

CREDIT CARD USE

I. Purpose.

The purpose of the Credit Card Use Policy ("Policy") of the Bad Axe Area District Library ("Library") is to facilitate the Library's purchase of goods, materials, and services, while maintaining accountability. The Policy provides a system of internal controls to ensure that the Library complies with all applicable laws, including Michigan Public Act 266 of 1995 (Credit Card Transactions).

II. Credit Card Regulations.

- A. The authorized credit limit of each credit card shall not exceed \$10,000. The Bad Axe Area District Library Board ("Library Board") shall determine the maximum authorized limit on any credit card issued to the Library. All credit cards shall be issued in the name of the Library.
- B. The Library Board may include in its budget and pay the balance due on any credit card, including the annual fee and interest.
- C. The Library Director may delegate authority to use a credit card to a Library employee. However, all purchases over \$75 must be approved by the Library Director.
- D. No single credit card purchase shall exceed \$1,500 unless specifically approved by the Library Board.

III. Responsibility of Library Director or Designee.

- A. The Library Director will be responsible for the issuance, accounting, monitoring, and retrieval of the Library credit card and for general oversight of compliance with this Policy.
- B. The credit card may be used by the Library Director and employees delegated the authority by the Library Director. Credit cards shall be used only for Library supplies, materials, services, and staff continuing education/conferences. Further, the Library Director or his/her designee may not use any credit card for a purchase that that person does not have authority to make.
- C. The Library Director and any employee in possession of or using the credit card is responsible for the protection of the credit card. Employees shall notify the Library Director if a card is lost or stolen. The Library Director shall then immediately notify the Library Board and financial institution issuing the card of the card's loss or theft.
- D. The Library Director or any Library Director's designee must immediately surrender the credit card upon leaving the employ of the Library.

IV. Unauthorized Use.

The Library will use disciplinary measures consistent with current law for unauthorized use of the credit card.

V. Payment.

A. The balance including interest due on the credit card shall be paid within 30 days of the initial statement date.

B. The Library Director or his/her designee, within one (1) week after a purchase, shall submit a copy of the vendor's credit card slip detailing the goods or services purchased, the cost of the goods or services, the date of purchase, and the official business for which it was purchased to the Library invoice file. If no credit card slip was obtained that described the transaction, the Library Director shall submit a signed voucher that shows the name of the vendor or entity from which goods or services were purchased, the date and the amount of the transaction, and the official business that required the transaction. Vouchers shall also include a statement why a credit card slip was not obtained. All credit card receipts or vouchers will be retained for attachment to the monthly credit card statement, prior to approval for payment.

C. The Library Director and Library Board Treasurer must review the credit card statements.

D. The Library Director shall review each credit card statement as soon as possible to ensure that transactions comply with this Policy. Any transactions that appear on the statements that are not documented with a credit card slip or a signed voucher shall be immediately investigated. Transactions that do not appear to comply with this Policy shall be reported to the Library Board.

E. The Library shall not approve a payment to the entity issuing the credit card until all transactions have been verified, including the approval of all transaction invoices if issued. If the Library Board holds a regular meeting before the credit card invoice must be paid so that no late fees or interest will accrue, the credit card invoices shall be verified and approved by the Library Board Treasurer. If a regular meeting does not occur before the invoice must be paid, the Library Board Chair shall have the authority to verify the transactions and approve payment. However, the Library Board shall be given a copy of the verified and authorized invoice at the next regular Board meeting.

VI. Benefits.

Any benefits derived from the use of the credit card shall be the property of the Bad Axe Area District Library.

Electronic Transactions of Public Funds Policy

I. Purpose.

The purpose of the Electronic Transactions of Public Funds Policy ("Policy") is to authorize and regulate electronic transactions of public funds involving the Bad Axe Area District Library ("Library") and to provide for the powers and duties of certain Library officials.

