statement of Management Responsibility

The accompanying financial statements are the responsibility of library management and have been approved by the Board of Directors. Management prepared the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. When alternative accounting methods exist, Library management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise because they include certain amounts based on estimates and judgements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the Library management has developed and maintains a system of internal control designed to provide reasonable assurance that library assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Board of Directors.

The Board of Directors of the library is responsible for the review and approval of the financial statements, and ensures Library management fulfils its financial reporting responsibilities. The Board meets with management and, as required, with the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Board with and without the presence of management. [If the board delegates to an audit committee, wording will be slightly different]

The financial statements have been audited by *[name of external audit firm]*. The Auditors' Report outlines the scope of their examination and provides their opinion on the fairness of the presentation of the information in the financial statements.

\_\_\_\_\_  
Library Director

To be signed off by one or more senior officers. The date would normally be the same date as the auditor's report

\_\_\_\_\_  
[Board Chair]

\_\_\_\_\_  
*[Date]*

Date ,20x5

## AUDITOR'S REPORT

To the Board of Directors  
Sample Library System

We have audited the statement of financial position of Sample Library System as at December 31, 20x5 and the statements of financial activities, changes in financial position and statement of financial position for the year then ended. The Library management is responsible for preparing these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Library management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statement present fairly, in all material respects, the financial position of the Sample Library System as at December 31, 20x5, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

City, Saskatchewan  
MMMM DD, YYYY

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*[name of external audit firm]*

**Sample Library System  
Statement of Financial Position  
as at December 31, 20x5**

**Statement 1**

		<u>20x5 Total</u>	<u>20x4 Total</u>
<b>Financial assets</b>	<b>Note</b>		
Cash	2	\$ -	\$ -
Temporary investments/cash equivalents	2	-	-
Accounts receivable	3	-	-
Inventories for resale		-	-
Long-term investments	16	-	-
Other current assets		-	-
<b>Total financial assets</b>		<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Bank overdraft/indebtedness		-	-
Accounts payable	5	-	-
Accrued liabilities	5	-	-
Accrued vacation liabilities	11	-	-
Post-employment pension benefits	11	-	-
Pension obligations	11	-	-
Other liabilities		-	-
Deferred revenue	6	-	-
Lease obligations	13	-	-
Long-term debt	7	-	-
<b>Total liabilities</b>		<u>-</u>	<u>-</u>
<b>Net financial assets</b>		<b>\$ -</b>	<b>\$ -</b>
<b>Non-financial assets</b>			
Prepaid expenses		-	-
Inventories of supplies		-	-
Tangible capital assets	2 & 4	-	-
<b>Total Non-financial assets</b>		<u>-</u>	<u>-</u>
<b>Accumulated surplus/(deficit)</b>		<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

On behalf of the board:

Signed \_\_\_\_\_ Director

Signed by the Board \_\_\_\_\_ Board

*See accompanying notes to financial statements*

## Statement 2

**Sample Library System**  
**Statement of Financial Activities**  
for the year ended December 31, 20x5

	20x5 Budget Total (note 9)	20x5 Actual Total	20x4 Actual Total
<b>Revenues</b>			
Provincial grant	\$ -	\$ -	\$ -
Headquarters	-	-	-
Materials	-	-	-
Opening hours	-	-	-
Other Provincial grants	-	-	-
Municipal grants	-	-	-
Grants-in-lieu of taxes	-	-	-
Federal grants	-	-	-
Interest and Investment Income	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Governance	-	-	-
Administration	-	-	-
Services to branches	-	-	-
Regional resource centres	-	-	-
Area resource centre services	-	-	-
Local branch services	-	-	-
Direct library services	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Shortfall) of revenues over expenditures	-	-	-
Purchases of tangible capital assets	-	-	-
Amortization (note 4)	-	-	-
Acquisition of prepaid expense	-	-	-
Use of prepaid expense	-	-	-
Increase/(decrease) in net financial assets	<u>-</u>	<u>-</u>	<u>-</u>
Net financial assets, beginning of year	-	-	-
Net financial assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Statement 3

Sample Library System  
 Statement of Changes in Fund Balances  
 for the year ended December 31, 20x5

	Current	Library Materials	Capital	Reserve (note 8)	Total 20x5	Total 20x4
Fund Balance - beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (Shortfall) of revenues over expenditures	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

**Sample Library System  
Statement of Cash Flows  
for the year ended December 31, 20x5**

**Statement 4**

	20x5	20x4
<b>Cash flows from operating activities</b>		
Excess (Shortfall) of revenues over expenditures	\$ -	\$ -
Changes in non-cash working capital:		
Decrease (Increase) in accounts receivable	-	-
(Increase) Decrease in other current assets	-	-
(Decrease) in accounts payable & accrued liabilities	-	-
Increase in deferred revenue	-	-
Cash used in operating activities	-	-
<b>Cash flows from investing activities</b>		
<i>[this section is retained for illustration only and would normally be removed in the case of no transactions.]</i>		
Cash provided from (used in) investing activities	-	-
<b>Cash flows from capital transactions</b>		
Financing of Capital Acquisitions	-	-
Transfers from reserve fund	-	-
Cash provided from financing activities	-	-
Net increase (decrease) in cash and equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

*See accompanying notes to financial statements*

**SAMPLE LIBRARY SYSTEM**  
**Notes to the Financial Statements**  
**For the year ended December 31, 20x5**

**1. PURPOSE AND AUTHORITY**

Great Resource Library System (the “Library”) offers services and programs under the authority of *The Public Libraries Act, 1996*. The Library’s Board plays an integral part in strategic direction and management guidance. The purpose of the Library is to ensure the provision of library services as set out in the Act, within the boundaries of the Library’s region as established by regulation.

The Library is a registered charity and is therefore exempt from the payment of income tax pursuant to Section 149 of the *Income Tax Act*. *[This sentence may not be applicable for any/some library systems.]*

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and include the following significant policies:

**a) Fund Accounting**

The accounts of the Library are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives:

- (i) **Current Fund**  
The current fund accounts for the Library’s program delivery, service and administrative activities.
- (ii) **Library Materials Fund**  
The library materials fund net original purchase cost of the collection not limited to but including: books; audio-visual; serials/periodicals; and electronic information databases.
- (iii) **Capital Fund**  
The capital fund reflects the net original purchase cost of all capital assets of the Library after taking into consideration the cost of any associated long-term debt. The capital fund also includes contributions, interest and donations designated for capital purposes by the contributor. Also included in the capital fund are the appropriations for future capital expenditures.

- (iv) **Reserve Fund**  
 The reserve fund reflects the amount of accumulated surplus that has been designated for particular future purposes. Allocations to the reserve fund come primarily through surplus transfers from the current fund. Reserves may be used to offset expenditures in the current fund, the capital fund and the materials fund.  
 In all cases such uses of reserves are shown as inter-fund transfers and they are not considered to be revenues or expenses.

**b) Revenue Recognition**

Revenues are accounted for in the period in which the transactions or events occur giving rise to the revenues.

**c) Expenditure Recognition**

The public library system follows the expenditure approach.

Expenditures are accounted for in the period in which the goods and services are acquired and a liability is incurred, or transfers are due.

**d) Tangible Capital Assets**

Buildings, leasehold improvements, equipment, and furnishings are recorded at cost less accumulated amortization. The net book value of these capital assets is detailed in the notes to the financial statements. Net book value is determined by using the straight-line amortization method. Tangible capital assets are amortized as follows:

Equipment	4 years
Furnishings and Fixtures	6 years
Leasehold improvements	10 years
Buildings	30 years

*OLD NOTE: [Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets costing under \$500 are expensed in the current year.*

*The public library system has adopted a policy whereby amortization is not charged.*

*Library books and other resource materials are not reported as an asset, but are reported as an expense of the current fund when acquired.]*

**e) Cash and Cash Equivalents**

Cash is represented by cash on hand and balance with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

**f) Investments**

Investments are recorded at the lower of cost and market value.

**g) Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**3. ACCOUNTS RECEIVABLE** *[This note may not be applicable and so the details and language are sample only.]*

Accounts receivable are composed of the following:

	<u>20x5</u>	<u>20x4</u>
Municipal grants		
Federal Government grant		
Other		
Less allowance for uncollectibles		
Total	<u>\$</u>	<u>\$</u>

**4. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 20x5</u>	<u>Net Book Value 20x4</u>
Land				
Buildings				
Equipment				
Computers				
Vehicles				
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**5. ACCOUNTS PAYABLE & ACCRUED LIABILITIES** *[This note may not be applicable and so the details and language are sample only.]*

A trade payable is a debt for goods or services purchased in the ordinary course of business. An accrued liability arises from the purchase of services, which have been only partly performed at the time of accounting and hence are not yet billed or paid for.

Accounts payable are composed of the following:

	<u>20x5</u>	<u>20x4</u>
Some supplier		
Some other supplier		
Total	<u>\$</u>	<u>\$</u>

6. **DEFERRED REVENUE** [This note may not be applicable and so the details and language are sample only – may also use the “unearned” instead of deferred.] Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

	<u>20x5</u>	<u>20x4</u>
Multi-year grants		
Federal Government		
Other		
	<u>          </u>	<u>          </u>
	<u>          </u> \$	<u>          </u> \$

7. **LONG TERM DEBT** [If applicable, the nature and terms of the library systems long-term obligations would be described to include: the amount payable within each of the next five years and an appropriate description of other long-term borrowings payment dates and amounts; the amounts outstanding; interest rates, etc. Any security pledged against such liabilities should be stated separately and the fact that they are secured indicated, including the nature, and where practicable, the carrying value of such assets should be disclosed.]

8. **RESERVE FUND** [This could be a place whereby any external and/or internal restrictions are identified. Ideally this would be best shown in a statement for readability; however, a chart could be alternatively used to depict that here. **External** restricted funds are restricted by agreement with an external party, or by legislation of another government, that specify the purpose of purposes for which resources are to be used. Funds cannot be used for any other purpose without approval or permission from the external party. **Internal** restrictions are restrictions on the use of the assets or net assets of the library imposed by the library’s own policies (i.e. Board approval/minute). Since the library can change its own policies the restrictions are different from those imposed by external parties. It is recommended that the treatment of external and internal revenues be disclosed – for externally restricted revenues this recognition is normally done in the period in which the resources are used for the purpose(s) specified, and prior to this point report it as a liability. Alternatively, see notes on Schedule 4.]

9. **BUDGET AMOUNTS** [It is a good idea to include this note for accountability purposes – sample wording used.]

The budget amounts on these financial statements were prepared by Library management and approved by the Board on [approved date.]

10. **FINANCIAL INSTRUMENTS** [It is a good idea to include this note – sample wording used.]

The Library’s significant financial instruments consist of accounts receivable, accounts payable and accrued benefits, investments in temporary investments, and mortgages.

- a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued benefits approximates fair value

due to the short-term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows.

- b) The Library is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Library's receivable is from the provincial and municipalities, therefore, credit risk is minimal.

**11. EMPLOYEE FUTURE BENEFITS** *[The information that will be noted here will depend on the pension plan text for each library system. Information to describe, for example, the nature and terms of the library systems long-term obligations for retirement benefits (as outlined PS 3250 and PS 3255) would incised the basis for estimating and recording those obligations, a description of the plan, and the amount charges against current operations.]*

**12. COMMITMENTS** *[May not be applicable - disclosure in this area relates to amounts that are committed as part of a contractual arrangement and which are not leasing agreements.]*

**13. LEASE AGREEMENTS** *[May not be applicable - disclosure in this area relates to leasing of property, plant and equipment for which the facts of the agreement will determine whether it is an operating or capital lease. The PSA HB specifically defers to the CICA HB for disclosure direction.]*

**14. CONTINGENCIES** *[May not be applicable - disclosure in this area relates to outlining the nature of potential future economic impacts to the Library; that potential future amounts are indeterminate at this time; how they will be treated if the contingency were to materialize; other disclosure as would be deemed relevant in assisting the user to understand the situation.]*

**15. RELATED PARTY TRANSACTIONS** *[May not be applicable.]*  
 These financial statements include transactions with related parties. The Library is related to ...*[organizations related to the Library.]*

	<u>20x5</u>	<u>20x4</u>
Organization		
Organization		
Organization		
	<u>\$</u>	<u>\$</u>

**16. LONG-TERM INVESTMENTS** *[May not be applicable.] [List if any.]*

**17. COMPARATIVE FIGURES** *[May not be applicable.]*  
 Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

## Schedule 1

**Sample Library System**  
**Schedule of Current Fund Activities**  
**for the year ended December 31, 20x5**

	Budget 20x5 (note 9)	Actual 20x5	Actual 20x4
<b>Revenues</b>			
Learning Public Libraries Grant	\$ -	\$ -	\$ -
Other Provincial Libraries Grants	-	-	-
Municipal Grants	-	-	-
Grants-in-lieu of taxes	-	-	-
Federal Grants	-	-	-
Interest and Investment Income	-	-	-
Other	-	-	-
First Nations Agreements	-	-	-
Other Agreements	-	-	-
Other Operational Grants	-	-	-
Employment Grants	-	-	-
Services (Non material items)	-	-	-
Fines and Other Charges	-	-	-
Lost and Damaged Items	-	-	-
Donations/Fundraising	-	-	-
Special Project Grants	-	-	-
Recoveries	-	-	-
Miscellaneous revenues	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Governance	-	-	-
Administration	-	-	-
Services to Branches	-	-	-
Regional Resource Centres	-	-	-
Area Resource Centre Services	-	-	-
Local Branch Services	-	-	-
Direct Library Services	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Shortfall) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Interfund Transfers			
From (To) Capital			
From (To) Materials	-	-	-
From (To) Reserves (note 8)	-	-	-
Total interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Current Fund	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

## Schedule 2

**Sample Library System**  
**Schedule of Capital Fund Activities**  
**for the year ended December 31, 20x5**

	Budget 20x5 (note 9)	Actual 20x5	Actual 20x4
<b>Revenues</b>			
Learning Public Libraries Grant	\$ -	\$ -	\$ -
Other Provincial Libraries Grants	-	-	-
Municipal Grants	-	-	-
Grants-in-lieu of taxes	-	-	-
Federal Grants	-	-	-
Interest and Investment Income	-	-	-
Other	-	-	-
First Nations Agreements	-	-	-
Other Agreements	-	-	-
Other Operational Grants	-	-	-
Employment Grants	-	-	-
Services (Non material items)	-	-	-
Fines and Other Charges	-	-	-
Lost and Damaged Items	-	-	-
Donations/Fundraising	-	-	-
Special Project Grants	-	-	-
Recoveries	-	-	-
Miscellaneous revenues	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Governance	-	-	-
Administration	-	-	-
Services to Branches	-	-	-
Regional Resource Centres	-	-	-
Area Resource Centre Services	-	-	-
Local Branch Services	-	-	-
Direct Library Services	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Shortfall) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Interfund Transfers			
From (To) Capital			
From (To) Materials	-	-	-
From (To) Reserves (note 8)	-	-	-
Total interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Current Fund	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

## Schedule 3

**Sample Library System**  
**Schedule of Library Material Fund Activities**  
**for the year ended December 31, 20x5**

	Budget 20x5 (note 9)	Actual 20x5	Actual 20x4
<b>Revenues</b>			
Learning Public Libraries Grant	\$ -	\$ -	\$ -
Other Provincial Libraries Grants	-	-	-
Municipal Grants	-	-	-
Grants-in-lieu of taxes	-	-	-
Federal Grants	-	-	-
Interest and Investment Income	-	-	-
Other	-	-	-
First Nations Agreements	-	-	-
Other Agreements	-	-	-
Other Operational Grants	-	-	-
Employment Grants	-	-	-
Services (Non material items)	-	-	-
Fines and Other Charges	-	-	-
Lost and Damaged Items	-	-	-
Donations/Fundraising	-	-	-
Special Project Grants	-	-	-
Recoveries	-	-	-
Miscellaneous revenues	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Governance	-	-	-
Administration	-	-	-
Services to Branches	-	-	-
Regional Resource Centres	-	-	-
Area Resource Centre Services	-	-	-
Local Branch Services	-	-	-
Direct Library Services	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Shortfall) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Interfund Transfers			
From (To) Capital			
From (To) Materials	-	-	-
From (To) Reserves (note 8)	-	-	-
Total interfund transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Current Fund	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Schedule 4

Sample Library System  
 Schedule of Reserve Fund Activities  
 for the year ended December 31, 20x5

	Budget 20x5 (note 9)	Actual 20x5	Actual 20x4
Net Interfund Transfers			
From (To) Current	\$ -	\$ -	\$ -
From (To) Library Materials	-	-	-
From (To) Capital	-	-	-
Total interfund transfers	-	-	-
Change in Reserve Fund	-	-	-
Fund Balance - beginning of year	-	-	-
Fund Balance - end of year	\$ -	\$ -	\$ -

Reserve Details:

	Beginning Balance	To Reserves	(From) Reserves	Ending Balance
<u>Externally Restricted (note 8)</u> item	-	-	-	-
<u>Internally Restricted (note 8)</u> item	-	-	-	-
item	-	-	-	-
item	-	-	-	-
Total Reserve Fund	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

Schedule 5

Sample Library System  
 Schedule of Expenditures by Object  
 for the year ended December 31, 20x5

	Governance	Administration	Services to Branches	Regional Resource Centres	Area Resource Centres	Local Branch Services	Direct Library Services	Budget 20x5 (note 9)	Actual 20x5	Actual 20x4
Wages, Benefits, Honoraria and Grants to People	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Goods and Services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Capital Assets (note 2 & 4)	-	-	-	-	-	-	-	-	-	-
Library materials	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Schedule 6

**Sample Library System**  
**Schedule of Library Materials Expenditures**  
**for the year ended December 31, 20x5**

	Budget 20x5 Total <hr/> (note 9)	Actual 20x5 Total <hr/>	Actual 20x4 Total <hr/>
Books	\$ -	\$ -	\$ -
Audio-visual materials	-	-	-
Serials/Periodicals	-	-	-
Electronic Information Databases	-	-	-
	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>

*See accompanying notes to financial statements*

## **Statutory Declaration Forms for Regional Library Grants**

*The Public Libraries Regulations* (amended 2000) states the conditions for regional library grants. Section 21.6 (4) outlines the use of the statutory declarations in verifying the total library paid open hours and the amount of funding expended on library materials in the regional library system for the preceding year for the purposes of calculating grants

**STATUTORY DECLARATION**  
(Regional Library System)

This declaration is made for the purpose of receiving a grant pursuant to *The Public Libraries Act, 1996* and *The Public Libraries Regulations, 1996/2000* Section 21.6(4) )

I, \_\_\_\_\_

(name)  
a \_\_\_\_\_

(occupation)  
of \_\_\_\_\_

(address)  
in the Province of Saskatchewan, and Chairperson  
of the \_\_\_\_\_ Library Board in  
which is vested the general management, regulation  
and control of the \_\_\_\_\_ Library,

I, \_\_\_\_\_

(name)  
a \_\_\_\_\_

(occupation)  
of \_\_\_\_\_

(address)  
in the Province of Saskatchewan and Regional  
Director of the \_\_\_\_\_ Library,

DO SOLEMNLY DECLARE THAT:

1. The total eligible library materials expenditures for the \_\_\_\_\_ Regional Library for the preceding year totalled \$ \_\_\_\_\_ as reconciled in the attached audited financial statement for the preceding year. It only includes those costs as outlined in Appendix 1.
2. The total eligible public library materials expenditures, as outlined in Appendix A, of the local branch libraries for the \_\_\_\_\_ Regional Library for the preceding year totalled \$ \_\_\_\_\_, as confirmed in the attached declaration, financial statements or invoices for the preceding year. These materials were not included in the \_\_\_\_\_ Regional Library's materials expenditures for the preceding year.  
**Total regional and local expenditures for eligible public library materials \$ \_\_\_\_\_**
3. The \_\_\_\_\_ Regional Library's annual paid open hours for the preceding year as counted pursuant to the instructions in Appendix 1 and recorded on Appendix 2 were \_\_\_\_\_ hours.
4. The \_\_\_\_\_ public library hours per year paid by other agencies were not included in the library budget or listed above. Financial Statements and verifying declarations are attached.

