

BML Cash Management Policy

Approved
06-27-17

Account Structure

- (1) Main Checking (Citizens) ... Used for checks and pre-arranged draws (Paychek, Hanover, Vanguard, etc.) ... Town quarterly check received and deposited during first week of quarter, to optimize cash balance.
- (2) Librarian Checking (Citizens) ... Used for debit transactions by Director ... Not for checks ... As necessary for ATMs (rare) ... Account balance limited to 2,500 (cannot be overdrawn) ... Topped up as necessary from Main Checking ... Can be thought of as subset of Main Checking.
- (3) Investment/Endowment Account (Merrill Lynch) ... Used for investment growth ... Bank to bank transfer to top up Main Checking made generally once each quarter, towards end, to optimize investment balance ... But transfers made as needed.

Bills Paid by Check (Main Checking)

- (1) Committee Bill: Approved by chair of committee ⇒ Authorized by Director ⇒ Check prepared by Financial Coordinator (via QB) ⇒ Check signed by Director (up to 2,500) OR Check signed by Comptroller (above 2,500).
- (2) Library Bill: Approved by Director ⇒ Check prepared by Financial Coordinator (via QB) ⇒ Check signed by Director (up to 2,500) OR Check signed by Comptroller (above 2,500).

Bills Paid by Pre-Arranged Draw (Main Checking)

- (3) Non-Payroll (Periodic): Authorized conceptually in advance at start of FY by Director (up to 250 per debit) OR Authorized conceptually in advance at start of FY by Comptroller (above 250 per debit).
- (4) Payroll (Bi-weekly by Paychek): Authorized in advance by Director after review of hourly records (up to 15,000) OR Authorized in advance by Comptroller (above 15,000).

Checks and Balances (Internal Control)

Expenses managed by a committee must be approved by that committee's chair before being passed to the Director for subsequent authorization and payment.

In principle, all disbursements must pass through the Director ... to authorize the payment of a bill and initiate the preparation of a check (Main Checking) ... to permit a pre-arranged draw (Main Checking) ... or to make a debit transaction (Librarian Checking).

In principle, the Financial Coordinator (Robbie) should prepare all checks (Main Checking) ... and all checks should be prepared using QB ... however, in exceptional circumstances any signatory on Main Checking (see below) can sign a manual check, up to their authorization limit.

Non-Payroll pre-arranged periodic draws require re-certification annually regarding amounts and process.

The Director is limited in authorization to 2,500 (non-payroll) ... a check in Main Checking ... or a debit transaction in Librarian Checking.

The Comptroller should sign large dollar amount checks (above 2,500) and authorize unusually large Paychek payrolls (above 15,000). If the Comptroller is not available to do this in a timely manner, backup authorities, either Treasurer or President, should be used (see below).

Per Bylaws, the Finance Committee ... **shall ensure that there is an adequate accounting system and management reporting process in place so that the financial condition of the Corporation can be reported to the Board of Trustees on a quarterly basis by the Committee, either by its chair or its designee** ... this requirement, by its nature of reporting against Op Plan, ensures that unusual financial activity is brought to the Board's attention in a timely manner.

Per Bylaws, the Comptroller ... **shall act as administrator of the checking accounts and ensure that their balances are adequate to pay bills, through check, pre-arranged draw, or debit, in a timely manner** ... this requirement reinforces the cash management necessary within the 3 account structure (above).

Authorities/Signatories

- Main Checking (Citizens) authorities (signatories) starting in 2018 FY should be the Director and the Comptroller... with backup authority (signatory) being the Treasurer ... and ultimate failsafe authority (signatory) being the President.
- Librarian Checking (Citizens) authorities (signatories) starting in 2018 FY should be the Director and the Comptroller.

- Merrill Lynch authority starting in 2018 FY should be the Comptroller ... with backup authority being the Treasurer ... and the ultimate failsafe authority being the President.

Compliance

Written confirmation of understanding and compliance required annually by the principals ... Director, Financial Coordinator, Comptroller, Treasurer and President.

Summary

Making the above changes will result, in principle, in a single cash account (Citizens) and a single investment/endowment account (Merrill Lynch) ... simplifying overall BML cash management.

In addition, the procedures should provide strong internal control, with sound Board oversight.