II. Definitions.

- A. "Automated clearing house" or "ACH" means a national and governmental organization that has authority to process electronic payments, including, but not limited to, the national automated clearing house association and the Federal Reserve System.
- B. "ACH arrangement" means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.
- C. "ACH transaction" means an electronic payment, debit, or credit transfer processed through an automated clearing house.
- D. "Electronic Transactions Officer" or "ETO" means the person designated by the Library to have the authority granted under this Policy.

III. Responsibility for ACH Agreements.

- A. The Library designates the Library Director as the ETO.
- B. The Library Director is responsible for the Library's ACH agreements, including payment approval, accounting, reporting, and general oversight of compliance with the ACH policy.
- C. The Director shall submit to the Library documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the department levels serviced by each payment of public funds made by electronic transfer. This report may be contained in the Library's electronic general ledger software system or in a separate report to the Library Board.

IV. Internal Accounting Controls to Monitor Use of ACH Transactions.

The following system of internal accounting controls will be used to monitor the use of ACH transactions made by the Library:

- A. The Director prepares a list of vendors authorized to be paid by an ACH transaction and provide that list to the Library Board.
- B. The Director initiates the transaction upon receipt of an invoice from a vendor on the authorized ACH list identified in Section IV.A. above.
- C. The Director presents the invoices, a list of bills for payment, and a separate list of the electronic payments for Library Board approval. The Library Board shall approve all ACH invoices before payment.

D. Following Library Board approval, the Director signs the ACH invoice, initiates the electronic transaction with the vendor, and makes the actual transfer of funds.

E. The Director retains all ACH transaction documents for audit purposes.

V. ACH Not Subject to Revised Municipal Finance Act.

An ACH arrangement under 2002 PA 738 is not subject to the Revised Municipal Finance Act, 2001 PA 34 (MCL 141.2101, *et seq.*), or to provisions of law or charter concerning the issuance of debt by a local unit.

INVESTMENT POLICY

I. Purpose.

It is the policy of the Bad Axe Area District Library ("Library") to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state statutes and Library policies governing the investment of public funds.

II. Scope.

This Investment Policy ("Policy") applies to all transactions involving the financial assets and related activity of the Library except for any financial asset or money that is otherwise subject to a public act or bond authorizing ordinance or resolution that permits investment in fewer than all the investment options listed in this Policy or imposes one or more conditions upon an investment listed in this Policy. Further, this Policy does not apply to any funds which are governed by an act other than 1943 PA 20, the Investment of Surplus Funds of Political Subdivisions Act ("Act 20").

III. Objectives.

Funds of the Library will be invested in accordance with Act 20, as amended, and in accordance with the following objectives in order of priority:

- A. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital and preservation of investment in the overall portfolio.
- B. Diversification - The investments shall be diversified by specific maturity dates, individual financial institution(s) or a specific class of securities in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- C. Liquidity - The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.
- D. Return on Investment - The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

IV. Authority; Delegation of Authority.

Authority to manage the investment program is derived from state law, including Act 20, as amended, and the District Library Establishment Act, 1989 PA 24. Management responsibility for the investment program is hereby delegated to the Library Board, which shall establish procedures and internal controls for the operation of the investment program, consistent with the Investment Policy. No person may engage in investment transactions except as provided under the terms of this Policy and the procedures established by the Library Board. The Library Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Library Director, after approval by the Library Board, may hire consultants, including a bookkeeper, to assist with Library investments.

V. Authorized Instruments.

In accordance with Act 20, as amended, the surplus funds of the Library may be invested as follows:

- A. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- B. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States. In addition, the Library Board by resolution may authorize its investment officer to invest the funds of the Library in certificates of deposit or depository accounts in accordance with all of the following conditions:
 1. Certificates of deposit in accordance with all of the following conditions:
 - a. The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
 - b. The financial institution arranges for the investment of the funds in certificates of deposit in one (1) or more insured depository institutions, as defined in 12 USC 1813, or one (1) or more insured credit unions, as defined in 12 USC 1752, for the account of the public corporation.
 - c. The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
 - d. The financial institution acts as custodian for the public corporation with respect to each certificate of deposit.
 - e. At the same time that the funds of the Library are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the public corporation through the financial institution.
 2. Deposit accounts of a financial institution that meet all of the following conditions:
 - a. The funds are initially deposited in a financial institution that is not ineligible to be a depository of surplus funds belonging to this state under section 6 of 1855 PA 105, MCL 21.146.
 - b. The financial institution arranges for the deposit of the funds in deposit accounts in one (1) or more insured depository institutions, as defined in 12 USC 1813, or one (1) or more insured credit unions, as defined in 12 USC 1752, for the account of the public corporation.
 - c. The full amount of the principal and any accrued interest of each deposit account is insured by an agency of the United States.

