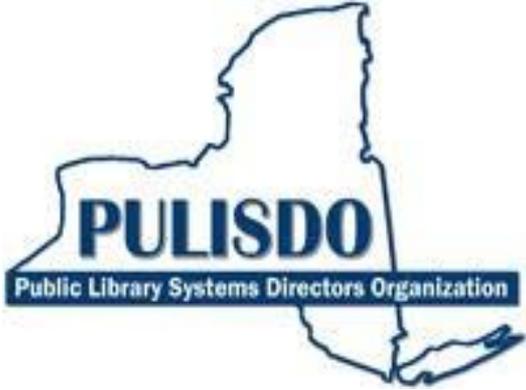


The Public Library Treasurer

Their Role and Legal Responsibilities

New
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The Treasurer's Role

Segregation of Duties

Association Libraries

FAQs

Resources



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The Treasurer's Role

The Treasurer's Role: Responsibilities

The Treasurer is responsible for oversight in the depositing and disbursing of library funds; maintaining appropriate records; and providing a monthly Treasurer's Report to the Board. Typical duties also include:

- Reconciliation of bank statements;
- Oversight of Library Investments;
- Signing checks after Board approval.

The Treasurer must be independent of the Library's accounting functions. They cannot have the ability to record receipts, disbursements or make journal entries into the financial system.

The Treasurer's Role: Who can Serve?

The office of Treasurer varies upon the library's legal structure. Most "public" libraries must appoint (hire) an independent Treasurer who is not a member of the Board.

Municipal libraries who control their own funds should appoint an independent Treasurer. When funds are controlled and invoices paid by the municipality, the Treasurer of that municipality serves in this capacity.

The Treasurer's Role: Who can Serve?

School District Public Libraries can utilize the services of the School District Treasurer if they choose not to appoint their own Treasurer. However, it is a “best practice” for the Library to appoint their own Treasurer.

Special District Libraries must generally appoint an independent Treasurer. (Refer to the enabling legislation to determine exceptional situations.)

The Treasurer's Role: Who can Serve?

Most libraries utilize the services of an individual with knowledge of accounting and bookkeeping practices who performs a similar function for other local districts (fire, school, water, etc.).

In most cases the duties require a few hours of work at the Library, one or two days a month.

The Treasurer's Role: Oath of Office

The Treasurer is considered an “Officer” of the Library and must be appointed by the Library Board.

New York State Public Officers Law Section 10 requires the Treasurer to take and file an Oath of Office prior to performing their official duties.

Best practice suggests the Treasurer be appointed at the Library's annual Reorganization meeting and take the oath at that time or soon thereafter.

The Treasurer: Board Responsibilities

Public library boards are required to provide fiscal oversight of the Library.

Though a “public” library trustee may not serve as Treasurer, it is still best practice to designate a board member as “Finance Officer” or such similar title, to thoroughly review all the library financial statements and expenditures prior to the Board meeting.

At every Board meeting all trustees should review the monthly financial reports and expenditures, including the warrants/vouchers. Remember, every member of the board has a fiduciary responsibility to the community.

Segregation of Duties

Segregation of Duties

“Segregation of incompatible duties is a commonly used and widely accepted internal control practice. Implemented effectively, this control reduces the risk that any employees will be able to carry out and conceal errors or fraud in the normal course of their duties without being detected. In general, there are three categories of duties or responsibilities that are examined when segregation of duties is discussed:

- Custody of assets
- Authorization or approval of transactions affecting those assets
- Recording or reporting of related transactions. “

Segregation of Duties - Small Libraries

“When it is neither practical nor cost-effective to segregate the basic responsibilities discussed above, compensating controls should be considered.

In these situations, a governing board member (or an internal auditor) should be designated to review accounting records, bank statements, check images and financial reports on a regular basis to ensure that fraud or significant errors are not occurring and remaining undetected.”

<http://osc.state.ny.us/localgov/pubs/lgmg/practiceinternalcontrols.pdf>

Association Libraries

Association Libraries

Association Libraries are not “public libraries” under the law and may appoint a trustee as Treasurer to oversee the receipt and disbursement of library funds, report to the board and otherwise fulfill the duties of Treasurer.

That said, in the eyes of the public, nearly all “Association” Libraries function as a public library and use taxpayers funds to support the library service program.