**Total annual paid open hours for public library services \_\_\_\_\_**

And we make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

DECLARED before me at the \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the Province of  
Saskatchewan this \_\_\_ day of \_\_\_\_\_  
200\_\_.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Regional Director

\_\_\_\_\_  
A Commissioner for Oaths in and for Saskatchewan

My appointment expires \_\_\_\_\_, 20\_\_.

# APPENDIX 1 - Instructions for Providing the Statistics Required

## (FOR REGIONAL LIBRARY USE)

All figures used to calculate the Provincial Grant to regional libraries for the current year are from the previous year.

1. The Population numbers are from Statistics Canada available at 1 July. (This data was previously provided by the Provincial Library.)
2. Public Library Materials include:
  - library materials purchased including licensing fees that make information accessible;
  - non-refundable GST related to library materials;
  - shipping, handling, insurance and brokerage charges for library materials;
  - applicable PST and monetary exchange rate costs;
  - lease fees for new and popular titles, excluding 25% to cover processing and financing costs.

Not included are:

  - binding and repair costs;
  - supplies, display cases, or shelving;
  - processing costs including those associated with leased titles;
  - refundable GST.
3. Paid Regional Library Open Hours
  - Only hours open to the public for which a wage has been paid to at least one individual can be counted as open hours.
  - Where other agencies provided paid public library hours of opening, declarations and financial statements must accompany this declaration. These hours must:
    - not be included in the regional library's paid open hours total, and
    - not be a duplication of any hours identified as regional library paid open hours.



### Purpose of the Branch Statutory Declaration Form

The purpose of the Branch Statutory Declaration Form is to identify and verify local expenditures on public library materials made available for province-wide resource sharing and additional annual paid open hours funded by agencies other than the regional library headquarters. If the criteria and required documentation set out in Appendix A and Appendix B are met, this increases the potential provincial government grant amount to your library system.

## Appendix A - Instructions for Providing the Statistics Required in Branch Statutory Declaration

(FOR BRANCH LIBRARY USE)

1. Include locally purchased public library materials available for province-wide resource sharing
  - library materials that are catalogued and available for Interlibrary Loan
  - library materials purchased including licensing fees that make information accessible e.g. InfoTrac;
  - non-refundable GST related to library materials;
  - shipping, handling, insurance and brokerage charges *incurred in the acquisition process*;
  - applicable PST and monetary exchange rate costs;
  - lease fees, excluding 25% to cover processing and financing costs, for new and popular titles.

Not included are:

- binding and repair costs;
- supplies, display cases, or shelving;
- processing costs including those associated with leased titles;
- refundable GST.

2. Paid Branch Library Open Hours
  - Only hours open to the public for which a wage has been paid to at least one individual can be counted as open hours.
  - Public access hours of opening for public library service paid for by other agencies may be included, provided that financial statements and verifying declaration are attached.
3. It is not acceptable that the source of funding used to pay for materials or open hours paid for by other agencies, such as municipalities, comes from the Province. Provincial dollars cannot be used to lever provincial grants, such as grants received through provincial employment programs.

**APPENDIX B: FOR STATUTORY DECLARATION  
(FOR BRANCH LIBRARY USE)**

**Total Additional Annual Paid Open Hours for \_\_\_\_\_ Branch,  
\_\_\_\_\_ Regional Library**

**Funded by \_\_\_\_\_**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL

Date \_\_\_\_\_

Initial \_\_\_\_\_

Please note the following instructions:

**Paid Branch Library Open Hours**

- Only hours open to the public for which a wage has been paid to at least one individual can be counted as open hours.
- Public access hours of opening for public library service paid for by other agencies may be included, provided that financial statements and verifying declaration are attached.

It is not acceptable that the source of funding used to pay for materials or open hours paid for by other agencies, such as municipalities, comes from the Province. Provincial dollars cannot be used to lever provincial grants, such as grants received through provincial employment programs.

**STATUTORY DECLARATION**

**(Local Branch Library)**

*(The Public Libraries Regulations, 1996/2000 Section 21.6(4))*

This declaration is made for the purpose of receiving a grant pursuant to *The Public Libraries Act, 1996* and *The Public Libraries Regulations, 1996/2000*.

I, \_\_\_\_\_

(name)  
a \_\_\_\_\_

(occupation)  
of \_\_\_\_\_,

(address)  
in the Province of Saskatchewan, and Chairperson  
of the \_\_\_\_\_ Library Board in  
which is vested the general management, regulation  
and control of the \_\_\_\_\_ Library,

DO SOLEMNLY DECLARE THAT:

1. \_\_\_\_\_ Branch Library in the \_\_\_\_\_ Regional Library spent a total of \$\_\_\_\_\_ on materials available for province-wide resource-sharing for the preceding year as reconciled in the attached financial statement or verified on the attached invoices. This total only includes those costs as outlined in Appendix A: Instructions for Branch Libraries Providing the Statistics Required for the Statutory Declaration.
2. A total of \_\_\_\_\_ annual paid open hours for public library services as counted pursuant to Appendices A and B were provided by \_\_\_\_\_. Financial statements and verifying declaration are attached.
3. The source of funding in numbers 1 and 2 above is not provincial funding, as outlined in Appendix A: Instructions for Branch Libraries Providing the Statistics Required for the Statutory Declaration.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

DECLARED before me at the \_\_\_\_\_ of \_\_\_\_\_ in the Province of Saskatchewan this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Saskatchewan

A Commissioner for Oaths in and for

My appointment expires \_\_\_\_\_, 20\_\_

**SAMPLE LIBRARY SERVICE AGREEMENT**  
**For Regina Public Library and**  
**Saskatoon Public Library**

October 20, 20x4

Library Director  
\_\_\_\_\_ Public Library

Dear \_\_\_\_\_:

Re: Library Service Agreement for 20x4/x5

We propose that the grant for the fiscal year, 20x4/x5, pursuant to section 21.5(2) of *The Public Libraries Regulations, 1996* (the “Regulations”) be made in accordance with, and subject to *The Public Libraries Act, 1996*, the Regulations and the following terms and conditions:

In recognition of the benefits that accrue to all residents of Saskatchewan from province-wide resource sharing, the parties agree as follows:

1. The purpose of provincial funding to municipal libraries is to recognize and support resource sharing by helping the \_\_\_\_\_ Public Library to cover the added costs incurred as they share their resources with non-residents.
2. The amount of the grant will be \$\_\_\_\_\_ to \_\_\_\_\_ Public Library in 20x4/x5. As outlined in the March 31, 2004 letter from Saskatchewan Learning, this amount includes \$\_\_\_\_\_ to improve services for Aboriginal people. Please submit a report to Provincial Library by December 31, 20x4, detailing the use and outcomes of this \$\_\_\_\_\_.
3. For the purposes of the agreement, resource sharing is considered to be participating in province-wide interlibrary loans, reciprocal borrowing and participating in the Saskatchewan Union Catalogue.

... 2

4. \_\_\_\_\_ Public Library will continue to enjoy the full range of resource sharing services provided by the Saskatchewan Provincial Library to all public libraries.
5. To meet accountability standards, the libraries will, on an annual basis, provide such documentation as the minister may require.
6. This Agreement shall apply only on the 20x4/x5 fiscal year.

If you are in agreement with the above, please sign the three originals where indicated and return two originals to me at your earliest convenience.

Sincerely,

Provincial Librarian

The \_\_\_\_\_ Public Library hereby;

- (a) acknowledges that it is required by law to use all \$\_\_\_\_\_ of the 20x4/x5 provincial grant described in this agreement to support resource sharing.
- (b) agrees with the Minister of Learning that in consideration of making the grants and payments described in this agreement, to forthwith return to the Minister upon demand, any of the \$\_\_\_\_\_ that the Minister may reasonably determine was not spent in accordance with the preceding paragraph (a).

Which acknowledgement and agreement is hereby signed, sealed and delivered this \_\_\_\_\_ day of October 2004.

\_\_\_\_\_  
Chairperson  
\_\_\_\_\_ Public Library System

\_\_\_\_\_  
Library Director  
\_\_\_\_\_ Public Library System

## **Revenue and Expenditures Functions**

The structure of the accounting system described in this manual is based on spending areas, referred to as functions. A function is the area that derives the benefit from the expenditure of funds or the collection of revenue. Functions relate to main areas carried out, or main programs delivered by the public library system.

The following section provides the recommended revenue and expenditure functions with definitions.

\_\_\_\_\_ Library  
Revenue

Title	Explanation	
<b>Operations</b>		
Municipal Levies/Grants		Per capita base operating levies/grants
Provincial Public Libraries Grant		Base operating grants
First Nations Agreements		Per capita base operating levies/grants
Other Agreements		Special operating grants (penitentiary, etc.)
Supplemental Branch Hours Agreement		Branch hours purchased
Other Operational Grants		
Employee Grants	Federal	Salaries, Training
	Provincial	Salaries, Training
	Other	Salaries, Training
<b>Other</b>		
Services		Nonmaterial items
Fines and other Charges		Overdue fines, Rentals, photocopy charges
Donations/Fund-raising	General	Book sales
	Materials	
	Programs	
Interest & Investment Income		General Interest
	Term Deposits	
	Long Term Investments	
Special Project Grants		TIP, Reading Program, Health & Materials grants
Recoveries	Travel costs reimbursed from an outside agency	
	Special Contracts	Contract for staff, workshop fees
Lost & Damaged Items		
Miscellaneous Rev.		
* Additional functions may be added. Any function that is not used may be omitted		

## **Definitions of Expenditures Categories for Library PSAB Financial Statements**

### ***Governance***

means the board responsible for the general management, control and operation of a municipal library, regional library, northern library system and northern community public library, pursuant to the Public Libraries Act 1996, Sections 13, 32, 48, and 58. The board(s) is a corporation. The day to day business of the board and operation of the library system may be empowered to an Executive elected from its members and carried out by a director who acts as secretary to the board.

### ***Administration***

means the central administrative functions carried out by the director, hired by the board, and other administrative staff hired to carry out the day to day affairs of the Library. These employees may include the Director, Assistant Director, Business Administrator/Office Manager, Executive Secretary, Headquarters Maintenance Staff and Accounting staff. Administrative guidelines are set by the acts and regulations plus the bylaws and policies of the board.

### ***Services to branches/member libraries***

includes those services provided by headquarters for all branches. This may include:

-  coordinating resource sharing and interlibrary loans,
-  training,
-  professionally managing collections,
-  delivering library materials,

-  consulting,
-  coordinating programs,
-  providing materials at headquarters available as a resource to the system, etc.

### ***Regional Resource Centre Services***

means branches who provide specialized library collections and advanced reference services to other branch libraries within the region or municipal library. There would be an extensive collection of library resources. The resource centre may be governed by a local board, will have a staff member with an library science degree from an accredited school and will have access to the resources needed for the delivery of these services to other branches within the region or municipality. These services may include reference services and programs of regional interest.

### ***Area Resource Library Services***

means branches within a regional or municipal library, which serve a group of communities within a trading area with a larger diverse collection of resources, including a small reference collection. The area resource library may be governed by a local board, will have a staff complement that includes a library technician or staff member with a nonlibrary degree and will have access to the resources needed for the delivery of these services to local branches within its area. These services may include reference services and programs of an area interest.

### ***Local Branch Services***

means the basic library services provided to a community through a local branch with a collection of materials, including a minimal reference collection. The local branch may be governed by a local board, will have a staff complement that may include paid staff with no library training, and will have access to the resources needed for the delivery of this service within its community. These services may include services and programs of local interest.

### ***Direct Library Services***

means the delivery of basic library service provided by the library system headquarters directly to the patron. These services may include electronic services that are available over telephone lines or the Internet, bookmobile, programs-by-mail and other various types of home delivery.

\_\_\_\_\_ Library  
Governance

Title	Explanation		
<b>Who</b>			
Honoraria	Board	Annual Semi-Annual Conferences Workshops	
	Executive	Exec. Mtgs. Conferences Workshops In-province Out-province	
	Officers	SLTA Conferences Workshops In-province Out-province	
<b>What</b>			
Audit/Annual Report	Audit Annual Report		Auditor's fees/Printing Printing/Mailing/Production
Meetings	All Expenses for Meetings except Honoraria	Annual Semi-Annual Exec. Mtgs. SLTA In-province Out-province	Travel/Supplies/Rentals/Mailings/Speakers/ Reimbursements/Parliamentarian
Conferences	All Expenses except Honoraria	SLTA CLTA Other	Travel/Registration/Reimbursements
<b>How</b>			
Legal/Insurance	Office Liability		
Other			Contingencies/Protocol/Awards
Supplies			Binders/paper/etc./Binding of minutes
Telecommunications			Calling cards/Long Distance Board Room phone
Trustee Developments	Trustee Workshops Newsletter(s)/Publications Memberships		Travel/Supplies/Room Rentals/Mailings/Speakers Printing/Mailings SLTA, CLTA

\_\_\_\_\_ Library  
Administration

Title	Explanation		
<b>Who</b>			
Salaries	Staff	Permanent	Regional Director/Assistant Dir./Business Admin./Exec. Secty. /Accounting/Janitor/Maintenance Other (this may include time for a summer student working in Admin.) CPP, EI, Pension/Insurance/Dental/Eyes/WC
	Staff	Temporary	
Staff Costs	(costs associated with above salaries)		
Recruitments			
Services Contracts			Outside Accountants/Lawyer/Payroll Services/Janitorial Firm
<b>What</b>			
Accounting	Supplies		
	Bank Charges		
Building	Repairs, improvements		Toilet paper, soap, cleaning supplies Gas/Oil/Electricity/Snow Removal
	Supplies		
	Utilities		
	Building Rent/Lease/Mortgage		
Equipment	Repairs		Photocopiers/Accounting Computers
	Upgrades		
	Purchase		
Furniture	Repairs		
	Purchase		
<b>How</b>			
Conferences	All Expenses except salaries	SLA CLA Other	Travel/Registration/Reimbursements
Legal/Insurance	Insurance		H.Q. Building/Liability/Contents Relevant to municipal contracts, hiring contracts, collections matters, bequest.
	Legal		
Materials	Subscriptions	H.Q. only use	Subscriptions on administration issues Accounting Books/Personnel Issues/etc.
	Professional Collection		
Meetings	All Expenses for Mtgs. except salaries	SLA In-Region In-Province Out-Province	Travel/Supplies/Rentals/Reimbursements
Other			
Postage			Invoices purchase orders, admin. Letters
Professional Dev't	Staff Workshops/Training Memberships		Travel/Supplies/Room Rentals/Mailings/Speakers SLA, CLA, CICA
Supplies			Administrative materials
	Printing		Printing of letterhead, internal forms
	Promotion		General promotional materials and advertising
Telecommunications			Long distance for administration purposes/calling cards Staff room phone, administrative fax

\_\_\_\_\_ Library  
Services to Branches

Title	Explanation		
<b>Who</b>			
Salaries	Staff Staff	Permanent Temporary	Tech. Services/Consultants/Branch Super./Van Drivers/ILLO Other (this may include time for a summer student working in Admin.)
Staff Costs	(cost associated with above salaries)		CPP, EI, Pension/Insurance/Dental/Eyes/WC
Recruitment			
<b>What</b>			
Automation	Maintenance Contracts Supplies/Equipment		Upgrades and fixes for Dynix/DRA/Mandarin/Athena/etc.
Meetings	All Expenses for Meetings except Salaries	In-Region In-Province Out-Province	Travel/Supplies/Rentals/Reimbursements/
Travel	All Expenses for Meetings except Salaries	In-Region	Travel/Supplies/Rentals/Reimbursements/
Workshops	Branch/Members Library Staff Local Trustees (PNLS)		Travel/Supplies/Rentals/Reimbursements/
<b>How</b>			
Equipment	Repairs Purchase		Laminators, etc.
Materials	Standing orders Professional collection Subscriptions		Books in print and items for service support Items needed for consulting and local library training Subscriptions for Materials Selection/Consulting
Other			CanCopy fee
Postage			ILLOs
Professional Dev't	Staff Workshops/Training Memberships		Travel/Supplies/Room Rents/Mailings/Speakers SLA, CLA, CICA
Service Contracts			Program performers
Supplies	Printing Promotion		Processing/Training materials/ILLO/Programming Materials Printing of forms/training materials
Telecommunications			Long distance for consulting purposes/calling cards ILLO fax Internet
Vehicle	Mileage/Maintenance Insurance Purchase/Lease		Used to travel to branches/deliver block exchanges Vehicle/Staff travel liability

\_\_\_\_\_ Library  
Regional Resource Centres

Title	Explanation		
<b>Who</b>			
Salaries	Staff Staff	Permanent Temporary	MLS/Reference Staff/Support Staff Summer Students/Other
Staff Costs	(cost associated with above salaries)		CPP, EI, Pension/Insurance/Dental/Eyes/WC
Recruitment			
<b>What</b>			
Automation	Maintenance Contracts Supplies/Equipment		Upgrades and fixes for Dynix/DRA/Mandarin/Athena/etc.
Materials	Standing orders Reference collection Subscriptions Photocopies Uncatalogued Materials General Collection		Books in print/Almanacs/Reference Materials Items needed for consulting and local library training
Meetings	All Expenses for Meetings except Salaries	In-Region In-Province Out-Province	Travel/Supplies/Rentals/Reimbursements
Programming			Supplies/Rentals/Travel
Travel	All Expenses for Meetings except Salaries	In-Region	Travel/Supplies/Rentals/Reimbursements/
Workshops	Branch/Members Library Staff		Travel/Supplies/Rentals/Reimbursements
<b>How</b>			
Building	Repairs, improvements Supplies Utilities Building Rent/Lease/Mortgage		Toilet paper/soap/cleaning supplies Gas/Oil/Electricity/Snow Removal
Equipment	Repairs/Maintenance Purchase		Photocopiers
Other			CanCopy fee
Postage			ILLOs
Professional Dev't	Staff Workshops/Training Memberships		Travel/Supplies/Room Rents/Mailings/Speakers SLA, CLA
Service Contracts			Program performers
Supplies	Printing Promotion		Training materials/ILLO/Programming Materials Printing of forms/training materials
Telecommunications			Long distance for consulting purposes/calling cards ILLO fax Internet
Vehicle Maintenance	Mileage/Maintenance Insurance		Used to travel to branches/deliver block exchanges Vehicle/Staff travel liability