- d. The financial institution acts as custodian for the public corporation with respect to each deposit account.
 - e. On the same date that the funds of the Library are deposited under subdivision b) above, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially deposited by the Library in the financial institution.
- C. Commercial paper rated at the time of purchase within the two (2) highest classifications established by not less than two (2) standard rating services and that matures not more than 270 days after the date of purchase.
- D. Repurchase agreements consisting of instruments listed in subdivision A. above. Repurchase agreements must be executed by the bank or dealer, and shall be negotiated only with dealers or financial institutions with whom the Library has negotiated a master repurchase agreement approved by the Library's legal counsel.
- E. Bankers' acceptances of United States Banks.
- F. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one (1) standard rating service.
- G. Mutual funds registered under the Investment Company Act of 1940, Title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. The authorization to invest in mutual funds includes securities whose net asset value per share may fluctuate on a periodic basis. However, a mutual fund is not disqualified as a permissible investment solely by reason of the following:
 - 1. The purchase of securities on a when-issued or delayed delivery basis.
 - 2. The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - 3. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- H. Obligations described in V.A through V.G above if purchased through an interlocal agreement under state law (Urban Cooperation Act of 1967) e.g., the MBIA Michigan CLASS program.
- I. Investment pools organized under the Local Government Investment Pool Act, 1985 PA 121 and the Surplus Funds Investment Pool Act, 1982 PA 367.

VI. Safekeeping and Custody.

All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by the Library shall be on a cash (or delivery vs. payment)

basis. Securities may be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

VII. Prudence.

Investments shall be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

VIII. Reports

The Treasurer or Library Director may elect to receive certificates and other evidence of investments held by a financial institution and sufficient documentation and acknowledgment of investments held on behalf of the Library, provided that such documentation is provided on a monthly basis. The Treasurer or Library Director shall provide a monthly report to the Library Board concerning the investment of funds.

IX. Conflict

The Treasurer shall comply with all statutes related to public fund investments. Any provision of this Policy in conflict with state law, as amended from time to time, is void.

PAYMENT BY FINANCIAL TRANSACTION DEVICE POLICY

I. Purpose.

The purpose of the Payment by Financial Transaction Device Policy of the Bad Axe Area District Library is to facilitate the Library's acceptance of the payment of certain fees by credit card (or other financial transaction device) to ensure that the Library complies with all applicable laws, including Michigan Public Act 280 of 1995 (Financial Transaction Device Payments). For the convenience of its patrons, the Bad Axe Area District Library provides the option of paying library bills and fines via credit/debit card.

II. Authority to Accept Payment by Financial Transaction Device.

A. The Library authorizes the payment of the following fees by a financial transaction device (meaning a credit or debit card):

1. Fees
2. Payment for lost or damaged material
3. Interlibrary loan fees and other circulation transactions
4. Donations
5. Non-Resident fees
6. Fees for copies, prints, faxes and other services

B. As recommended and approved by the Treasurer and approved by the Library Board, the Library accepts American Express, Visa, MasterCard, and Discover cards.

C. The Library is subject to compliance with all laws, statutes, and reasonable terms and conditions associated with accepting these credit cards. Payments are encrypted to protect patron financial information.

D. Credit card payments may be accepted by telephone, mail or e-mail at the discretion of the Treasurer and Director.

III. Responsibility of Treasurer.

A. The Library Board Treasurer and Library Director shall be responsible for determining the types of financial transaction devices that may be used. However, the Library Board must finally approve all financial transaction devices that may be used.

