

## **Fraud Prevention Policy**

(Adopted April 2015; revised June 2017)

All cash disbursement procedures are documented for the purposes of the annual audit. The auditor analyzes typical transactions on a yearly basis, to ensure that procedures as described are being followed. Key internal controls within the Stickney-Forest View Public Library District Accounts Payable process include:

- Payments are supported by original invoices or copies of contracts for programs. The Library will not process payments from vendor monthly statements summarizing multiple charges. The exceptions are credit card accounts, which are supported by credit card authorization forms and supporting invoices. The Library has a credit card account with Standard Bank and Trust Co. (MasterCard). Cards are issued to the Library Board President and the Library Director. A daily spending limit of \$600.00 is imposed.
- For payments by check, the Library uses Quick Books accounting software. The Library's Business Manager processes payments, prepares checks and reconciles accounts. Each payment processed by check must be approved by Library Director. Certified accounting consultants review journal entries and account reconciliations at each month's end. Department Heads have the responsibility to monitor their spending based on their assigned budget line(s), as well as the responsibility to provide all invoice and related documentation relating to their expenditures.
- All checks signed by the Library Director or any board member are done with complete documentation available for review. All expenditures check or otherwise are presented for Library Board approval at each Board meeting via detailed invoice warrants. Unusual vendors or significant amounts can be questioned, and the documentation for all of these transactions is available at the monthly Board meeting.
- Expenditures are monitored on a monthly basis in comparison to an annual budget by line item. Unusually large monthly expenses and any unfavorable variances can be questioned by the Board.
- The accountant of the Library and the Library's Business Manager, who processes most of the monthly transactions, are not authorized signers on any of the Library bank accounts.
- The accountant of the Library does not handle cash transactions. Those responsibilities are handled by the Library's Business Manager. The Business Manager records cash transactions, deposits cash and monitors petty cash. The Library Director oversees cash transactions, and the Library accountant reconciles cash transactions at month end. The person responsible for recording the cash transactions is not the same person making the cash transactions. The exception is in the maintaining of the fund balance of petty cash. Only the Library Director can sign a replenishment check for petty cash. All petty cash is then immediately relinquished to the Business Manager. Petty cash levels are maintained at \$250.00. Petty cash is distributed by the Business Manager or the Library Director only, and is

documented on carbon copy receipts and subsequently recorded in Quick Books. Petty Cash is locked in a safe in the administrative business office at all times. The key to the safe is kept in a secure, undisclosed location. The only staff with access to Petty Cash is the Business Manager, the Library Director and the Assistant Library Director in the Director's absence.

- All of the Library's levied revenues (property taxes) are directly deposited into the Library's IL Funds account.
- A system is in place through IL Funds to transfer money from the IL Funds money market account into the Library's operational checking account at Standard Bank and Trust Co. to cover bi-weekly payroll and accounts payable transactions. There is no option available to any employee transferring funds other than to transfer money into an account other than one of these library accounts. Fund transfers from Illinois Funds can only be performed by the Library Board Treasurer, the Library Director and the Business Manager. Only the Library Board Treasurer can withdraw funds from Illinois Funds.
- All Library bank accounts are reconciled by the accountant on a monthly basis. All reconciliations and supporting bank statements are reviewed and approved by the Library director.
- If fraud or related misconduct is reported, the Library Director will conduct an appropriate investigation and take all necessary action. Any investigation of alleged wrongdoing will be conducted in accordance with applicable laws and Library policies and procedure.

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