Association Libraries

Therefore, it is most advisable to follow the “best practice” of segregation of duties when it comes to the oversight of library funds.

A Trustee in this capacity should never have access to the internal accounting procedures of the Library; to order or approve expenditures; nor to access cash.

Frequently Asked Questions

FAQs...

Can the Board appoint an independent accounting firm or CPA?

According to the Office of the State Comptroller (OSC) the Library Board has the power to appoint the Treasurer, who serves as an officer of the library corporation. Recent audits have stated that the Treasurer must be an individual appointed by the Board who takes an Oath of Office. It appears therefore, in order to comply with current OSC opinions it would be necessary to appoint a specific member of the selected firm to serve in the capacity of Library Treasurer.

What should the Treasurer's Report contain?

The Treasurer's monthly Report to the Library Board should show the reconciliation of all bank statements and report actual revenues and expenditures compared to the Library budget. This summary report should not be confused with the detailed monthly line item financial report from the Library's business office.

FAQs...

The Treasurer prepares a monthly report on bank reconciliations and overall revenues and expenditures.

Can the Library staff prepare the detailed monthly budget report?

Yes. Under the direction of the Library Director the Library's business staff should prepare a monthly report on the revenues and expenditures on a line item (detailed) basis as compared with the Library's annual budget and year-to-date expenditures and encumbrances for Board review. This should reconcile with the independent Treasurer's summary report to the Board.

Can anyone else sign checks?

Yes. The Board may appoint an Assistant Treasurer. Please note: It is also common practice that two Board members are designated as check signers. Though we have found no specific guidance from OSC, this practice certainly complies with the principle of "segregation of incompatible duties", unless of course, the individual Trustees are the recipients of any such checks.

FAQs...

Who should open the bank statements?

The Library Treasurer must have access to the original bank statements in order to prepare the monthly Board report. This function may be delegated to staff or an independent accounting firm who do not have access to cash nor the ability to record receipts, disbursements or journal entries in the financial system (www.osc.state.ny.us/localgov/audits/libraries/2015/shelterrock.htm p.2). However, it is the Treasurer's responsibility to oversee this process and prepare the Board report.

Must the Treasurer attend Board meetings?

No, unless required to do so by the Board. However, a Treasurer's Report must be presented at the meeting and reviewed by the Board.

Is the treasurer a voting member of the board?

No.

Should the Treasurer be bonded?

Yes! As should other staff with the responsibility for handling public and private funds on behalf of the Library.

FAQs...

Must the Treasurer physically deposit, transfer and invest funds? Or may they “oversee” this function?

The Treasurer is “responsible” for such actions. Though they may not personally perform such transactions they must be aware and oversee the process. The principle of “*segregation of incompatible duties*” should always be considered in the handling of library assets.

We are a very small library with limited staff and resources. We simply cannot afford to hire the additional staff to fully meet these requirements. What should we do?

As custodians of public funds it is the library board’s responsibility to provide fiscal oversight of the Library. Every reasonable effort should be made to comply with the guidelines provided by OSC. Where full compliance is not practical the Board is advised to closely follow the accounting principles of “*segregation of incompatible duties*” as described in <http://osc.state.ny.us/localgov/pubs/lgmg/practiceinternalcontrols.pdf> for the handling and reporting of the Library’s assets. The advice of an independent Certified Public Accountant (CPA) should be sought to assist the Board in such a situation.

Resources

The Role of the Public Library Treasurer; *Handbook for Library Trustees of New York State*:
www.nysl.nysed.gov/libdev/trustees/handbook/pltreasurer.htm

Office of the New York State Comptroller. Local Government Links:
<http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#ic>

The Practice of Internal Controls: <http://osc.state.ny.us/localgov/pubs/lgmg/practiceinternalcontrols.pdf>

Bank Reconciliations: <http://osc.state.ny.us/localgov/pubs/techbull/0403.pdf>

Investing and Protecting Public Funds: <http://osc.state.ny.us/localgov/pubs/lgmg/investingpublicfunds.pdf>

Please Note: This document is for advisory purposes only and should not be considered as legal or accounting advice. As always, consult with your Library attorney and independent auditor to determine the best policies and practices for your particular institution.

Handbook for Library Trustees of New York State

<http://www.nysl.nysed.gov/libdev/trustees/handbook/index.html>



Questions?

Contact your public library system

<http://tiny.cc/PULISDO>