\_\_\_\_\_ Library  
Area Resource Centres

Title	Explanation	
<b>Who</b>		
Salaries	Staff Permanent Staff Temporary	Library Technician/Reference Staff/Support Staff Summer Students/Other
Staff Costs	(cost associated with above salaries)	CPP, EI, Pension/Insurance/Dental/Eyes/WC
Recruitment		
<b>What</b>		
Automation	Maintenance Contracts Supplies/Equipment	Upgrades and fixes for Dynix/DRA/Mandarin/Athena/etc.
Materials	Standing orders Reference collection Subscriptions Photocopies Uncatalogued Materials General Collection	Books in print/Almanacs/Reference Materials Items needed for consulting and local library training
Meetings	All Expenses for Meetings In-Region except Salaries In-Province	Travel/Supplies/Rentals/Reimbursements
Programming		Supplies/Rentals/Travel
Travel	All Expenses for Meetings In-Region except Salaries	Travel/Supplies/Rentals/Reimbursements/
Workshops	Branch/Members Library Staff	Travel/Supplies/Rentals/Reimbursements
<b>How</b>		
Building	Repairs, improvements Supplies Utilities Building Rent/Lease/Mortgage	Toilet paper/soap/cleaning supplies Gas/Oil/Electricity/Snow Removal
Equipment	Repairs/Maintenance Purchase	Photocopiers
Other		CanCopy fee
Postage		ILLOs
Professional Dev't	Staff Workshops/Training Memberships	Travel/Supplies/Room Rents/Mailings/Speakers SLA, CLA, SALT
Service Contracts		Program performers
Supplies	Printing Promotion	Training materials/ILLO/Programming Materials Printing of forms/training materials
Telecommunications		Branch telephone ILLO fax Internet

\_\_\_\_\_ Library  
Local Branch Services

Title	Explanation		
<b>Who</b>			
Salaries	Staff	Permanent	Branch Staff
	Staff	Temporary	Summer Students/Other
Honoraria	Staff		
Staff Costs	(cost associated with above salaries)		CPP, EI, Pension/Insurance/Dental/Eyes/WC
Recruitment			
<b>What</b>			
Automation	Maintenance Contracts Supplies/Equipment		Upgrades and fixes for Dynix/DRA/Mandarin/Athena/etc.
Materials	Standing orders Reference collection Subscriptions Photocopies Uncatalogued Materials General Collection		Books in print/Almanacs/Reference Materials
Programming			Supplies/Rentals/Travel
Travel	All Expenses for Meetings except Salaries	In-Region	Travel/Supplies/Rentals/Reimbursements/
<b>How</b>			
Building	Repairs, improvements Supplies Utilities Building Rent/Lease/Mortgage		Toilet paper/soap/cleaning supplies Gas/Oil/Electricity/Snow Removal
Equipment	Repairs/Maintenance Purchase		Photocopiers
Other			CanCopy fee
Postage			ILLOs
Professional Dev't	Staff Workshops/Training Memberships		Travel/Supplies/Room Rents/Mailings/Speakers SLA, CLA, SALT
Service Contracts			Program performers
Supplies	Printing Promotion		ILLO/Programming Materials Printing of forms
Telecommunications			Branch telephone ILLO fax Internet

\_\_\_\_\_ Library  
Direct Library Services

Title	Explanation		
<b>Who</b>			
Salaries	Staff Staff	Permanent Temporary	Branch Staff Summer Students/Other
Staff Costs	(cost associated with above salaries)		CPP, EI, Pension/Insurance/Dental/Eyes/WC
Recruitment			
<b>What</b>			
Automation	Maintenance Contracts Supplies/Equipment		Upgrades and fixes to software available directly to patron.
Materials	Subscriptions Bookmobile Collection		Infotrac?? /Electronic Resources
Meetings	All Expenses for Meetings except Salaries	In-Region In-Province	Travel/Supplies/Rentals/Reimbursements/
Programming	Reading Program by Mail Home Delivery		Supplies/Postage
Travel	All Expenses for Meetings except Salaries	In-Region	Travel/Supplies/Rentals/Reimbursements/
Workshops	Branch/Member Library Staff		Travel/Supplies/Rentals/Reimbursements/
<b>How</b>			
Bookmobile	Repairs & Maintenance Supplies Insurance		Oil Changes License
Equipment	Repairs/Maintenance Purchase		
Other			
Postage			
Professional Dev't	Staff Workshops/Training Memberships		Travel/Supplies/Room Rents/Mailings/Speakers SLA, CLA, SALT
Service Contracts			
Supplies	Printing Promotion		Programming Materials Printing of forms
Telecommunications			Bookmobile telephone

## **Objects**

An object describes the item that the library has purchased or the type of revenue received. For example library systems purchase goods, materials and services and receive grants, interest, etc. as revenue. Each of these items has a corresponding object of expenditure or revenue. The object is often divided into sub-objects. When summarized, the sub-objects provide the total for the main object.

The following Index to Financial Statement Expense Allocations provides recommended objects summaries and allocation to functions.

## Index to Financial Statement Expense Allocations 1999

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Item	Detail	More Detail	Function	Object
Accounting	Bank Charges		A	G&S
Accounting	Supplies		A	G&S
Accounting		Service Contracts	A	G&S
Admin. Staff	Benefits	Staff Costs	A	Wages
Admin. Staff	CPP/EI/WC	Staff Costs	A	Wages
Admin. Staff	Dental/Eyes	Staff Costs	A	Wages
Admin. Staff	Insurance	Staff Costs	A	Wages
Admin. Staff		Recruitment	A	Wages
Administrative	Invoices/P.O.'s/etc.	Postage	A	G&S
Administrative	Letterhead	Supplies	A	G&S
Administrative		Other	A	G&S
Administrative		Supplies	A	G&S
Annual Meeting	Honoraria	Board	G	Wages
Annual Meeting	Travel-Board	All Expenses Except Hon.	G	G&S
Annual Report	Annual Report Production		G	G&S
Annual Report Production		Annual Report	G	G&S
Area Centre	Benefits	Staff Costs	AR	Wages
Area Centre	CPP/EI/WC	Staff Costs	AR	Wages
Area Centre	Dental/Eyes	Staff Costs	AR	Wages
Area Centre	General Collection	Materials	AR	LM
Area Centre	Insurance	Staff Costs	AR	Wages
Area Centre	Photocopies	Materials	AR	LM
Area Centre	Reference Collection	Materials	AR	LM
Area Centre	Standing Orders	Materials	AR	LM
Area Centre	Subscriptions	Materials	AR	LM
Area Centre	Uncatalogued Materials	Materials	AR	LM
Area Centre		Recruitment	AR	Wages
Area Centre Vehicle Insurance		Insurance	AR	G&S
Audit	Auditor's Fees		G	G&S
Audit	Printing		G	G&S
Auditor's Fees		Audit	G	G&S
Automation	Dynix, DRA, etc.	Maintenance Contracts	SB	G&S
Automation	Dynix, DRA, etc	Supplies/Equipment	SB	C
Automation	Maintenance Contracts	Web Pages, etc.	D	G&S
Automation	Supplies/Equipment		D	C
Automation-Area Centre	Local Equipment	Maintenance Contracts	AR	G&S
Automation-Area Centre	Local Equipment	Supplies/Equipment	AR	C
Automation-Local Branch	Maintenance Contracts		LB	G&S
Automation-Local Branch	Supplies/Equipment		LB	C
Automation-Res. Centre	Local Equipment	Maintenance Contracts	RR	G&S
Automation-Res. Centre	Local Equipment	Supplies/Equipment	RR	C
Award	Board Related		G	G&S
Bank Charges		Accounting	A	G&S
Benefits	Staff Costs	Admin. Staff	A	Wages
Benefits	Staff Costs	Area Centre	AR	Wages
Benefits	Staff Costs	Consulting & Support Staff	SB	Wages
Benefits	Staff Costs	Direct Serv.	D	Wages
Benefits	Staff Costs	Local Branch	LB	Wages
Benefits	Staff Costs	Resource Centre	RR	Wages

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Item	Detail	More Detail	Function	Object
Binding of Minutes	Board Minutes		G	G&S
Board	Annual	Honoraria	G	Wages
Board	Conferences	Honoraria	G	Wages
Board	Semi-Annual	Honoraria	G	Wages
Board	Workshops	Honoraria	G	Wages
Board Minutes		Binding of Minutes	G	G&S
Board Related		Awards	G	G&S
Board Related		Contingencies	G	G&S
Board Related		Other	G	G&S
Board Related		Protocol	G	G&S
Board Room Phone		Telecommunications-Board	G	G&S
Bookmobile	Interest Payments		D	I
Bookmobile	Purchase		D	C
Bookmobile	Repairs & Maintenance		D	G&S
Bookmobile	Supplies		D	G&S
Bookmobile Collection	Materials	Direct Serv.	D	LM
Bookmobile Insurance		Insurance	D	G&S
Bookmobile Telephone		Telecommunications	D	G&S
Branch/Member Library Staff		Workshops	SB	G&S
Branch/Member Library Staff		Workshops-Area Centre	AR	Wages
Branch/Member Library Staff		Workshops-Res. Centre	RR	Wages
Building Rent/Lease		Building-Area Centre	AR	G&S
Building Rent/Lease		Building-HQ	A	G&S
Building Rent/Lease		Building-Local Branch	LB	G&S
Building Rent/Lease		Building-Res. Centre	RR	G&S
Building/Grounds		Service Contracts	A	G&S
Building-Area Centre	Building Rent/Lease		AR	G&S
Building-Area Centre	Interest Payments		AR	I
Building-Area Centre	Mortgage		AR	C
Building-Area Centre	Repairs, Improvements		AR	G&S
Building-Area Centre	Supplies		AR	G&S
Building-Area Centre	Utilities		AR	G&S
Building-HQ	Building Rent/Lease		A	G&S
Building-HQ	Interest Payments		A	I
Building-HQ	Mortgage		A	C
Building-HQ	Repairs, Improvements		A	G&S
Building-HQ	Supplies		A	G&S
Building-HQ	Utilities		A	G&S
Building-Local Branch	Building Rent/Lease		LB	G&S
Building-Local Branch	Interest Payments		LB	I
Building-Local Branch	Mortgage		LB	C
Building-Local Branch	Repairs, Improvements		LB	G&S
Building-Local Branch	Supplies		LB	G&S
Building-Local Branch	Utilities		LB	G&S
Building-Res. Centre	Building Rent/Lease		RR	G&S
Building-Res. Centre	Interest Payments		RR	I
Building-Res. Centre	Mortgage		RR	C
Building-Res. Centre	Repairs, Improvements		RR	G&S
Building-Res. Centre	Supplies		RR	G&S

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Item	Detail	More Detail	Function	Object
Building-Res. Centre	Utilities		RR	G&S
Calling Cards/Long Distance		Telecommunications-Board	G	G&S
CanCopy Fee		Other	SB	G&S
CanCopy Fee		Other-Area Centre	AR	G&S
CanCopy Fee		Other-Local Branch	LB	G&S
CanCopy Fee		Other-Res. Centre	RR	C&S
CLA	Conferences-Admin. Staff	All Expenses Except Sal.	A	Wages
CLTA	Conferences-Board	All Expenses Except Hon.	G	Wages
CLTA	Conferences-Board	Registration	G	Wages
CLTA	Conferences-Board	Reimbursements	G	Wages
Conferences	Honoraria	Board	G	Wages
Conferences	Honoraria	Executive	G	Wages
Conferences	Honoraria	Officers	G	Wages
Conferences-Admin. Staff	All Expenses Except Sal.	CLA	A	Wages
Conferences-Admin. Staff	All Expenses Except Sal.	Other	A	Wages
Conferences-Admin. Staff	All Expenses Except Sal.	SLA	A	Wages
Conferences-Board	All Expenses Except Hon.	CLTA	G	Wages
Conferences-Board	All Expenses Except Hon.	Other	G	Wages
Conferences-Board	All Expenses Except Hon.	SLTA	G	Wages
Conferences-Board	Registration	CLTA	G	Wages
Conferences-Board	Registration	Other	G	Wages
Conferences-Board	Registration	SLTA	G	Wages
Conferences-Board	Reimbursements	CLTA	G	Wages
Conferences-Board	Reimbursements	Other	G	Wages
Conferences-Board	Reimbursements	SLTA	G	Wages
Consulting & Support Staff	Benefits	Staff Costs	SB	Wages
Consulting & Support Staff	CPP/EI/WC	Staff Costs	SB	Wages
Consulting & Support Staff	Dental/Eyes	Staff Costs	SB	Wages
Consulting & Support Staff	Insurance	Staff Costs	SB	Wages
Consulting & Support Staff		Recruitment	SB	Wages
Contingencies	Board Related		G	G&S
CPP/EI/WC	Staff Costs	Admin. Staff	A	Wages
CPP/EI/WC	Staff Costs	Area Centre	AR	Wages
CPP/EI/WC	Staff Costs	Consulting & Support Staff	SB	Wages
CPP/EI/WC	Staff Costs	Direct Serv.	D	Wages
CPP/EI/WC	Staff Costs	Local Branch	LB	Wages
CPP/EI/WC	Staff Costs	Resource Centre	RR	Wages
Dental/Eyes	Staff Costs	Admin. Staff	A	Wages
Dental/Eyes	Staff Costs	Area Centre	AR	Wages
Dental/Eyes	Staff Costs	Consulting & Support Staff	SB	Wages
Dental/Eyes	Staff Costs	Direct Serv.	D	Wages
Dental/Eyes	Staff Costs	Local Branch	LB	Wages
Dental/Eyes	Staff Costs	Resource Centre	RR	Wages
Direct Serv.	Benefits	Staff Costs	D	Wages
Direct Serv.	Bookmobile Collection	Materials	D	LM
Direct Serv.	CPP/EI/WC	Staff Costs	D	Wages
Direct Serv.	Dental/Eyes	Staff Costs	D	Wages
Direct Serv.	Insurance	Staff Costs	D	Wages
Direct Serv.	Subscriptions	Materials	D	LM

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Item	Detail	More Detail	Function	Object
Direct Serv.		Recruitment	D	Wages
Dynix, DRA, etc.	Maintenance Contracts	Automation	SB	G&S
Dynix, DRA, etc.	Supplies/Equipment	Automation	SB	C
Equipment	Purchase	Laminators, etc.	SB	C
Equipment	Repairs	Laminators, etc.	SB	G&S
Equipment-Res Centre	Purchase		RR	C
Equipment-Res Centre	Repairs/Maintenance		RR	G&S
Equipment-Admin.	Purchase	Photocopiers, Acctng. Computers	A	C
Equipment-Admin.	Repairs	Photocopiers, Acctng. Computers	A	G&S
Equipment-Admin.	Upgrades	Photocopiers, Acctng. Computers	A	C
Equipment-Area Centre	Purchase		AR	C
Equipment-Area Centre	Repairs/Maintenance		AR	G&S
Equipment-Direct Serv.	Purchase		D	C
Equipment-Direct Serv.	Repairs/Maintenance		D	G&S
Equipment-Local Branch	Purchase		LB	C
Equipment-Local Branch	Repairs/Maintenance		LB	G&S
Exec. Mtgs.	Honoraria	Executive	G	Wages
Exec. Mtgs.	Travel-Board	All Expenses Except Hon.	G	G&S
Executive	Conferences	Honoraria	G	Wages
Executive	Exec. Mtgs.	Honoraria	G	Wages
Executive	In-province	Honoraria	G	Wages
Executive	Out-province	Honoraria	G	Wages
Executive	Workshops	Honoraria	G	Wages
Forms, etc.	Supplies	Printing	SB	G&S
Furniture	Purchase		A	G&S
Furniture	Repairs		A	G&S
General collection	Materials	Area Centre	AR	LM
General collection	Materials	Local Branch	LB	LM
General collection	Materials	Resource Centre	RR	LM
General Printing		Supplies	A	G&S
General Promotion		Supplies	A	G&S
H.Q. Building/Liability/Contents		Insurance	A	G&S
Home Delivery		Programming	D	G&S
Honoraria	Board	Annual	G	Wages
Honoraria	Board	Conferences	G	Wages
Honoraria	Board	Semi-Annual	G	Wages
Honoraria	Board	Workshops	G	Wages
Honoraria	Executive	Conferences	G	Wages
Honoraria	Executive	Exec. Mtgs.	G	Wages
Honoraria	Executive	In-province	G	Wages
Honoraria	Executive	Out-province	G	Wages
Honoraria	Executive	Workshops	G	Wages
Honoraria	Officers	Conferences	G	Wages
Honoraria	Officers	In-province	G	Wages
Honoraria	Officers	Out-province	G	Wages
Honoraria	Officers	SLTA	G	Wages
Honoraria	Officers	Workshops		
HQ only use	Materials	Professional Collection	A	G&S
HQ only use	Materials	Subscriptions	A	G&S

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Item	Detail	More Detail	Function	Object
ILLO fax		Telecommunications	SB	G&S
ILLO fax		Telecommunications	RR	G&S
ILLO fax		Telecommunications-Area Centre	AR	G&S
ILLO fax		Telecommunications-Local Branch	LB	G&S
ILLOs		Postage	SB	G&S
ILLOs, other		Postage	RR	G&S
ILLOs, other		Postage	LB	G&S
ILLOs, other		Postage-Area Centre	AR	G&S
In-province	Honoraria	Executive	G	Wages
In-province	Honoraria	Officers	G	Wages
In-province	Travel-Admin. Staff	All Expenses Except Sal.	A	G&S
In-province	Travel-Area Centre	All Expenses Except Sal.	AR	G&S
In-province	Travel-Board	All Expenses Except Hon.	G	G&S
In-province	Travel-Consulting & Support Staff	All Expenses Except Sal.	SB	G&S
In-province	Travel-Res. Centre Staff	All Expenses Except Sal.	RR	G&S
In-Region	Travel-Admin. Staff	All Expenses Except Sal.	A	G&S
In-Region	Travel-Area Centre	All Expenses Except Sal.	AR	G&S
In-Region	Travel-Consulting & Support Staff	All Expenses Except Sal.	SB	G&S
In-Region	Travel-Direct Serv.	All Expenses Except Sal.	D	G&S
In-Region	Travel-Local Branch	All Expenses Except Sal.	LB	G&S
In-Region	Travel-Res. Centre Staff	All Expenses Except Sal.	RR	G&S
Insurance	Area Centre Vehicle Insurance		AR	G&S
Insurance	Bookmobile Insurance		D	G&S
Insurance	H.Q. Building/Liability/Contents		A	G&S
Insurance	Officer liability		G	G&S
Insurance	Res. Centre Vehicle Insurance		RR	G&S
Insurance	Staff Costs	Admin. Staff	A	Wages
Insurance	Staff Costs	Area Centre	AR	Wages
Insurance	Staff Costs	Consulting & Support Staff	SB	Wages
Insurance	Staff Costs	Direct Serv.	D	Wages
Insurance	Staff Costs	Local Branch	LB	Wages
Insurance	Staff Costs	Resource Centre	RR	Wages
Insurance		Vehicle	SB	G&S
Interest Payments		Bookmobile	D	I
Interest Payments		Building-Area Centre	AR	I
Interest Payments		Building-HQ	A	I
Interest Payments		Building-Local Branch	LB	I
Interest Payments		Building-Res. Centre	RR	I
Internet		Telecommunications	SB	G&S
Internet		Telecommunications	RR	G&S
Internet		Telecommunications-Area Centre	AR	G&S
Internet		Telecommunications-Local Branch	LB	G&S
Invoices/P.O.'s/etc.	Postage	Administrative	A	G&S
Janitorial		Service Contracts	A	G&S
Laminators, etc.	Equipment	Purchase	SB	C
Laminators, etc.	Equipment	Repairs	SB	G&S
Lawyer		Service Contracts	A	G&S
Lease		Vehicle	SB	G&S
Legal		Service Contracts	A	G&S