B. The determination of the financial transaction devices that may be accepted shall comply with any resolution for the deposit of public money under Section 2 of the Depositories for Public Moneys Act, 1932 PA 40 (1st Ex. Sess.) applicable to the Library. Accordingly, the Library designates Northstar Bank as the depository institution for the financial transaction devices.

PUBLIC LIBRARY PURCHASING

This Policy is intended to clarify and expand the Library's protocol for the procurement of goods and services by the Bad Axe Area District Library consistent with the District Library Establishment Act, 1989 PA 24 and Michigan law.

I. Purchases.

All purchases of goods or services over \$3,000, or any non-routine purchases without appropriation in the current budget, shall be submitted to the Bad Axe Area District Library Board ("Library Board") for approval prior to purchase, except as required under Section III, Emergency Purchases; Section IV, Specifically Authorized Purchases or Section V, Re-occurring Routine Purchases. The purchase request shall outline the need and provide justification for the particular goods or services. The purchase request information should include suggested vendors, quantity, specifications, shipping details and pricing. The Library Board may require a budget amendment before approval of the purchase.

II. Minor Purchases.

Any purchases of goods or services \$3,000 or under, when the specific appropriation has been specified and included in the current budget authorized by the Library Board as an approved expenditure for the fiscal year, may be completed after submittal to the Library Director, with documentation being provided to the Library Board within a thirty (30) day period.

III. Emergency Purchases.

In an emergency endangering the public peace, health, safety or property of the Library, the Library Director or his or her designee may purchase supplies, materials, equipment or services that are deemed immediately necessary to respond to and alleviate the emergency. A full report shall be filed by the Library Director with the Library Board within a thirty (30) day period of such action.

IV. Specifically Authorized Purchases that May Exceed \$3,000.

The Library Board specifically authorizes the Library Director to make the following purchases that may exceed \$3,000:

Books and Materials for Library Collection. The Library Board recognizes that Library collection material orders may exceed \$23,000. If any single item for the collection exceeds \$1,500, then the Library Board must approve that purchase. Otherwise, if the individual items do not exceed \$1,500, the Director may make the purchase even if the total items ordered for a single purchase exceed \$1,500.

V. Re-Occurring Routine Payments; Authorizing Procedure.

The following payments shall be considered authorized and do not require prior Board approval pursuant to this Policy:

- A. Payroll
- B. Utilities (including but not limited to water, electric, gas, telephone and internet)
- C. Invoices or bills with penalties or discounts that would be incurred if payment is not received prior to the Board Meeting at which such invoices or bills would be approved.

However, all invoices and bills preapproved pursuant to this Section shall be post-audited at the following Board meeting. The post-audit shall indicate that the invoices and bills were preauthorized by policy.

VI. Purchasing Agent.

The Library Director shall act as purchasing agent of the Library, unless he/she shall designate another officer or Library employee to act as purchasing agent. Every purchase order shall be approved by the purchasing agent before being issued. The purchasing agent may adopt rules regulating requisitions and purchase orders.

VII. Requisitions and Estimates.

All employees of the Library shall provide the Director lists of their requirements in supplies, materials, equipment and contractual services in such manner, at such times, and for such future periods as the Library Director shall prescribe. The requirement for providing lists shall not prohibit any employee from providing the Director at any time a requisition for any supplies, materials, equipment or contractual services the need for which was not foreseen when the lists were provided.

VIII. Conflict of Interest.

No employee or Board member shall participate in any purchase or procurement when such participation is considered a conflict of interest under Michigan law. If any Board member or employee believes there may be a conflict of interest, the Board member or employee shall notify the purchasing agent of any actual or potential conflict of interest prior to any participation or as soon as the conflict is reasonably known. The purchasing agent, upon consultation with legal counsel and/or the Board shall determine whether the employee or Board member should participate.

IX. Quotes.

Purchase of goods or services may be made in the open market, without advertisement and without formal competitive bidding. However, to the best extent possible, any such purchase shall be based on at least three (3) competitive quotes, and the Director shall select the quote deemed most advantageous to the Library.