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Item	Detail	More Detail	Function	Object
Letterhead	Supplies	Administrative	A	G&S
Local Branch	Benefits	Staff Costs	LB	Wages
Local Branch	CPP/EI/WC	Staff Costs	LB	Wages
Local Branch	Dental/Eyes	Staff Costs	LB	Wages
Local Branch	General collection	Materials	LB	LM
Local Branch	Insurance	Staff Costs	LB	Wages
Local Branch	Photocopies	Materials	LB	LM
Local Branch	Reference collection	Materials	LB	LM
Local Branch	Standing orders	Materials	LB	LM
Local Branch	Subscription	Materials	LB	LM
Local Branch	Uncatalogued Materials	Materials	LB	LM
Local Branch		Recruitment	LB	Wages
Local Equipment	Maintenance Contracts	Automation-Area Centre	AR	G&S
Local Equipment	Maintenance Contracts	Automation-Res. Centre	RR	G&S
Local Equipment		Automation-Area Centre	AR	C
Local Equipment		Automation-Res. Centre	RR	C
Local Trustees		Workshops	SB	G&S
Long distance for administration purposes/calling cards		Telecommunications-Admin.	A	G&S
Long distance for consulting purposes/calling cards		Telecommunications	SB	G&S
Long distance for Regional Reference		Telecommunications	RR	G&S
Long distance for Regional Reference		Telecommunications-Area Centre	AR	G&S
Long distance for Regional Reference		Telecommunications-Local Branch	LB	G&S
Mailing	Trustee Development	Newsletter(s)/Publications	G	G&S
Maintenance Contracts	Automation	Dynix, DRA, etc.	SB	G&S
Maintenance Contracts	Automation-Area Centre	Local Equipment	AR	G&S
Maintenance Contracts	Automation-Res. Centre	Local Equipment	RR	G&S
Maintenance Contracts	Web Pages, etc.	Automation	D	G&S
Maintenance Contracts		Automation-Local Branch	LB	G&S
Materials	Area Centre	General Collection	AR	LM
Materials	Area Centre	Photocopies	AR	LM
Materials	Area Centre	Reference Collection	AR	LM
Materials	Area Centre	Standing Orders	AR	LM
Materials	Area Centre	Subscriptions	AR	LM
Materials	Area Centre	Uncatalogued Materials	AR	LM
Materials	Direct Serv.	Bookmobile Collection	D	LM
Materials	Direct Serv.	Subscriptions	D	LM
Materials	Local Branch	General collections	LB	LM
Materials	Local Branch	Photocopies	LB	LM
Materials	Local Branch	Reference collection	LB	LM
Materials	Local Branch	Standing orders	LB	LM
Materials	Local Branch	Subscriptions	LB	LM
Materials	Local Branch	Uncatalogued Materials	LB	LM
Materials	Professional Collection	HQ only use	A	G&S
Materials	Professional Collection	Service support	SB	LM
Materials	Resource Centre	General collection	RR	LM
Materials	Resource Centre	Photocopies	RR	LM
Materials	Resource Centre	Reference collection	RR	LM
Materials	Resource Centre	Standing orders	RR	LM
Materials	Resource Centre	Subscriptions	RR	LM

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Item	Detail	More Detail	Function	Object
Materials	Resource Centre	Uncatalogued Materials	RR	LM
Materials	Standing orders	Service Support	SB	LM
Materials	Subscriptions	HQ only use	A	G&S
Materials	Subscriptions	Service Support	SB	LM
Memberships	SLA, CLA, CICA	Professional Dev't	SB	Wages
Memberships	SLTA, CLTA	Trustee Development	G	G&S
Memberships		Professional Dev't-Admin. Staff	A	Wages
Memberships		Professional Dev't- Area Centre	AR	Wages
Memberships		Professional Dev't-Direct Serv.	D	Wages
Memberships		Professional Dev't-Local Branch	LB	Wages
Memberships		Professional Dev't-Res.Centre Staff	RR	Wages
Mileage/Maintenance		Vehicle	SB	G&S
Mileage/Maintenance		Vehicle Maintenance-Area Centre	AR	G&S
Mileage/Maintenance		Vehicle Maintenance-Res. Centre	RR	G&S
Mortgage		Building-Area Centre	AR	C
Mortgage		Building-HQ	A	C
Mortgage		Building-Local Branch	LB	C
Mortgage		Building-Res. Centre	RR	C
Newsletter		Supplies	SB	G&S
Newsletter(s)/Publications	Mailing	Trustee Development	G	G&S
Newsletter(s)/Publications	Printing	Trustee Development	G	G&S
Officer Liability		Insurance	G	G&S
Officers	Conferences	Honoraria	G	Wages
Officers	In-province	Honoraria	G	Wages
Officers	Out-province	Honoraria	G	Wages
Officers	SLTA	Honoraria	G	Wages
Officers	Workshops	Honoraria	G	Wages
Other	Administrative		A	G&S
Other	Board Related		G	G&S
Other	CanCopy Fee		SB	G&S
Other-Area Centre	CanCopy Fee		AR	G&S
Other-Direct Serv.			D	G&S
Other-Local Branch	CanCopy Fee		LB	G&S
Other-Res. Centre	CanCopy Fee		RR	G&S
Out-province Meetings	Honoraria	Executive	G	Wages
Out-province Meetings	Honoraria	Officers	G	Wages
Out-province Meetings	Travel-Admin. Staff	All Expenses Except Sal.	A	G&S
Out-province Meetings	Travel-Board	All Expenses Except Hon.	G	G&S
Out-province Meetings	Travel-Consulting & Support Staff	All Expenses Except Sal.	SB	G&S
Out-province Meetings	Travel-Res. Centre Staff	All Expenses Except Sal.	RR	G&S
Payroll		Service Contracts	A	G&S
Performers/Authors		Service Contracts	RR	G&S
Performers/Authors		Service Contracts	AR	G&S
Performers/Authors		Service Contracts-Local Branch	LB	G&S
Permanent Staff	Salaries-Admin. Staff		A	Wages
Permanent Staff	Salaries-Area Centre	Staff	AR	Wages
Permanent Staff	Salaries-Consulting & Support Staff		SB	Wages
Permanent Staff	Salaries-Direct Serv.	Staff	D	Wages
Permanent Staff	Salaries-Local Branch	Staff	LB	Wages

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Item	Detail	More Detail	Function	Object
Permanent Staff	Salaries-Resource Centre	Staff	RR	Wages
Photocopiers, Acctng. Computers	Equipment-Admin	Purchase	A	C
Photocopiers, Acctng. Computers	Equipment-Admin	Repairs	A	G&S
Photocopiers, Acctng. Computers	Equipment-Admin	Upgrades	A	C
Photocopies	Materials	Area Centre	AR	LM
Photocopies	Materials	Local Branch	LB	LM
Photocopies	Materials	Resource Centre	RR	LM
Postage	Administrative	Invoices/P.O.'s/etc.	A	G&S
Postage	ILLOs		SB	G&S
Postage	ILLOs, other		RR	G&S
Postage	ILLOs, other		LB	G&S
Postage	Trustee Mailing		G	G&S
Postage-Area Centre	ILLOs, other		AR	G&S
Postage-Direct Serv.			D	G&S
Printing	Forms, etc.	Supplies	SB	G&S
Printing	Trustee Development	Newsletter(s)/Publications	G	G&S
Printing		Audit	G	G&S
Printing		Supplies-Area Centre	AR	G&S
Printing		Supplies- Direct Serv.	D	G&S
Printing		Supplies-Local Branch	LB	G&S
Printing		Supplies-Res. Centre	RR	G&S
Professional Collection	HQ only use	Materials	A	G&S
Professional Collection		Materials	SB	G&S
Professional Dev't	Memberships	SLA, CLA, CICA	SB	Wages
Professional Dev't	Staff Workshops/Training		SB	Wages
Professional Dev't-Admin. Staff	Memberships		A	Wages
Professional Dev't-Admin. Staff	Staff Workshops/Training		A	Wages
Professional Dev't-Area Centre	Memberships		AR	Wages
Professional Dev't-Area Centre	Staff Workshops/Training		AR	Wages
Professional Dev't-Direct Serv.	Memberships		D	Wages
Professional Dev't-Direct Serv.	Staff Workshops/Training		D	Wages
Professional Dev't-Local Branch	Memberships		LB	Wages
Professional Dev't-Local Branch	Staff Workshops/Training		LB	Wages
Professional Dev't-Res.Centre Staff	Memberships		RR	Wages
Professional Dev't-Res.Centre Staff	Staff Workshops/Training		RR	Wages
Program Performers		Service Contracts	SB	G&S
Programming	All Expenses Exc. Performer Contracts		LB	G&S
Programming	Home Delivery		D	G&S
Programming	Reading Program by Mail		D	G&S
Programming, etc.		Supplies-Area Centre	AR	G&S
Programming, etc.		Supplies-Local Branch	LB	G&S
Programming, etc.		Supplies-Res. Centre	RR	G&S
Programming-Area Centre	All Expenses Exc. Performer Contracts		AR	G&S
Programming-Res. Centre	All Expenses Exc. Performer Contracts		RR	G&S
Promotion		Supplies	SB	G&S
Promotion		Supplies-Area Centre	AR	G&S
Promotion		Supplies-Direct Serv.	D	G&S
Promotion		Supplies-Local Branch	LB	G&S
Promotion		Supplies-Res. Centre	RR	G&S

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Item	Detail	More Detail	Function	Object
Protocol	Board Related		G	G&S
Reading Program by Mail		Programming	D	G&S
Recruitment	Admin. Staff		A	Wages
Recruitment	Area Centre		AR	Wages
Recruitment	Consulting & Support Staff		SB	Wages
Recruitment	Direct Serv.		D	Wages
Recruitment	Local Branch		LB	Wages
Recruitment	Resource Centre		RR	Wages
Reference collection	Materials	Area Centre	AR	LM
Reference collection	Materials	Local Branch	LB	LM
Reference collection	Materials	Resource Centre	RR	LM
Registration	CLTA	Conferences-Board	G	Wages
Registration	Other	Conferences-Board	G	Wages
Registration	SLTA	Conferences-Board	G	Wages
Reimbursements	CLTA	Conferences-Board	G	Wages
Reimbursements	Other	Conferences-Board	G	Wages
Reimbursements	SLTA	Conferences-Board	G	Wages
Repairs	Laminators, etc.	Equipment	SB	G&S
Repairs	Photocopiers, Acctng. Computers	Equipment-Admin.	A	G&S
Repairs		Furniture	A	G&S
Repairs & Maintenance		Bookmobile	D	G&S
Repairs, Improvements		Building-Area Centre	AR	G&S
Repairs, Improvements		Building-HQ	A	G&S
Repairs, Improvements		Building-Local Branch	LB	G&S
Repairs, Improvements		Building-Res. Centre	RR	G&S
Repairs/Maintenance		Equipment-Res. Centre	RR	G&S
Repairs/Maintenance		Equipment-Area Centre	AR	G&S
Repairs/Maintenance		Equipment-Direct Serv.	D	G&S
Repairs/Maintenance		Equipment-Local Branch	LB	G&S
Res. Centre Vehicle Insurance		Insurance	RR	G&S
Resource Centre	Benefits	Staff Costs	RR	Wages
Resource Centre	CPP/EI/WC	Staff Costs	RR	Wages
Resource Centre	Dental/Eyes	Staff Costs	RR	Wages
Resource Centre	General Collection	Materials	RR	LM
Resource Centre	Insurance	Staff Costs	RR	Wages
Resource Centre	Photocopies	Materials	RR	LM
Resource Centre	Reference Collection	Materials	RR	LM
Resource Centre	Standing orders	Materials	RR	LM
Resource Centre	Subscriptions	Materials	RR	LM
Resource Centre	Uncatalogued Materials	Materials	RR	LM
Resource Centre		Recruitment	RR	Wages
Salaries-Admin. Staff		Permanent	A	Wages
Salaries-Admin. Staff		Temporary	A	Wages
Salaries-Area Centre	Staff	Permanent	AR	Wages
Salaries-Area Centre	Staff	Temporary	AR	Wages
Salaries-Consulting & Support Staff		Permanent	SB	Wages
Salaries-Consulting & Support Staff		Temporary	SB	Wages
Salaries-Direct Serv.	Staff	Permanent	D	Wages
Salaries-Direct Serv.	Staff	Temporary	D	Wages

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Item	Detail	More Detail	Function	Object
Salaries-Local Branch	Staff	Permanent	LB	Wages
Salaries-Local Branch	Staff	Temporary	LB	Wages
Salaries-Resource Centre	Staff	Permanent	RR	Wages
Salaries-Resource Centre	Staff	Temporary	RR	Wages
Semi-Annual Meeting	Honoraria	Board	G	Wages
Semi-Annual Meeting	Travel-Board	All Expenses Except Hon.	G	G&S
Service Contracts	Accounting		A	G&S
Service Contracts	Building/Grounds		A	G&S
Service Contracts	Janitorial		A	G&S
Service Contracts	Lawyer		A	G&S
Service Contracts	Legal		A	G&S
Service Contracts	Payroll		A	G&S
Service Contracts	Performers/Authors		RR	G&S
Service Contracts	Performers/Authors		AR	G&S
Service Contracts	Program Performers		SB	G&S
Service Contracts	Web Page Design		D	G&S
Service Contracts-Local Branch	Performers/Authors		LB	G&S
Service Support	Materials	Professional Collection	SB	LM
Service Support	Materials	Standing orders	SB	LM
Service Support	Materials	Subscriptions	SB	LM
Service Support(Processing etc.)		Supplies	SB	G&S
SLA	Conferences-Admin. Staff	All Expenses Except Sal.	A	Wages
SLA	Travel-Admin. Staff	All Expenses Except Sal.	A	G&S
SLA, CLA, CICA	Professional Dev't	Memberships	SB	Wages
SLTA	Conferences-Board	All Expenses Except Hon.	G	Wages
SLTA	Conferences-Board	Registration	G	Wages
SLTA	Conferences-Board	Reimbursements	G	Wages
SLTA	Honoraria	Officers	G	Wages
SLTA	Travel-Board	All Expenses Except Hon.	G	G&S
SLTA, CLTA	Trustee Development	Memberships	G	G&S
Staff	Permanent	Salaries-Area Centre	AR	Wages
Staff	Permanent	Salaries-Direct Serv.	D	Wages
Staff	Permanent	Salaries-Local Branch	LB	Wages
Staff	Permanent	Salaries-Resource Centre	RR	Wages
Staff	Temporary	Salaries-Area Centre	AR	Wages
Staff	Temporary	Salaries-Direct Serv.	D	Wages
Staff	Temporary	Salaries-Local Branch	LB	Wages
Staff	Temporary	Salaries-Resource Centre	RR	Wages
Staff Costs	Admin. Staff	Benefits	A	Wages
Staff Costs	Admin. Staff	CPP/EI/WC	A	Wages
Staff Costs	Admin. Staff	Dental/Eyes	A	Wages
Staff Costs	Admin. Staff	Insurance	A	Wages
Staff Costs	Area Centre	Benefits	AR	Wages
Staff Costs	Area Centre	CPP/EI/WC	AR	Wages
Staff Costs	Area Centre	Dental/Eyes	AR	Wages
Staff Costs	Area Centre	Insurance	AR	Wages
Staff Costs	Consulting & Support Staff	Benefits	SB	Wages
Staff Costs	Consulting & Support Staff	CPP/EI/WC	SB	Wages
Staff Costs	Consulting & Support Staff	Dental/Eyes	SB	Wages

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Item	Detail	More Detail	Function	Object
Staff Costs	Consulting & Support Staff	Insurance	SB	Wages
Staff Costs	Direct Serv.	Benefits	D	Wages
Staff Costs	Direct Serv.	CPP/EI/WC	D	Wages
Staff Costs	Direct Serv.	Dental/Eyes	D	Wages
Staff Costs	Direct Serv.	Insurance	D	Wages
Staff Costs	Local Branch	Benefits	LB	Wages
Staff Costs	Local Branch	CPP/EI/WC	LB	Wages
Staff Costs	Local Branch	Dental/Eyes	LB	Wages
Staff Costs	Local Branch	Insurance	LB	Wages
Staff Costs	Resource Centre	Benefits	RR	Wages
Staff Costs	Resource Centre	CPP/EI/WC	RR	Wages
Staff Costs	Resource Centre	Dental/Eyes	RR	Wages
Staff Costs	Resource Centre	Insurance	RR	Wages
Staff room phone, admin. fax		Telecommunications-Admin.	A	G&S
Staff Workshops/Training		Professional Dev't	SB	Wages
Staff Workshops/Training		Professional Dev't-Admin. Staff	A	Wages
Staff Workshops/Training		Professional Dev't-Area Centre	AR	Wages
Staff Workshops/Training		Professional Dev't-Direct Serv.	D	Wages
Staff Workshops/Training		Professional Dev't-Local Branch	LB	Wages
Staff Workshops/Training		Professional Dev't-Res. Centre Staff	RR	Wages
Standing orders	Materials	Area Centre	AR	LM
Standing orders	Materials	Local Branch	LB	LM
Standing orders	Materials	Resource Centre	RR	LM
Standing orders	Service support	Materials	SB	LM
Subscriptions	HQ only use	Materials	A	G&S
Subscriptions	Materials	Area Centre	AR	LM
Subscriptions	Materials	Direct Serv.	D	LM
Subscriptions	Materials	Local Branch	LB	LM
Subscriptions	Materials	Resource Centre	RR	LM
Subscriptions	Service Support	Materials	SB	LM
Supplies	Administrative	Letterhead	A	
Supplies	Administrative		A	
Supplies	General Printing		A	
Supplies	General Promotion		A	
Supplies	Newsletter		SB	
Supplies	Printing	Forms, etc.	SB	
Supplies	Promotion		SB	
Supplies	Service Support (Processing etc.)		SB	
Supplies		Accounting	A	
Supplies		Bookmobile	D	
Supplies		Building-Area Centre	AR	
Supplies		Building-HQ	A	
Supplies		Building-Local Branch	LB	
Supplies		Building-Res. Centre	RR	
Supplies/Equipment		Dynix, DRA, etc.	SB	
Supplies/Equipment		Local Equipment	AR	
Supplies/Equipment		Local Equipment	RR	
Supplies/Equipment		Automation	D	
Supplies/Equipment		Automation-Local Branch	LB	

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Item	Detail	More Detail	Function	Object
Supplies-Area Centre	Printing		AR	G&S
Supplies-Area Centre	Programming, etc.		AR	G&S
Supplies-Area Centre	Promotion		AR	G&S
Supplies-Board			G	G&S
Supplies-Direct Serv.	Printing		D	G&S
Supplies-Direct Serv.	Promotion		D	G&S
Supplies-Direct Serv.			D	G&S
Supplies-Local Branch	Printing		LB	G&S
Supplies-Local Branch	Programming, etc.		LB	G&S
Supplies-Local Branch	Promotion		LB	G&S
Supplies-Res. Centre	Printing		RR	G&S
Supplies-Res. Centre	Programming, etc.		RR	G&S
Supplies-Res. Centre	Promotion		RR	G&S
Telecommunications	Bookmobile telephone		D	G&S
Telecommunications	ILLO fax		SB	G&S
Telecommunications	ILLO fax		RR	G&S
Telecommunications	Internet		SB	G&S
Telecommunications	Internet		RR	G&S
Telecommunications	Long distance for consulting purposes/calling cards		SB	G&S
Telecommunications	Long distance for Regional Reference		RR	G&S
Telecommunications-Admin.	Long distance for administration purposes/calling cards		A	G&S
Telecommunications-Admin.	Staff room phone, administrative fax		A	G&S
Telecommunications-Area Centre	ILLO fax		AR	G&S
Telecommunications-Area Centre	Internet		AR	G&S
Telecommunications-Area Centre	Long distance for Regional Reference		AR	G&S
Telecommunications-Board	Board Room Phone		G	G&S
Telecommunications-Board	Calling Cards/Long Distance		G	G&S
Telecommunications-Local Branch	ILLO fax		LB	G&S
Telecommunications-Local Branch	Internet		LB	G&S
Telecommunications-Local Branch	Long distance for Regional Reference		LB	G&S
Temporary Staff	Salaries-Admin. Staff		A	Wages
Temporary Staff	Salaries-Area Centre	Staff	AR	Wages
Temporary Staff	Salaries-Consulting & Support Staff		SB	Wages
Temporary Staff	Salaries-Direct Serv.	Staff	D	Wages
Temporary Staff	Salaries-Local Branch	Staff	LB	Wages
Temporary Staff	Salaries-Resource Centre	Staff	RR	Wages
Travel-Admin. Staff	All Expenses Except Sal.	In-province	A	G&S
Travel-Admin. Staff	All Expenses Except Sal.	In-Region	A	G&S
Travel-Admin. Staff	All Expenses Except Sal.	Out-province	A	G&S
Travel-Admin. Staff	All Expenses Except Sal.	SLA	A	G&S
Travel-Area Centre	All Expenses Except Sal.	In-province	AR	G&S
Travel-Area Centre	All Expenses Except Sal.	In-Region	AR	G&S
Travel-Board	All Expenses Except Hon.	Annual	G	G&S
Travel-Board	All Expenses Except Hon.	Exec. Mtgs	G	G&S
Travel-Board	All Expenses Except Hon.	In-province	G	G&S
Travel-Board	All Expenses Except Hon.	Out-province	G	G&S
Travel-Board	All Expenses Except Hon.	Semi-Annual	G	G&S
Travel-Board	All Expenses Except Hon.	SLTA	G	G&S
Travel-Consulting & Support Staff	All Expenses Except Sal.	In-province	SB	G&S

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Item	Detail	More Detail	Function	Object
Travel-Consulting & Support Staff	All Expenses Except Sal.	In-Region	SB	G&S
Travel-Consulting & Support Staff	All Expenses Except Sal.	Out-province	SB	G&S
Travel-Direct Serv.	All Expenses Except Sal.	In-Region	D	G&S
Travel-Local Branch	All Expenses Except Sal.	In-Region	LB	G&S
Travel-Res. Centre Staff	All Expenses Except Sal.	In-province	RR	G&S
Travel-Res. Centre Staff	All Expenses Except Sal.	In-Region	RR	G&S
Travel-Res. Centre Staff	All Expenses Except Sal.	Out-province	RR	G&S
Trustee Development	Memberships	SLTA, CLTA	G	G&S
Trustee Development	Newsletter(s)/Publications	Mailing	G	G&S
Trustee Development	Newsletter(s)/Publications	Printing	G	G&S
Trustee Development	Trustee Workshops		G	Wages
Trustee Mailing		Postage	G	G&S
Trustee Workshops		Trustee Development	G	Wages
Uncatalogued Materials	Materials	Area Centre	AR	LM
Uncatalogued Materials	Materials	Local Branch	LB	LM
Uncatalogued Materials	Materials	Resource Centre	RR	LM
Upgrades	Photocopiers, Accting. Computer	Equipment-Admin.	A	C
Utilities		Building-Area Centre	AR	G&S
Utilities		Building-HQ	A	G&S
Utilities		Building-Local Branch	LB	G&S
Utilities		Building-Res. Centre	RR	G&S
Vehicle	Insurance		SB	G&S
Vehicle	Lease		SB	G&S
Vehicle	Mileage/Maintenance		SB	G&S
Vehicle	Purchase		SB	C
Vehicle Maintenance-Area Centre	Mileage/Maintenance		AR	G&S
Vehicle Maintenance-Res. Centre	Mileage/Maintenance		RR	G&S
Web Page Design		Service Contracts	D	G&S
Web Pages, etc.		Maintenance Contracts	D	G&S
Workshops	Honoraria	Board	G	Wages
Workshops	Honoraria	Executive	G	Wages
Workshops	Honoraria	Officers	G	Wages
Workshops	Branch/Member Library Staff		SB	G&S
Workshops	Local Trustees		SB	G&S
Workshops-Area Centre	Branch/Member Library Staff		AR	Wages
Workshops-Res. Centre	Branch/Member Library Staff		RR	Wages

## **Governance & Control**

The following section provides information on Governance and Control. It includes a report prepared by Stark & Marsh Chartered Accountants and a checklist on control elements for consideration by public library trustees and staff.

Governance has been defined by the IFAC as:

*The processes by which organizations are directed and controlled and held to account and is underpinned by the principles of openness, integrity and accountability. Governance is concerned with structures and processes for decision-making, accountability, control and behaviour at the top of organizations.*

**GOVERNANCE & CONTROL**

**Expectations for Financial Management Policy Development**

Prepared by

STARK & MARSH CHARTERED ACCOUNTANTS

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## **I. INTRODUCTION**

This report is intended to provide guidance to boards and management on the design and implementation of internal financial controls for public library systems.

The Library System Board is responsible for the stewardship of the organization. Stewardship includes a fiduciary responsibility to ensure that all public funds are accounted for and expended in an appropriate manner.

The Public Libraries Act generally sets out the responsibilities to The Library System Board.

The Library System Board and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process and for continuously monitoring the effectiveness of the internal control system.

The successful operation of a particular library system depends, in part, upon there being clear accountabilities and responsibilities. Governance policies outline the formal principles and processes that boards and managers follow to ensure that they fulfill their respective responsibilities.

## II. INTERNAL CONTROL

### The Need

Internal control helps provide assurance that the organization's objectives will be achieved. It is the process undertaken by the Library System Board, management, and other employees to ensure that objectives are achieved in the following categories.

- Safeguarding of assets.
- Reliability and completeness of accounting and management information.
- Compliance with laws and regulations.

### Considerations

The classic definition of internal control is that it is a process put in place by the Library System Board, senior management and all levels of personnel to provide reasonable assurance that the organization's objectives will be achieved. Internal control includes all measures and practices that are used to mitigate exposure to risks that could potentially prevent the organization from achieving its objectives. Internal control is not solely a procedure or policy that is performed at a certain point in time, but rather is continually operating at all levels within the organization.

There are five inter-related components of internal control:

- The "control environment" which includes the integrity, ethical values and competence of employees.
- Risk assessment, which forms the basis for determining how risks should be managed.
- Control activities, which are the policies and procedures to help ensure that management directives are carried out.
- Information and communication, which includes the methods for identifying, capturing and communicating information required for employees to carry out their duties.
- Monitoring, much of which occurs through routine management and supervisory activity.

For internal controls to achieve any of the objectives listed above, all components must be functioning effectively.

The primary mechanisms to affect internal control are as follows:

- **Process monitoring** is often part of management reporting. Statistics provide information about volumes processed, problems that arise, backlogs, resources used, and so on.
- **Supervision and review** helps ensure that controls are in place and effective.
- **Training** of staff and hiring qualified and capable staff help ensure that employees understand their responsibilities and carry them out effectively.
- **Written policies and procedures** reduce the risk of misunderstanding or lack of knowledge leading to control deficiencies.
- **Segregation of duties** may prevent fraud and error.
- **Reconciliations** compare two numbers and explain any differences between them.

- **Analytical review** is used to explain changes from other periods, other departments, budgets, forecasts or benchmarks.
- **Edit checks and validation** ensure that data entered makes some sense. For example, a month must have a numerical value less than 13, or a total is entered to ensure that no data has been missed.
- **Design and ergonomics** may reduce the rate of human error.
- **Audit trails** facilitate tracking the flow of information and making corrections when required.

Control mechanisms must be designed, rather than allowed to evolve. Implementing policies and procedures such as those in this report provides an opportunity to critically review existing practices.

The remainder of this report will focus on the system of financial controls, the objectives of which are to provide the board with reasonable, but not absolute assurance that:

1. The accounts are faithfully and properly kept to permit the preparation of financial statements in accordance with the appropriate basis of accounting;
2. All public money is fully accounted for and properly disposed of and the policies and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;
3. Transactions are executed in accordance with the board's authorization, public money expended is applied to the purpose for which it was levied and the expenditures have adequate statutory authority; and
4. Essential records are maintained and the policies and procedures applied are sufficient to safeguard and control public money against loss from unauthorized use or disposition.

### III. BOARD RESPONSIBILITIES

The board through its governance policies will delegate the design and implementation of internal controls to senior management. Management may be in a position to override controls and disregard communication from subordinates, enabling a dishonest management to circumvent established controls.

A strong, active board may be able to identify and correct such a problem, through its own supervision and the contribution of external parties.

- The board needs to create policies to monitor the performance of management.
- The board needs to be aware of fraud and risk factors that may be present in the organization.
- The board may contract with external auditors to provide an independent opinion on the system of internal control.

Board governance policies should include the following:

#### A. Board Composition

1. The board should be composed of a majority of independent individuals.

#### B. Board Mandate

2. The Board is ultimately responsible for internal control. The board is responsible to provide governance, guidance and oversight. Effective board members are objective, capable and inquisitive.
3. To the extent feasible, satisfy itself as to the integrity of the Library Directors and the senior management personnel.
4. The Board should ensure that employees are bonded as required.
5. The Board should establish the need to obtain directors and officers insurance.

#### C. Board Committees

The Board should consider the establishment of standing committees as follows:

##### 1. Audit

The audit committee ensures that the internal controls designed by management are effective, and maintains direct communication with external auditors as a safeguard against management malpractice.

##### 2. Compensation

The compensation committee investigates and approves executive management compensation packages and often approves benefits and pension offerings for all employees.

##### 3. Governance

The governance committee assesses the effectiveness of the board as a whole and proposes changes to governance by-laws or practices.

#### **IV. MANAGEMENT RESPONSIBILITIES**

In most organizations, management is delegated the responsibility to design, implement and monitor internal controls.

In the public library system, the Library Director helps set the tone that sets the integrity, ethics and other factors of a positive control environment. The Library Director fulfills this duty by providing leadership and direction to senior managers and reviewing the way in which they control the organization. Senior management, in turn, assigns responsibility for establishment of more specific internal control policies and procedures.

The Library Director, depending on his/her experience, may require assistance in designing and implementing controls specific to the public library system. External auditors would be an excellent resource. Care should also be taken to ensure that the system provides for monitoring and reporting of control deficiencies.

## V. INTERNAL CONTROL OBJECTIVES AND TECHNIQUES

Following is a somewhat generic description of various internal control objectives and control techniques specific to various transaction streams.

Management should understand the basic objectives and control techniques in order to identify the control points and techniques required by the public library system.

### A. Financial Reporting

#### 1. Control Objectives

- (a) Ensure the organization plan is effective.
- (b) Ensure the planning and budgeting system is effective.
- (c) Ensure the financial records are properly maintained and protected.
- (d) Ensure the financial reporting system is effective and is used by administration and the Board to control operations.

#### 2. Key Control Techniques

- (a) Organization and planning
  - i) A current organization chart exists, is approved by the board and is communicated throughout the organization.
  - ii) The Board has approved an authorities grid that is consistent with assigned responsibilities and which covers purchasing, contracting, payment approval and cheque signing functions.
  - iii) Financial responsibilities are documented in job descriptions.
  - iv) The organization plan segregates incompatible financial functions.
  - v) The organization maintains responsibility (by contracts) and control (by verification procedures) of financial and accounting functions performed by service agencies.
  - vi) Communication of priorities and strategic objectives.
  - vii) Clearly defined planning processes specifying:
    - Staff responsibilities
    - Time tables
    - Analysis and ranking of alternatives.
  - viii) Approval of strategic and current operating plans.
- (b) Budgeting
  - (i) Documented budget preparation procedures should include:
    - Communications of priorities
    - Clearly defined budgeting milestones.
    - Standardized work sheets including variances from prior year results.
  - (ii) Effective challenge and review of budgets by Senior Management and the Board.
  - (iii) Budgets approved by the Board.
- (c) Maintenance of Financial Records
  - (i) General ledger trial balanced monthly.
  - (ii) Subledgers reconciled monthly to general ledger control accounts; reconciliations and adjustments reviewed and approved by management.

- (iii) Fixed asset/inventory control counted annually and agreed to subledgers.
  - (iv) Accounting errors and control weaknesses are promptly fixed.
  - (v) Documented accounting policies and procedures; staff knowledgeable and trained in their use.
  - (vi) The Board should authorize system changes/system development.
  - (vii) Needs analysis should be performed for significant system changes or new system development.
  - (viii) Physical access to records and equipment is restricted.
  - (viii) Journal entries are controlled by administration.
- (d) Financial Reporting System
- (i) Financial reports are prepared monthly using approved and appropriate accounting policies.
  - (ii) Financial reporting schedule is used to ensure financial reports are available shortly after month-end.
  - (iii) Financial reports contain information to control operations: Financial position, results of operations, cash flows, budget comparisons, projected results to year end and budget to actual variances.
  - (iv) Budgets to actual variances are explained for each department and recommendations for corrective action are reported up through the chain of command.
  - (v) Financial reports are reviewed and approved by the Board.

## **B. Purchases/Payables/Payments**

### **1. Control Objectives**

- (a) expenditures comply with the law and are within budget approval;
- (b) expenditures occurred, are complete and are correctly recorded;
- (c) disbursements are approved;
- (d) payables exist, are complete and are correctly recorded.

### **2. Key Control Techniques**

- (a) Management controls
  - i) Review and approval (according to delegated authority) of purchase requisitions, P.O.'s, contracts, fixed asset additions prior to execution.
  - ii) Review and approval of payment invoices.
  - iii) Review and follow-up of capital/operating budgets to actual variances.
  - iv) Use of approved authority grid designating signing authority by dollar amount and type of payment.
  - v) Monthly bank reconciliation prepared independently of accounts payable and cheque preparation.
  - vi) Bank reconciliations are reviewed and approved by a senior financial officer.
  - vii) Accounts payable subledger should be agreed to general ledger. Unreconciled differences should be reviewed and approved by authorized staff.

- (b) Preventative controls
  - i) First signing officer should examine support and agree details to cheque.
  - ii) Second signing officer scrutinizes support and cheque detail.
  - iii) Signature stamps are kept in a secure place and are only used by the second signing officer.
  - iv) Signing officers never presign cheques.
  - v) Cheques mailed directly to suppliers, independent of accounts payable and cheque preparation.
  - vi) There should be a segregation of purchasing, payment and approval activities.
  - vii) Invoice quantities and prices should be agreed to purchase orders and/or receiving reports.
  - viii) Invoices should be audited, quantities agreed to receiving reports, prices agreed to purchase orders and additions, extensions and coding verified. This function could be completed by the first signing officer.
  - ix) Invoices and support should be cancelled to prevent duplicate processing.

## **C. Payroll**

### **1. Control Objectives**

- (a) Payroll expenditures comply with the law and applicable agreements;
- (b) Payroll expenditures occurred, are complete and are correctly recorded;
- (c) Disbursements are approved;
- (d) Accrued payroll exists, is complete and is correctly recorded.

### **2. Key Control Techniques**

- (a) Management controls
  - i) Review and follow-up of payroll budget to actual.
  - ii) Review and approval of payroll register/reports.
  - iii) Review and approval of employment applications, employment contracts and severance agreements prior to execution.
  - iv) Review and approval of pay rates prior to execution.
  - v) Review and approval of payroll journal entry.
  - vi) Monthly bank reconciliations prepared independently of payroll and cheque preparation.
  - vii) Bank reconciliations are reviewed and approved by a senior financial officer.
  - viii) General ledger balances for accruals agree to supporting working papers or reports.
  - ix) Periodic review of long-term entitlements such as pension benefits, termination benefits and sick leave.
- (b) Preventative controls
  - i) Responsibility for monitoring and implementing legislative changes, employment agreements are clearly defined.
  - ii) Staff knowledgeable of legislation and employment agreements.
  - iii) Segregation of personnel function, payroll processing, payroll approval (cheque signing) and cheque distribution.
  - iv) Time sheets should be prepared and approved.

- v) Vacation/sick records updated from approved time sheets.
- vi) Any changes to employee and rate master file should be verified by personnel department.
- vii) Electronic funds transfer total should be agreed to the payroll register.

#### **D. Revenues/Receivables/Receipts**

##### **1. Control Objectives**

- (a) All revenues and only those revenues, approved by law, are assessed and collected;
- (b) revenues assessed are correctly recorded in the accounts;
- (c) cash receipts are complete and are correctly recorded in the accounts;
- (d) accounts receivable exist, are complete and are correctly recorded in the accounts.

##### **2. Key Control Techniques**

- (a) Management controls
  - i) Administration should review and follow-up budget to actual variances;
  - ii) Administration should anticipate and monitor receipt of large payments (e.g. grants, interest, rents, taxes).
  - iii) Reconciliation of initial cash receipt records to deposit slips by an employee who is independent of the cash receipts and accounts receivable.
  - iv) Periodic review and evaluation of aged receivables;
  - v) Accounts receivable subledger reconciled to general ledger and adjustments for unreconciled differences reviewed and approved by authorized staff.
  - vi) Interest/dividends revenue recalculated and agreed to accounts.
- (b) Preventative controls
  - i) Mail is opened in the presence of two employees.
  - ii) Immediate endorsement of cheques and money orders.
  - iii) Cash Mail Record is used to list cash items; CMR is signed by the staff who opened the mail.
  - iv) Segregation of accounts receivable function from cash receipts function.

## **E. Investments**

### **1. Control Objectives**

- (a) Investment transaction (purchase or sale) have proper authority
- (b) Investments are not lost or misappropriated.
- (c) Investments are properly recorded.

### **2. Key Control Techniques**

- (a) Management controls.
  - i) Staff ensure investment transactions have necessary approvals and consider need for approval by the Board.
  - ii) Staff ensure investment transactions are in accordance with investment policies/guidelines.
  - iii) At year end, an analytical review of the change in investments held is performed.
  - iv) Management anticipates and monitors investment transactions/maturities.
- (b) Preventative controls
  - i) Segregation of duties exists between custody and record keeping.

## VI. FRAUD AND RISK FACTORS

### A. Identification of Possible Risk Factors

The board and management may find the following checklist useful in auditing the risk of fraud in the organization. The questions are stated so that “Yes” answers highlight conditions that may indicate potential risks.

#### 1. Fraudulent Financial Reporting

- (a) Management’s attitudes to internal control and financial reporting
  - i) Does management display a significant disregard for regulatory or legislative authorities?
  - ii) Is management dominated by a single person or a small group without compensating controls such as effective oversight by those charged with governance?
  - iii) Does management fail to monitor significant controls adequately?
  - iv) Does management fail to correct known significant weaknesses in internal control on a timely basis?
- (b) Organizational governance structure
  - i) Is there a lack of board members who are independent of management?
  - ii) Is little attention paid to financial reporting matters and to internal control by those charged with governance?
  - iii) Is there a high turnover of management or board members?
- (c) Management’s relationship to auditors
  - i) Are there frequent disputes on accounting, auditing or reporting matters?
  - ii) Are unreasonable demands made on the auditor, including unreasonable time constraints regarding the completion of the audit or issuance of the auditor’s report?
  - iii) Are there formal or informal restrictions placed on the auditor that inappropriately limit the auditor’s access to people or information, or limit the auditor’s ability to communicate affectively with those charged with governance?
  - iv) Is there domineering management behaviour in dealing with the auditor, especially involving attempts to influence the scope of the auditors work?

#### 2. Misappropriation of Assets

- (a) The Control Environment
  - i) Is there a lack of appropriate management oversight (for example, inadequate supervision or inadequate monitoring of remote locations)?
  - ii) Is there inadequate record keeping for assets susceptible to misappropriation?
  - iii) Is there lack of an appropriate segregation of duties or independent check?

- iv) Is there a lack of an appropriate system of authorization and approval of transactions (for example, in purchasing)?
- v) Is there a lack of mandatory vacations for employees performing key control functions?
- vi) Are all employees required to take vacation at the same time?

## VII. SAMPLE POLICIES

### 2.01 Expense Authorization - Overview

#### Expense Authorization

##### The Need

An Authorization Policy establishes authorization levels for expenditures of company funds.

A sound system of internal controls requires that there be separation between the person approving an expenditure from the person incurring the expenditure. To permit business activities to operate efficiently, routine expenditures already approved under the budget are subject to less stringent requirements than expenditures that are not approved under the budget, or are out of the ordinary course of business.

##### Considerations

There are three basic types of approval procedures. All three types of approval are necessary, but in smaller organizations, one person may provide more than one type of approval for the same transaction.

- Initiating the purchase: the person initiating the purchase must have the required authority,
- Approving the invoice: the invoice is approved by a person having the required authority,
- Signing the cheque: the cheque is signed by at least one person having the required authority.

The required levels of approval and the respective dollar limits need to be set by each business having regard to the nature of its operations, the number of employees, and common practices in its industry. Position titles vary between organizations so please insert appropriate title where required in text. [or insert appropriate title]

For very small purchases, approval and processes may be streamlined by making the payments in cash out of a petty cash fund. Review of paid vouchers at the time that the petty cash fund is replenished constitutes adequate control.

Some standard recurring expenditures that are a part of the normal business activities of the organization need not follow the full purchase order process even if they qualify by dollar value. Typically, regular rent, utilities and freight charges may be processed with only the approval of the Library Director. These types of charges are regular and expected, budgeted for, and not optional. For practical purposes, and to avoid paying unnecessary late payment charges, the processes used for these kinds of purchases should be streamlined. For example, purchase orders are not necessary. All other purchases should follow the principles laid out below.

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## **2.01 Expense Authorization**

### **1 POLICY**

1.01 All employees shall obtain appropriate authorization for any expenditure of library funds.

### **2 PURPOSE**

2.01 The purpose of this Statement of Policy and Procedure is to establish internal controls over the authorization of expenses.

### **3 SCOPE**

3.01 This policy applies to all individuals making purchases on behalf of the library.

### **4 RESPONSIBILITY**

4.01 All Operating Departments are responsible for ensuring that expenditures made on behalf of the organization represent good value and represent benefit to the library.

4.02 The [Title] is responsible for ensuring that no payments are made without appropriate authorization. See also **SPP FN 5.04 – Cheque Issuance**.

### **5 DEFINITIONS**

5.01 “**Petty Cash**” means a small amount of cash kept on hand at a work site to be used for necessary minor purchases.

5.02 “**Cheque Requisition**” means a form requesting a cheque be prepared for payment of a company expense.

5.03 “**Budget**” means a financial plan outlining expected revenues, expenses and expenditures for fixed assets that is formally reviewed and approved by the Library System Board.

5.04 “**Barter Transactions**” means an exchange of goods or services between two or more parties where no money changes hands.

### **6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE**

SPP FN 5.04 — Cheque Issuance

SPP FN 9.05 — Approval Procedures

### **7 PROCEDURES**

7.01 **Goods and Services less than \$20**

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- (a) Goods and services costing less than \$20 required in the normal course of business may be paid for from Petty Cash.
- (b) All withdrawals from Petty Cash and all expenditures using Petty Cash must be authorized by the employee's supervisor or the supervisor's delegate.

**7.02 Goods and Services greater than \$20 and less than \$100**

- (a) Goods and Services greater than \$20 and less than \$100 required in the normal course of business may be purchased without a purchase order either through normal invoice procedures or via a cheque requisition.
- (b) A cheque requisition must be completed by the employee and authorized by the employee's supervisor.
- (c) Invoices must be sent to the employee's department and authorized for payment by the employee's supervisor before the Accounting Department will pay the invoice.

**7.03 Goods and Services greater than \$100**

- (a) For individual goods and services costing more than \$100 required in the normal course of business, the purchase order process must be used, except in the case of regular predictable expenses such as rent or utilities.
- (b) For purchases of a recurring nature from major suppliers, or for standing order purchases, the purchase order process must be used regardless of the amount.
- (c) Purchase order authorizations are as follows:
  - (i) Any purchase with a gross value under \$[XXX] shall be reviewed and authorized by a Manager [or insert appropriate title]
  - (ii) Any purchase with a gross value greater than \$[XXX], but less than \$[XXXX] and approved in the budget shall be reviewed and authorized by a Manager [or insert appropriate title]
  - (iii) Any purchase with a gross value greater than \$[XXX], but less than \$[XXXX] and not approved in the budget shall be reviewed and authorized by the Department Head [or insert appropriate title]
  - (iv) Any purchase with a gross value greater than \$[XXXX] and approved in the budget shall be reviewed and authorized by the Department Head [or insert appropriate title]

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- (v) Any purchase with a gross value greater than \$[XXXX] and not approved in the budget shall be reviewed and authorized by the **[Library Director]**
- (d) Authorization for any activity, unless specified otherwise in another policy, shall be as follows:
  - (i) Any agreement that may materially affect the direction or the finances of the library shall be reviewed and authorized by the Library System Board. This includes, but is not restricted to:
    - (a) Any contract out of the ordinary course of business
    - (b) Any contract extending beyond **[2 years]** (other than operating leases)
    - (c) Any contract with a gross value greater than \$[XXXXX]
- (e) Any agreement with a gross value greater than \$[XXXXX], or a term greater than **[1 year]** shall be reviewed and authorized by the **[Library Director]**
- (f) Any agreement with a gross value greater than \$[XXXXX], or a term greater than **[six months]** shall be reviewed and authorized by the Department Head [or insert appropriate title]
- (g) Any agreement with a gross value less than \$[XXXXX] shall be reviewed and authorized by a Manager [or insert appropriate title]

#### 7.04 Purchases initiated by Management

- (a) All purchases made on behalf of the library must have an authorizing signature other than that of the initiator of the purchase. Where a Manager [or insert appropriate title] or Department Head [or insert appropriate title] initiates a purchase, the authorization will be as per paragraph 7.03 above or the individual's direct supervisor, whichever level is higher.

#### 7.05 Authorization by Library System Board

- (a) The Library System Board authorizes the annual expenses of the organization by approving the fiscal budget.
- (b) For major purchases not incorporated into the fiscal budget, the Library System Board delegates authorization responsibility to the Library Director. However, the Library System Board shall be informed of major purchases which have the potential to affect the direction or financial results of the library.

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- (c) The Library System Board may require the Library Director to obtain Board authorization for purchase commitments (individual purchase orders or supplier contracts) longer than 2 years or greater than [XXXXX].

## **2.06 Purchase Orders - Overview**

### **Purchase Orders**

#### **The Need**

Purchases made on behalf of the organization must be made by Purchase Order. While such purchases may be initiated by any operating department, they may only be made by the organization's purchasing officer or buying agent.

Certain purchases or expenditures are excluded from this policy:

- regular payments such as utilities or rent
- expenditures that have a different approval process such as travel expenses
- purchases other than for inventory, for less than \$100

Purchase orders are required to ensure adequate internal controls over the purchasing process. A sound system of internal controls requires that there be separation between the person approving an expenditure from the person incurring the expenditure. The use of purchase orders also helps ensure that, where appropriate, supplier contracts are in place, that there has been a process to secure the best price and terms, and that purchases are properly approved.

#### **Considerations**

For very small purchases, other than inventory, processes may be streamlined by making the payments in cash out of a petty cash fund. Review of paid vouchers at the time that the petty cash fund is replenished constitutes adequate control and purchase orders are neither appropriate nor necessary.

Some standard recurring expenditures that are a part of the normal business activities of the organization need not follow the full purchase order process. Typically, regular rent, utilities and freight charges may be processed with only the approval of the Library Director. These types of charges are regular and expected, budgeted for, and not optional. For practical purposes, and to avoid paying unnecessary late payment charges, the processes used for these kinds of purchases should be streamlined, and purchase orders are neither appropriate nor necessary.

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## **2.06 Purchase Orders**

### **1 POLICY**

- 1.01 Purchases made on behalf of the library must be made by Purchase Order. While such purchases may be initiated by any operating department, they may only be made by the library's purchasing officer or buying agent.
- 1.02 Certain purchases or expenditures are excluded from this policy. Purchases or expenditures excluded are:
- Regular payments such as utilities or rent
  - Expenditures that have a different approval process such as travel expenses
  - Purchases other than for inventory, for less than **\$XXX**

### **2 PURPOSE**

- 2.01 The purpose of this Statement of Policy and Procedure is to provide internal controls over the purchasing process.

### **3 SCOPE**

- 3.01 The Purchase Order policy applies to all employees.

### **4 RESPONSIBILITY**

- 4.01 Operating Department Managers [or insert appropriate title] are responsible for:
- Reviewing and approving all purchase requisitions originating in their department
- 4.02 The Purchasing Department is responsible for:
- Investigating potential suppliers for specific requirements
  - Establishing supply contracts
  - Issuing and controlling purchase orders

### **5 DEFINITIONS**

- 5.01 "**Competitive Bidding Process**" means the formal process by which potential suppliers are invited to quote on future supply contracts.
- 5.02 "**Purchase Requisition**" means a form requesting that the purchasing department purchase supplies of a specified nature on behalf of the requisitioning department.
- 5.03 "**Supplementary Purchase Order**" means a purchase order which relates to or modifies a previously-issued purchase order.

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## **6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE**

SPP FN 2.01 — Authorization  
SPP FN 2.08 — Purchase Contracts

## **7 PROCEDURES**

### **7.01 Purchase Requisition**

- (a) Purchases large enough to require a Purchase Order and purchases being made under a supplier contract are initiated via a Purchase Requisition completed by the Department with the requirement (see SPP FN 2.01 — Authorization).
- (b) The Purchase Requisition should contain:
  - (i) The purchase requisition number
  - (ii) The date the requisition is completed
  - (iii) The name and contact information for the originating employee
  - (iv) The contract number or reference for the contract under which the purchase is being made (if applicable)
  - (v) The Supplier name from whom the purchase is being made under contract, or the requested supplier if the purchase is less than \$[XXX]
  - (vi) The requested date of delivery
  - (vii) The name and location to which the goods are to be shipped
  - (viii) The quantity of goods requested
  - (ix) A detailed description of goods requested. Where the supplier has already been identified, the supplier's parts/product numbers if available
  - (x) Unit prices of the goods requested (if known)
  - (xi) An estimate of the total cost of the purchase
  - (xii) Any other information, which may be useful or needed by the Purchasing Department about the requirement or about the Supplier
  - (xiii) Authorization for the purchase (see SPP FN 2.01 — Authorization)
- (c) Purchase requisitions must be produced in duplicate
  - (i) One copy for the originating department
  - (ii) One copy for the Purchasing Department

### **7.02 Purchasing Department Accountability**

- (a) The Purchasing Department is responsible for:
  - Establishing supplier contracts (if applicable)

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- Managing the competitive bidding process (if applicable)
- Selecting suppliers
- Maintaining supplier records
- Managing the Purchase Order system
- Ensuring all purchases are appropriately authorized  
(see also **SPP FN 2.08 — Purchase Contracts**)

### 7.03 Purchase Order Process

- (a) Upon receipt of a purchase requisition, the Purchasing Department checks the requirement against existing supplier contracts. If a contract exists, a Purchase Order is produced against the applicable supplier contract.
- (b) If no supplier contract exists, the cost is less than \$[XXX], and a supplier is suggested by the requisitioning department, then the Purchasing Department shall investigate the supplier and establish the supplier on Supplier Records for future use, and produce a Purchase Order.
- (c) If no supplier contract exists, the cost is less than \$[XXX] and no supplier is suggested by the requisitioning department, then the Purchasing Department shall select a supplier, establish the supplier on Supplier Records for future use (if necessary) and produce a Purchase Order.
- (d) If no supplier contract exists and the cost is greater than \$[XXX], then a competitive bidding process shall be undertaken by the Purchasing Department. Upon successful completion of the bidding process, the supplier shall be established on Supplier Records for future use and a Purchase Order shall be produced.
- (e) Purchase Orders are valuable media because they represent a commitment on behalf of the company. Purchase Orders must be maintained in a secure location. Every Purchase Order number must be controlled and tracked throughout its use; when a purchase order has been fulfilled, the number must be retired.
- (f) Purchase Orders shall contain:
  - (i) Date of the order
  - (ii) Requisition number
  - (iii) Purchase Order number
  - (iv) Supplier name and address
  - (v) Supplier contract number if applicable
  - (vi) Information about where the materials are to be shipped
  - (vii) Purchase Department Contact Information
  - (viii) Contact information at the “Ship to” location
  - (ix) Date goods are required

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- (x) Information about where supplier invoices should be sent
- (xi) Shipping and payment details, e.g. FOB, import duty accountability, COD etc.
- (xii) Supplier reference numbers for goods being ordered, if applicable, e.g. part numbers, product codes
- (xiii) Purchasing Department signature activating the order (authorized buyer or purchasing agent)
- (g) Purchase Orders must be accessible (by copy or electronic access) by:
  - (i) The supplier organization. They should have two copies, one of which should be returned to the company with the shipped goods
  - (ii) The originating organization
  - (iii) Record retained in Purchasing
- (h) Purchase order numbers must be cross-referenced to Supplier Records for future reference
- (i) Purchases are authorized by the department originating the request according to company authorization policy. Purchase orders are authorized by a purchasing agent or buying officer of the company. The authorized buyer must ensure that authorization for the purchase has been secured before placing an order

#### 7.04 **Changes to Purchase Orders**

- (a) From time to time, either from changing requirements, or from limitations on the part of the supplier, the contents of a purchase order must be changed.
- (b) The Purchase order may not be changed without the approval of the purchasing agent/buying officer.
- (c) Changes are marked on the original purchase order, initialed by the purchasing agent/buying officer and faxed or emailed to the supplier who acknowledges the change.
- (d) A supplementary purchase order with the suffix "C" (or C2, C3, C4 etc for subsequent changes as necessary) is then produced with the proper contents to replace the marked up copy and the original purchase order is amended as "Replaced by PO XXXXX-C". Explanatory comments may be made at the bottom of the purchase order.
- (e) Copies of the supplementary purchase order are distributed as per the normal purchase order process.

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**8 ATTACHMENTS**

Attachment A — Purchase Requisition

Attachment B — Purchase Order

PURCHASE REQUISITION				
Date:		Requisition Number:		
Vendor Name and Address (If known):		<b>Supplier Information:</b>		
		<input type="checkbox"/> Existing Contract Number _____ <input type="checkbox"/> No Existing Contract		
Ship to:		<b>Originator Information:</b>		
		Name: Tel No: Dept:		
		Date Required:		
QUANTITY	ITEM NUMBER & DESCRIPTION	SUPPLIER REF CODES	UNIT PRICE	TOTAL
				<b>Total</b>
Comments:				
<input type="checkbox"/> Please find best supplier <input type="checkbox"/> Suggested Supplier Above <input type="checkbox"/> PST Exempt				
<b>Authorized by:</b>				

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PURCHASE ORDER				
<b>Vendor Name and Address:</b>	<b>Purchase Order Number:</b> All correspondence, parcels and deliveries must quote this Purchase Order number.			
	<b>Authorized Buyer:</b> Name: Telephone Number:			
	Signature:			
<b>Ship to:</b>	<b>Invoice to:</b>			
Attention:	<input type="checkbox"/> Same as ship to location			
Order Date:	Delivery Date:			
Supplier Contract Number:	Payment Terms:			
<b>Item No.</b>	<b>Quantity</b>	<b>Description</b>	<b>Unit Price</b>	<b>Total</b>
<b>Totals</b>				
Special Instructions and Comments:				

## **2.08 Purchase Contracts - Overview**

### **Purchase Contracts**

#### **The Need**

All purchasing contracts should be carefully reviewed before being authorized. Only the [use correct title for your library system] may enter into purchasing contracts on behalf of the organization.

A supplier contract is entered into when it is to the organization's benefit to do so. Typical reasons for entering into a supplier contract are:

- To obtain best possible prices, discounts and/or payment terms.
- To secure a reliable flow of goods over a specified period of time.
- To facilitate the provision of goods or services in a long-term or complex contract, such as in a construction contract or an equipment purchase which will require subsequent parts and service.
- To transfer the burden of administration to the supplier.

#### **Considerations**

The organization may be able to obtain better prices on supplies by participating in bulk purchasing through a trade or other association. Check with appropriate local association(s) to obtain more information.

In small and medium-sized businesses, the purchasing and supplier management functions often fall to the accounting department. If supplier contracts are a major factor in the business, if there is a complex production process, or if the production process is subject to regulatory or specialized requirements, then more detailed purchasing policies will be required.

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## **2.08 Purchase Contracts**

### **1 POLICY**

- 1.01 All purchasing contracts should be carefully reviewed before being authorized. Only the [use correct title for your library system] may enter into purchasing contracts on behalf of the regional library.

### **2 PURPOSE**

- 2.01 To ensure that the Library's requirements for collections, materials, equipment and services as set out in the annual budget are met with the maximum overall value to the organization, and to the library users based on quality, service and price.

### **3 SCOPE**

- 3.01 The policy shall cover all purchases of goods, materials and contractual services with the following exceptions, which may be governed by other arrangements:
- Insurance contracts
  - legal and audit fees
  - banking services
  - public utilities
  - travel arrangements
  - tuition and professional development
  - real estate
  - salaries and honoraria
  - joint venture purchases administered by another organization

### **4 RESPONSIBILITY**

- The procurement policy is intended to be open, fair and consistent to satisfy the requirements for public accountability.
- Purchasing shall be carried out only by authorized Library personnel. As a general rule, purchasing authority shall be commensurate with budget authority.
- Any purchase which would result in an over-expenditure of a Manager's [or insert appropriate title] total annual budget allocation for purchased goods and services must be approved by the Library Director, who will bring significant overruns to the attention of the Board.
- The purchasing system may only be used to acquire goods and services for the personal use of staff in exceptional and approved situations, with the Library Director's approval. Notwithstanding the foregoing, library staff are

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 2.08</b>
Section:	Purchasing Cycle	Issued:	
Subject:	<b>PURCHASE CONTRACTS</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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Issued by:		Dated:	

permitted to purchase printed materials through the Library's collection acquisition system.

- Any authorized staff member who has a personal material interest in a prospective vendor should withdraw from the decision-making process on related purchases.
- Library employees shall refuse all gifts, gratuities or favours from potential suppliers other than items of an advertising nature or of minimal value.

## **5 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE**

SPP FN 2.01 — Authorization

## **6 PROCEDURES**

### **6.01 Supplier Contracts – Process**

- Supplier contracts must be originated by the [use correct title for your library system]; no other employee except the Library Director has the authority to enter into a supplier contract.
- A supplier contract represents a large number of purchases, and most often a large commitment to a single supplier. Supply contracts must be approved according to the Authorization policy (see **SPP FN 2.01 — Authorization**).
- Supplier contracts representing exclusive rights or a commitment spanning more than a single fiscal year must be also be approved by the Finance Manager [or insert appropriate title]
- Some months before the completion of a supplier contract, Purchasing shall perform an analysis of alternative suppliers, quality of the supplier's quality of goods and of fulfillment services, prices, discounts and payment terms in order to negotiate best terms at the time of contract renewal.

### **6.02 Competitive Bid Contracts**

- For contracts greater than \$[XXXX] or [yyyyy] years, a competitive bidding process, consisting of detailed Requests for Quote, comprehensive assessment of quotes and final selection authorization will be undertaken.

## **2.10 Payment for Purchased Goods and Services - Overview**

### **Payment for Purchased Goods and Services**

#### **The Need**

Internal control principles require that all payments shall be properly authorized, be accounted for accurately, and be supported by appropriate documentation. In addition, sound management practices require that processes be in place to ensure that there is oversight over the purchasing process to ensure efficiency and economy.

This Statement of Policy and Procedure ensures that the correct approvals are in place before a payment is made.

#### **Considerations**

Many of today's accounting software packages have integrated purchase order, supplier records and payables modules. In that case, some of the approval procedures will be integrated into the bookkeeping process, and the procedures may be streamlined accordingly.

There are three basic types of approval procedures. All three types of approval are necessary, but in smaller organizations, one person may provide more than one type of approval for the same transaction.

Initiating the purchase: the person initiating the purchase must have the required authority

Approving the invoice: the invoice is approved by a person having the required authority

Signing the cheque: the cheque is signed by at least one person having the required authority

This policy covers the middle approval step: ensuring that the invoice has been approved, which entails ensuring that all of the required prior approval steps have been carried out.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 2.10</b>
Section:	Purchasing Cycle	Issued:	
Subject:	<b>PAYMENT FOR PURCHASED GOODS AND SERVICES</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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Issued by:		Dated:	

## **2.10 Payment for Purchased Goods and Services**

### **1 POLICY**

1.01 All payments shall be properly authorized and supported by appropriate documentation.

### **2 PURPOSE**

2.01 This Statement of Policy and Procedure provides guidance to employees on the accountabilities and processes related to paying for goods and services.

### **3 SCOPE**

3.01 The Payment for Purchased Goods and Services policy applies to all operating departments, the Purchasing Department and the Finance Department.

### **4 RESPONSIBILITY**

4.01 The originating (operating) department is responsible for approving the purchase cost at the time of the purchase requisition. The cost will come from the originating department's budget.

4.02 The Purchasing Department is responsible for:

- Verifying that goods have been received in good order and that all terms and conditions in the supply contract have been met
- Authorizing the payment at the time the goods have been received
- Ensuring that purchasing contracts have been honoured by all parties
- Updating purchase order and supplier records as appropriate

4.03 The Finance Department is responsible for:

- Ensuring that all payments are authorized and that the accounting entries, including for taxes, are correct
- Paying authorized invoices in a timely manner

### **5 DEFINITIONS**

#### **5.01 GST/PST — Goods and Services Tax/Provincial Sales Tax**

The taxes at both federal and provincial levels charged on most sales of goods and services in Canada.

#### **5.02 HST — Harmonized Sales Tax**

A combination of GST and PST used in some Canadian provinces to simplify administration with a single sales tax charge.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 2.10</b>
Section:	Purchasing Cycle	Issued:	
Subject:	<b>PAYMENT FOR PURCHASED GOODS AND SERVICES</b>	Effective:	
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## **6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE**

- SPP FN 2.01 — Authorization
- SPP FN 2.06 — Purchase Orders
- SPP FN 5.04 — Cheque Issuance

## **7 PROCEDURES**

### **7.01 Payments Process – Responsibilities**

- (a) The originating department approves the purchase at the time the purchase requisition is completed. The costs of the purchase will be charged against this department for budget purposes.
- (b) The [use correct title for your library system] authorizes the payment when the goods have been verified as received and all terms and conditions have been met by the supplier.
- (c) The [use correct title for your library system] is responsible for ensuring that purchasing contracts have been honoured by all parties, and that payments are made to suppliers on a timely and economic basis.

### **7.02 Payments Process**

- (a) Completed and verified purchase orders shall be returned to the Purchasing Department.
- (b) Purchasing will close the Purchase Order and note anything of importance or interest in Supplier Records. At the same time, the Purchasing Department will confirm payment terms and date by which the supplier must be paid without incurring late payment or interest charges. Discounts, advance payments and other individual arrangements shall be verified against records.
- (c) Depending on the arrangement with the supplier, Purchasing will either treat the completed Purchase Order as authority to pay, or will wait for an invoice to arrive.
- (d) Multiple Purchase Orders may be paid with a single cheque, but should not be held if it will result in late payment charges.
- (e) Cheque runs should be made weekly. Supplier payments shall be scheduled for the week closest to the target payment date identified by Purchasing (see (b) above). Purchasing inputs to the cheque runs all supplier payee name and address information, including the company's purchase order number(s) being paid and the supplier's invoice number if appropriate.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 2.10</b>
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- (f) Cheque numbers are entered into the purchasing system against the closed Purchase order records for audit trail purposes after cheques have been cut and sent out.

#### 7.04 **Sales Taxes**

- (a) All Goods and Services Taxes paid must be identified separately on cheque stubs and appropriately recorded in separate accounts in order to take full advantage of sales tax refunds available.

## **5.04 Cheque Issuance - Overview**

### **Cheque Issuance**

#### **The Need**

Control over the issuance of cheques is one of the most effective controls over the financial operations of the company. All cheques should require two signatures, and both signing officers must satisfy themselves that the payment is in order.

#### **Considerations**

Ensuring careful reviews of all disbursements is a powerful tool to make certain that expenses are well controlled. That is why in many owner-operated businesses, the owner will want to sign all cheques. And in any business, the Finance Director or General Manager [or insert appropriate title] who wants to really understand the business may well want to sign every cheque. When employees are aware that every cheque is reviewed and signed by “the boss,” there is a powerful deterrent effect against incurring expenses that might be questioned.

More and more businesses are dispensing with the need to have pre-printed cheques by generating cheques “on the fly” with special software. The software creates all of the printed information on the cheque, including the magnetic “MICR” numbers at the bottom, so that only blank security stock needs to be kept. This system requires special toner cartridges in the laser printer that contains toner that generates magnetic ink. In addition to not requiring stocks of different cheques for different accounts, the benefits included improved security since blank cheques do not exist. The attached Statement of Policy and Procedure should be modified accordingly if this process is used.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 5.04</b>
Section:	Banking and Treasury	Issued:	
Subject:	<b>CHEQUE ISSUANCE</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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Issued by:		Dated:	

## **5.04 Cheque Issuance**

### **1 POLICY**

1.01 Cheques may only be issued when properly authorized and supported by documentation.

### **2 PURPOSE**

2.01 This Statement of Policy and Procedure specifies the principles to be followed when issuing cheques.

### **3 SCOPE**

3.01 This Statement of Policy and Procedure applies to the Finance Department and to signing officers.

### **4 RESPONSIBILITY**

4.01 The Finance Department is responsible for maintaining controls over the issuance of cheques.

4.02 Signing officers are responsible to ensure that payments are only made for items that are properly authorized.

### **5 DEFINITIONS**

5.01 "Payee" means the person or company to whom a cheque is payable.

5.02 "Voided Cheque" means a cheque that has been classified by the company as unusable.

### **6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE**

SPP FN 2.01 – Expense Authorization

SPP FN 2.10 – Payment for Purchased Goods and Services

SPP FN 9.05 – Approval Procedures

### **7 PROCEDURES**

#### **7.01 Blank Stock**

- (a) Blank cheque stock shall be prenumbered.
- (b) Blank cheque stock must be kept in a secure location.
- (c) Issuance of blank cheque stock shall be recorded in a logbook that will indicate:
  - (i) The date that cheque stock is removed

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 5.04</b>
Section:	Banking and Treasury	Issued:	
Subject:	<b>CHEQUE ISSUANCE</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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Issued by:		Dated:	

- (ii) Preprinted serial numbers of cheques removed
- (iii) Serial numbers of voided cheques
- (d) Voided cheques must be retained and the word "VOID" handwritten or stamped across them.

#### 7.02 **Cheque Authorization**

- (a) All cheques shall be authorized by a Cheque Requisition Form, or by a complete voucher package.
- (b) The completed Cheque Requisition Form must be approved as required by the Authorization policy. (See **SPP FN 2.01 — Authorization**).
- (c) The complete voucher package shall consist of an invoice, and, if applicable, a receiving report and/or purchase order. Evidence of approval in accordance with the Authorization policy must appear on the front of the voucher package.

#### 7.03 **Prohibited Payees**

- (a) Cheques may not be issued "in blank," that is, where the name of the payee is not shown.
- (b) Cheques may not be issued where the payee is "bearer" or "cash."

#### 7.04 **Cheque Signing Authorities**

- (a) All cheques require two authorized signatures.
- (b) Cheques for amounts greater than \$XXXXX must be signed by the Library Director.
- (c) The following Officers are authorized to sign cheques: Library Director, Administrative Assistant.
- (d) The first cheque signer must review supporting documentation and satisfy himself/herself that it is reasonable, complete and that the payment has been properly authorized.
- (e) The second cheque signer must satisfy himself/herself that appropriate procedures have been followed and that the cheque appears reasonable.

#### 7.05 **Cheque Copies**

- (a) The original cheque will be mailed to the payee.
- (b) A copy of the cheque will be attached to the voucher package.
- (c) A second copy of the cheque will be kept in a sequentially numbered cheque file.

<b>STATEMENT of POLICY and PROCEDURE</b>			
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Subject:	<b>CHEQUE ISSUANCE</b>	Effective:	
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Issued by:		Dated:	

#### 7.06 Disbursement of Cheques

- (a) After signing, the cheque shall be separated from the voucher package and sent directly to the payee.
- (b) Cheques may not be returned to the Finance Department for distribution.

## **5.05 Investing Excess Funds - Overview**

### **Investing Excess Funds**

#### **The Need**

When there is excess cash on hand, it should be invested to generate the highest possible return within two strict constraints: very low risk of loss, and subject to being convertible back into cash when the funds are required.

#### **Considerations**

When there is surplus cash available, the tendency may be to leave it idle in the bank account, or to purchase guaranteed investment certificates or similar instruments offered by the bank. However, if the funds available exceed nominal amounts, it is not difficult to take advantage of the wide range of relatively risk-free investments available. These include bankers' acceptances (issued by a corporation and guaranteed by a bank), treasury bills (issued by a government), and commercial paper (issued by a corporation). For longer terms, various types of bonds and debentures are available. For all such investments, account must be taken of various risk factors including market risk, credit risk, and liquidity risk.

However, the focus should be on keeping the investment transaction simple. In recent years, many companies found that they had entered into complex transactions that did not achieve the results that they intended or expected. It is important that the Library System Board explicitly approve the investment policy as well as all activity involving financial instruments or derivatives. The Board should not approve anything without both understanding the risks and satisfying themselves that adequate management processes and controls are in place to measure and monitor any risks involved. For investing idle funds, only simple, relatively risk-free, investments are acceptable.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 5.05</b>
Section:	Banking and Treasury	Issued:	
Subject:	<b>INVESTING EXCESS FUNDS</b>	Effective:	
Issue to:	All Manual Holders	Page:	
		Replaces:	
Issued by:		Dated:	

## **5.05 Investing Excess Funds**

### **1 POLICY**

1.01 Excess funds shall be invested in liquid investments with very low levels of risk.

### **2 PURPOSE**

2.01 The purpose of this Statement of Policy and Procedure is to specify what investments are permitted for funds that are not required for current operations.

### **3 SCOPE**

3.01 This Statement of Policy and Procedure applies to the Finance Department.

### **4 RESPONSIBILITY**

4.01 The Finance Manager [or insert appropriate title] is responsible for investing excess funds.

### **5 DEFINITIONS**

5.01 “**Risk**” means a measure of the possibility of gain or loss. It consists of credit risk, foreign exchange risk, interest rate risk and liquidity risk.

5.02 “**Credit Risk**” means the risk that a debtor will not repay an obligation when due.

5.03 “**Foreign Exchange Risk**” means the risk due to fluctuations in foreign exchange rates.

5.04 “**Interest Rate Risk**” means the risk that a fixed rate investment will change in value due to a change in interest rates.

5.05 “**Liquidity Risk**” means the risk of being unable to buy or sell an investment quickly or at a price close to its market value.

### **6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE**

SPP FN 9.05 – Approval Procedures

### **7 PROCEDURES**

#### **7.01 Identification of Excess Funds**

(a) The Finance Department shall identify the level of surplus funds not required for day-to-day operations by:

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 5.05</b>
Section:	Banking and Treasury	Issued:	
Subject:	<b>INVESTING EXCESS FUNDS</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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- (i) Reviewing historical cash levels
- (ii) Updating the cash flow forecast monthly
- (iii) Taking account of any other appropriate factors

## 7.02 Investing Excess Funds

- (a) The organization shall maintain an investment account with [**investment dealer or bank**].
- (b) The account must be authorized by a resolution of the Library System Board.
- (c) The Administrative Assistant is authorized to transfer excess funds to or from the investment account.
- (d) Investments shall only be made in low risk securities. Investments may be made in the securities listed in (e) below, provided that they carry low levels of credit risk, foreign exchange risk, interest rate risk and liquidity risk.
- (e) Investments may be made in the following securities:
  - (i) Obligations of the Government of Canada or guaranteed by the Government of Canada.
  - (ii) Obligations of a Province of Canada, or guaranteed by a Province of Canada.
  - (iii) Guaranteed Investment Certificates or term deposits.
  - (iv) The term of the investment shall be selected based on:
    - (a) The date when the excess funds will be required to be disbursed.
    - (b) The interest rates available for shorter periods versus longer periods.
- (f) An investment report shall be prepared quarterly, reviewed by the Administrative Assistant and initialed as evidence of the review. The report shall indicate:
  - (i) Investments held at the end of the quarter, cost, accrued interest and market value.
  - (ii) Interest income and any other income earned for the quarter and year-to-date.
  - (iii) Calculation of effective yield and a comment on performance.
- (g) The company shall not enter into any investments or financial instruments other than those set out in this policy without prior approval by the Library System Board.



## **5.07 Loans and Borrowing - Overview**

### **Loans and Borrowing**

#### **The Need**

Principles of good corporate governance require that all loans and borrowings be approved by the Library System Board.

#### **Considerations**

The Library System Board must approve all transactions that are not part of normal business operations. Loans and borrowings fall into this category, as would any other type of financing activity.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 5.07</b>
Section:	Banking and Treasury	Issued:	
Subject:	<b>LOANS AND BORROWING</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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## **5.07 Loans and Borrowing**

### **1 POLICY**

1.01 All loans and borrowing of any nature must be authorized by the Library System Board.

### **2 PURPOSE**

2.01 The purpose of this Statement of Policy and Procedure is to specify approval that is required for loan and borrowing transactions.

### **3 SCOPE**

3.01 This Statement of Policy and Procedure applies to the Library Director.

### **4 RESPONSIBILITY**

4.01 The Library Director is responsible for ensuring loans and borrowing are entered into and administered in accordance with authorized policies.

### **5 DEFINITIONS**

5.01 “**Line of Credit**” means an arrangement whereby a bank extends an unsecured loan that is drawn down as it is required by the borrower.

### **6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE**

SPP FN 9.05 – Approval Procedures

### **7 PROCEDURES**

#### **7.01 Line of Credit**

- (a) The library maintains an operating line of credit with [YYYY] bank.
- (b) Any balance in the Canadian dollar operating account reduces the amount drawn under the Line of Credit daily, and any overdraft in the Canadian dollar operating account daily shall be funded by a transfer from the Line of Credit.

#### **7.02 Loans**

- (a) All loans and borrowing of any nature, other than routine use of the Line of Credit, must be authorized by the Library System Board.
- (b) The Line of Credit limit, as negotiated and agreed to by the library’s bank must be authorized by the Library System Board.

## **6.04 Fixed Asset Inventory - Overview**

### **Fixed Asset Inventory**

#### **The Need**

Inventory checks serve to ensure that fixed assets can be accounted for, and that financial records accurately portray the fixed assets on hand.

#### **Considerations**

Discrepancies may arise between fixed asset records and the actual fixed assets. From time to time, usually annually, it is necessary to reconcile the fixed assets records with a physical count. This will detect theft or other shrinkage of fixed assets, so that appropriate action can be taken.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 6.04</b>
Section:	Fixed Assets	Issued:	
Subject:	<b>FIXED ASSETS INVENTORY</b>	Effective:	
Issue to:	All Manual Holders	Page:	
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## **6.04 Fixed Assets Inventory**

### **1 POLICY**

1.01 Fixed assets shall be inventoried and reconciled to records once per annum.

### **2 PURPOSE**

2.01 This Statement of Policy and Procedure establishes standards for maintenance and reconciliation of fixed asset records.

### **3 SCOPE**

3.01 This Statement of Policy and Procedure applies to all departments.

### **4 RESPONSIBILITY**

4.01 The [Title] is responsible for initiating regular counts of fixed asset on hand.

4.02 The [Title] is responsible for investigating any unexplained shortages identified in the fixed asset inventory reconciliation.

### **5 DEFINITIONS**

5.01 "**Tag Number**" means the number printed on the tag attached to the fixed asset when it is acquired by the company. The asset is tracked in company asset records by its tag number.

### **6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE**

None

### **7 PROCEDURES**

#### **7.01 Annual Fixed Asset Inventory**

- (a) Annually, a physical inventory or count of fixed assets shall be made and reconciled to the fixed asset records. It is the responsibility of the Finance Department to initiate the physical inventory process.
- (b) Differences between the physical inventory and the asset records shall be thoroughly investigated and records updated as to locations, departments and tag numbers as appropriate.
- (c) If the difference is a shortage that cannot be substantially explained through the reconciliation process, the Board should be informed and physical security processes reviewed for possible breaches of security.
- (d) Any write-offs required as a result of these investigations must be authorized by the Board.

## **7.02 Management and Financial Reporting - Overview**

### **Management and Financial Reporting**

#### **The Need**

Prompt reporting of financial results is important so that timely follow-up may be carried out when necessary. Internal financial statements should be prepared monthly, within nine business days after each month end.

#### **Considerations**

Internal financial statements and management accounting may be prepared following generally accepted accounting principles (GAAP), or whatever principles provide reporting that is most useful to the users of the statements.

General-purpose financial statements intended for use by outsiders, such as bankers or investors, should follow GAAP.

Internal reporting refers to the entire system of reporting and control within the enterprise. The emphasis is on useful information, rather than complying with GAAP. (For example, for budgetary purposes, it may not be useful to treat fixed and semi-fixed costs as part of cost of sales. While GAAP may require including rent, depreciation, or other costs in cost of sales, this may not be helpful for controlling and monitoring the business.) However, it should be noted that reconciliation to the GAAP-based financials is necessary periodically to prove the accuracy of such management reports.

The monthly, quarterly and annual financial reporting cycle should generate financial reports as quickly as is practicable. It can be useful to review the reasons for any delays from time to time, and to try to reduce, over time, the time required to prepare financial reports.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 7.02</b>
Section:	Budgets, Reports and Controls	Issued:	
Subject:	<b>MANAGEMENT AND FINANCIAL REPORTING</b>	Effective:	
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Issued by:		Dated:	

## **7.02 Management and Financial Reporting**

### **1 POLICY**

- 1.01 The Finance Department will prepare monthly financial statements within nine business days after the month end, and other supporting schedules within 10 business days after the month end.
- 1.02 The Finance Department will prepare annual financial statements (subject to audit or year-end adjustments) within 15 business days after the year-end.

### **2 PURPOSE**

- 2.01 The purpose of this Statement of Policy and Procedure is to set out the primary financial reports and supporting information that are prepared by the Finance Department.

### **3 SCOPE**

- 3.01 This Statement of Policy and Procedure applies to the Finance Department.

### **4 RESPONSIBILITY**

- 4.01 The Finance Department is responsible for preparing monthly financial statements and supporting schedules.

### **5 DEFINITIONS**

None.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 7.02</b>
Section:	Budgets, Reports and Controls	Issued:	
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## **6 PROCEDURES**

### **6.01 Monthly Financial Reports**

- (a) Every month, the Finance Manager [or insert appropriate title] or designate will review the financial statements and investigate material variances from budget.
- (b) Every month, the Finance Department shall produce the following formal financial reports for Senior Management within nine business days from the end of the month:
  - (i) Income Statement for the month, and year-to-date, with comparison to budget
  - (ii) Balance Sheet
  - (iii) Statement of Cash Flows, with comparison to budget
  - (iv) An explanation of the financial results and major variances

### **6.02 Monthly Management Reports**

- (a) Every month, the Finance Department shall produce the following management reports within 10 business days from the end of the month:
  - (i) Accounts Receivable Aging Report
  - (ii) Summary Sales Commissions Report
  - (iii) Manager's [or insert appropriate title] Suspense Report
  - (iv) Sales Analysis Report
  - (v) Aging of Accounts Payables Report
  - (vi) Comparison to Budget and Prior Year by Department
- (b) The reports listed in paragraph (a) will also be provided by the Finance Department upon request, in addition to being provided monthly.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 7.02</b>
Section:	Budgets, Reports and Controls	Issued:	
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### 6.03 Annual Financial Reports

- (a) Annually, the Finance Department shall produce the following formal financial reports for Senior Management within 15 business days from the end of the year:
- (i) Income Statement
  - (ii) Balance Sheet
  - (iii) Statement of Cash Flows
  - (iv) Statement of Retained Earnings
- (b) The annual financial reports shall be marked "Draft," and are subject to year-end audit or review. They are not final until approved formally by the Chair and the Library System Board.

### 6.04 Annual Management Reports

- (a) Annually, the Finance Department shall produce the following management reports within 20 business days of the end of the year:
- (i) Reconciliation of Sales Records to Customer Orders
  - (ii) Analysis of Warranty Costs
  - (iii) Analysis of Bad Debt Write-offs
  - (iv) Analysis of Changes in Provisions
  - (v) Reconciliation of Physical Inventory to Inventory Records
  - (vi) Inventory Wastage Report
  - (vii) Reconciliation of Physical Inventory of Capital Assets to Asset Records
- (b) Annually, the Finance Department shall produce the following management reports within 30 business days of the end of the year:
- (i) Summary of Products Returned to Manufacturing
  - (ii) Supplier Analysis Report
  - (iii) Overtime Analysis Report
  - (iv) Contract Hours Analysis Report

## 9.05 Approval Procedures - Overview

### Approval Procedures

#### The Need

Internal controls ensure that transactions are authorized and make it difficult for an employee to make a mistake or be tempted to defraud the organization by specifying that all transactions flow through at least two pairs of hands before they are activated. Written approval procedures and authorization levels are an important type of financial control.

#### Considerations

In designing authorization levels, Operating Managers [or insert appropriate title] should have the authority to approve transactions that are part of normal business operations. That is, day-to-day business activity should not be unduly hampered by unwieldy procedures. However, very large transactions can have a significant impact on business operations and should be subjected to additional scrutiny by a higher level of approval.

Transactions not in the normal course of business should be reviewed and approved by the Library System Board.

Having clearly established approval procedures and escalating unusual transactions to higher levels within the organization are essential elements of the control system.

<b>STATEMENT of POLICY and PROCEDURE</b>			
Manual:	Finance and Accounting	SPP No.	<b>FN 9.05</b>
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		Replaces:	
Issued by:		Dated:	

## **9.05 Approval Procedures**

### **1 POLICY**

- 1.01 All transactions and decisions must be properly approved by a level of authorization commensurate with its nature and size.
- 1.02 Decisions that materially affect the direction or finances of the company are subject to authorization and approval by the Library System Board.

### **2 PURPOSE**

- 2.01 The purpose of this Statement of Policy and Procedure is to specify which parties must give approval for significant decisions.

### **3 SCOPE**

- 3.01 This policy applies to the Library System Board, officers and senior management, and all employees of the organization.

### **4 RESPONSIBILITY**

- 4.01 All employees are responsible for ensuring that the necessary approvals have been obtained before a major commitment is made on behalf of the organization.

### **5 DEFINITIONS**

- 5.01 "Materially" means in a significant way.

### **6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE**

- SPP FN 2.01— Expense Authorization  
SPP FN 5.04— Cheque Issuance

### **7 PROCEDURES**

#### **7.01 Authorization Levels**

- (a) Authorization for any activity, unless specified otherwise in another policy, shall be as follows:
- (i) Any agreement that may materially affect the direction or the finances of the company shall be reviewed and authorized by the Library System Board. This includes, but is not restricted to:
- (a) Acquisitions, or the purchase of a business
  - (b) Divestitures, or the sale of part of the business
  - (c) Any contract out of the ordinary course of business

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- (d) Any contract extending beyond 2 years (other than operating leases)
- (e) Any contract with a gross value greater than \$[XXXXX].
- (b) Any agreement with a gross value greater than \$[XXXXX], or a term greater than 1 year shall be reviewed and authorized by the [Library Director].
- (c) Any agreement with a gross value greater than \$[XXXX], or a term greater than six months shall be reviewed and authorized by the Department Head [or insert appropriate title]
- (d) Any agreement with a gross value less than \$[XXXX] shall be reviewed and authorized by a Manager [or insert appropriate title]

#### 7.02 Means of Authorization

- (a) The signature of the authorizing individual, or in the case of the Library System Board, a resolution or minutes attesting to the matter, signed by the secretary of the Board, provides authorization.
- (b) Signatures may not be mechanical reproductions or from rubber stamps.
- (c) Electronic signatures/approvals can be used; however, the control over the signature is usually by user password built into the software.

## **VIII. ACKNOWLEDGEMENTS**

The writer wishes to acknowledge the following sources of information used in the compilation of this document.

1. Provincial Auditor – Saskatchewan
2. Regina Public Library – Purchasing Policy

# CHECKLIST ON GOVERNANCE AND CONTROLS

## I Governance Control

Adequate Yes/No

### A) Governance framework (Board Responsibilities and Structure), including policies

Consider:

- The board has set out its duties and responsibilities.
- Board responsibilities are consistent with those set out in the Act and regulations.
- The board knows the scope of its authorities and responsibilities.
- The board knows when it acts as an advisor to the Minister (CIC or Treasury Board) or Cabinet or when it can make decisions.
- The board established the basis for its relationships with senior executive manager, and it understands the relative responsibilities of the board and senior executive manager.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

#### A. 1) Board Policies

Consider:

- Policies have been established and approved by the board that:
  - provide for delegation of authority to the senior executive manager related to resource use.
  - establish reasonable limits on the senior executive manager’s authority related to risk standards.
  - establish risk management standards.
- Policies related to financial activities and risks with financial impact.
- Policies are an integral part of the activities of the organization.
- Limits on acceptable risks and risks to be avoided are clearly stated in policies.
- A policy specifies that management’s forthcoming year’s operational/financial plan is scrutinized and approved by the board prior to the current year end.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

### B) Assessing the board’s effectiveness

Consider:

- The board periodically assesses its own effectiveness including its structure and its responsibilities.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**C) Approving and monitoring mission, vision and strategy**

Consider:

- The Board reviews the assumptions underlying the strategy to determine they are valid.
- The board is aware of the significant risks and opportunities related to the organization's objectives (written assessments)
- The board sets acceptable levels for the organization's risks.
- The board monitors the implementation of the approved strategy.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**D) Approving and monitoring the entity's ethical values**

Consider:

- The board has approved a code of conduct including such issues as integrity and ethics, conflicts of interest, illegal or improper payments.
- The board monitors compliance with the code of conduct.
- The code of conduct policy applies to the board, management, staff and external service providers.
- The board's actions and its approval of management's actions are consistent with the code of conduct.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**E) Monitoring management control**

Consider:

- The board has approved the executive management structure.
- Management's reports to the board on management control are adequate, e.g., includes a description of significant risks accepted, descriptions of significant breakdowns in control and plan to address them.
- Internal audit reports directly to the board or its audit committee.
- The board has set out its expectations for internal/external auditors to report on control.
- The board has a process to follow-up control concerns as a result of monitoring by management or audit.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**F) Monitoring the entity's performance**

Consider:

- The board receives timely information relating to objectives and risks.

- Actual performance is compared to performance targets (per plan) and performance standards (policy).

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**G) Evaluating senior management**

Consider:

- The board established and clearly documented a) the CEO’s responsibilities; and b) the CEO’s authorities (per policies) for financial activities and risks.
- The board reviews the CEO’s and senior management’s performance annually, against agreed objectives (including achievement of the organization’s financial and non-financial objectives). The board indicated whether or not the CEO met its expectations.
- The board meets in camera with the external auditor to discuss senior management’s performance.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**H) Overseeing external communications**

Consider:

- The board approves the required communications (e.g., annual report, financial statements).
- The board is aware of required communications with significant stakeholders, (e.g., the Minister, CIC, and Treasury Board).
- The board communicates to primary stakeholders its assessment of the effectiveness of control processes.
- The board has a clear understanding of the information and assurances provided by the external auditors.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

## II Management Control

<b>Adequate Yes/No</b>

### A) Strategic business planning/risk management

Consider:

- There is a strategic planning process.
- The strategic planning process includes risk identification, risk assessment (including prioritization) and risk management strategy design.
- There is a strategic plan and the plan addresses relevant activities.
- The strategic plan reflects significant risks.
- Risks identified by the organization are consistent with our knowledge of the entity (if not, re-consider whether process is effective).
- The strategic plan is an integral part of the activities of the organization.
- Risk management includes processes to measure and report risk.
- Management monitors external and internal risks and control.
- Management reports periodically to the board on the effectiveness of control to management risks.
- The context for risk management (and risk acceptance) is established based on organizational objectives, values and capacity.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

### B) Operational processes (management processes including financial reporting – approved by CEO, or Executive Managers)

Consider:

- There are standard processes that relate to financial activities a risk with financial impact.
- Components of the operational/financial plan are consistent with board policies and standard processes with regard to authorities.
- There are standard processes relating to financial transaction authorities and risk authorities.
- The standard financial reporting processes are appropriate compared to GAAP.
- Standard processes are approved at an appropriate management level.
- Standard processes are an integral part of the activities of the organization.
- The organization maintains responsibility and control (by contract and verification procedures) of financial management and risk management functions performed by service agencies.
- Incompatible financial functions are segregated e.g., transaction authorization and asset custody are segregated from accounting.
- Management ensures that employees have the necessary tools/resources, including timely, accurate information to carry out their responsibilities (e.g., complete interim cash forecasts, laptops).
- There are adequate physical safeguards for assets.

**Operational/Financial Plan**

Consider:

- The operational/financial plan is congruent with respect to responsibility, competency, authority and accountability.
- The operational/financial plan is linked to the strategic plan.
- The operational/financial plan is prepared in accordance with legislative requirements or other authorities (e.g. TB guidelines).
- The operational/financial plan (including the capital budget) is reviewed and challenged by senior management prior to senior management seeking board approval.
- The operational/financial plan is an integral part of the activities of the organization.
- The financial plan is prepared on a basis that makes it an effective mechanism to monitor the reliability of information.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**C) Human Resources Processes – will address matters such as performance evaluation, promotion, compensation, remedial action, training, termination, recruitment, career development, health and safety, equity, harassment and discrimination.**

Consider:

- There are policies that address the aspects noted above.
- Policies and practices are an integral part of the activities of the organization.
- HR policies and practices are consistent with the code of conduct.
- Management specifies the competence levels for key positions (e.g. job description) (Not: for Departments PSC may be involved).
- Critical financial management and risk management responsibilities are:
  - i. documented in position profiles.
  - ii. assigned to qualified staff.
- Management monitors management, staff, and external service provider(s) compliance with the board approved code of conduct?

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**D) Monitoring (this element is a sub-element of each of the other elements and has a pervasive control effect)**

Consider:

- All relevant activities and risks are monitored.
- The information relates to performance indicators identified in the strategic plan and policies.
- The information had been given appropriate consideration by executive management.
- Management assesses financial information to determine that it is reliable prior to using this information to monitor performance.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**E) Internal Audit**

Consider:

- There is an internal audit process (is one needed?).
- The nature and scope (depth and breadth) of internal audit activities (Audit Mandate) are appropriate to the organization.
- Reports are consistent with the audit mandate.
- Internal audit assesses and reports on the effectiveness of the control of risk (risk mitigation) including the reliability of reports relating to risks.
- The internal audit function includes activities that ensures the reliability of financial reports or the effectiveness of system control elements.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**F) Information systems**

Consider (and refer to IT Audit Planning and Control Questionnaire):

- There are adequate processes to plan and manage IT systems.
- There are adequate processes to develop, acquire, or change IT systems.
- There are adequate processes to operate and support IT systems.
- There are adequate security and privacy processes.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**G) Communication processes – this element is a sub-element of each of the other elements but can also exist in separate processes.**

Consider:

- Communication processes are an integral part of the organization’s activities.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**H) Organization Culture**

Consider:

- The code of conduct is consistent with the values in the strategic plan.
- The organization has established and communicated its values and those values are appropriate.
- The culture of the organization or operating unit is congruent with the organization’s values.

- Senior management conduct is consistent with the communicated values.
- Senior management's style demonstrates that a constructive organization culture is important to the success of the organization.
- The organization's culture is consistently reflected in or integrated into certain aspects of other control elements, e.g.:
  - human resource policies and practices.
  - code of conduct or ethics statement or strategy.
  - organization structure, particularly leadership attributes.
  - risk appetite as a component of risk management strategy.
  - communications plans and methods.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

### III Systems Control

Adequate Yes/No

**A) Systems that collect, record, and process data and report the resulting information**

**A.1) The methods and records established to identify, assemble, and analyze transactions and to maintain accountability for the related assets and liabilities.**

Consider:

- Chart of accounts controlled by management and distributed to staff.
- Board members/senior managers authorize system changes/system development.
- Budgets and prior year figures are based on current year accounting policies and account classifications.
- Written policies and procedures document the financial reporting process.
- Variances are effectively analyzed.
- Variances are reviewed, challenged and approved by appropriate management officials.
- Management approves and implements corrective action on a timely basis.
- Written variance policies and procedures set out:

**Identification**

- what comparisons to make;
- what size of variance requires explanation;
- what accounts or group of accounts need special attention;
- what activity measures to use and how to use them;

**Timeliness**

- the time frame for performing and reporting the results of the variance analysis;

**Explanations**

- who is responsible for doing variance analysis;
- who is to review, challenge and approve the variance analysis;
- the nature and amount of evidence required to support explanations (e.g. relating dollars to measures of activities, prices, quantities, etc.

**Reporting Results**

- who in the chain of command should receive the results of the variance analysis

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**B) Systems controls that enhance the reliability of data and information**

**B.1) Authorization of transactions and activities, including compliance with legislative authorities.**

Consider:

- Chart of accounts controlled by management and distributed to staff.
- Documented accounting policies and procedures; staff knowledgeable/trained in their use.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**B.2) Segregation of duties includes assigning to different people the responsibilities of authorizing transactions, recording transactions, monitoring and maintaining custody of assets.**

Consider:

- Duties are segregated.
- An appropriate delegation of authorities' policy is used.
- Board members/senior managers authorize system changes/system development.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**B.3) Design and use of adequate documents and records including consideration of retention and recovery.**

Consider:

- There is a documented and tested disaster recovery plan.
- Financial reports contain the information necessary to control operating and capital activities. Consider:
  - the reports are accurately and consistently prepared using approved and appropriate accounting policies;
  - the reports contain the level of detail needed by each level of management;
  - the reports contain actual period and year-to-date revenues and expenses;
  - the reports contain approved budget information for the period (based on level of activity);
  - the reports contain accurate prior year figures;
  - the reports compare actual results for the period to budgeted results for the period;
  - the reports contain revenue and expenditure forecasts to the year end and they are compared to the budget;
  - the reports highlight and explain significant variances;
  - the reports contain cash flow information;
  - each level of management reviews and approves the reports for their areas of responsibility;
  - the reports are reviewed and approved by the chief financial and executive officers and the Board.
- A financial reporting schedule (with assigned responsibilities) is used to ensure financial reports are available shortly after month-end.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**B.4) Safeguards over access to and use of assts and records. These include secured facilities and authorized access to computer programs and data files. The security of assts for this purpose relates to assts accessed through systems.**

Consider:

- There are adequate general controls (see II F).
- Changes to financial systems are adequately controlled.
- Logical access to financial records is restricted through passwords & software security packages.
- Critical manual records/documents are stored in fire proof cabinets/safes.
- There are maintenance/support contracts for financial systems.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N

**B.5) Independent checks on performance and proper valuation of recorded amounts. These include clerical checks, reconciliations, comparison of assets with the accountability records, computer-programmed controls, review of reports that summarize the details of account balances, and review of computer-generated reports**

Consider:

- Edits, control totals, and passwords used to ensure GL postings are accurate, complete, and authorized.
- General ledger trial balanced monthly.
- Sub-ledgers reconciled monthly to GL control accounts; reconciliations and adjustments reviewed and approved by management.
- Fixed assets/inventory counted annually and agreed to sub-ledgers.
- Journal entries are controlled by management:
  - prenumbered and sequence monitored;
  - restricted access to journal entry function; and
  - JEs are checked and approved prior to entry.
- Suspense accounts reviewed and cleared monthly.
- Accounting errors and control weaknesses are promptly fixed.

Key controls/Procedures	Extent/Reference to control description and testing	Initial	Conclusion – adequate Y/N