NEW YORK LIBRARY ASSOCIATION
The Voice of the Library Community

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NYLA Internal Controls Policy

Approved by NYLA Council on 11/5/25

~~Purpose~~

This Internal Controls Policy is established to ensure the integrity of financial and operational information, promote accountability, safeguard the assets of the New York Library Association (NYLA), and ensure compliance with applicable laws, regulations, and ethical standards. It provides a framework for preventing and detecting errors, fraud, or mismanagement.

Scope

This policy applies to all individuals who have administrative or financial responsibility within the New York Library Association (NYLA), including but not limited to Council members, staff, volunteers, and contractors. It also applies to any person, regardless of title or official duties, who is involved in processing, recording, approving, or accessing NYLA's financial transactions or systems.

Guiding Principles

- **Segregation of Duties**: No single individual should control all aspects of a financial transaction.
- **Authorization and Approval**: All financial transactions must be authorized and documented by individuals with appropriate authority.
- **Documentation and Recordkeeping**: Accurate and complete records must be maintained and retained in accordance with applicable laws and organizational policies.
- **Safeguarding Assets**: Physical and digital assets must be protected from unauthorized access, loss, or misuse.
- **Transparency and Accountability**: All stakeholders are accountable for adhering to this policy and acting in the best interest of the organization.

Financial Controls

Bank Accounts and Income Handling

- All bank accounts shall be established in the name of the New York Library Association and approved by the Council.
- Bank reconciliations will be performed monthly by the external bookkeeping company and reviewed by the NYLA Executive Director or designee.
- NYLA is cashless, and only accepts payments via check or electronic payment method.

Receipts and Revenue

- Membership dues, event fees, and donations shall be documented with receipts or records. The records of dues, registration fees, and donations are maintained in the membership database. Credit card charges are coded on a monthly basis and provided to the external bookkeeper to ensure proper revenue recognition.

- Online payments are processed through secure, PCI-compliant platforms.

- All income is recorded and maintained in Quickbooks, and reviewed 9 times a year by the Treasurer or designee through the Profit and Loss report.

Disbursements and Payments

- All purchases must be approved by the Executive Director, Treasurer, or Treasurer-Elect in accordance with the approved budget.

- Payments must be supported by original invoices or receipts.

- All payments will be submitted and coded by the Executive Director, entered into QuickBooks by the external bookkeeping company, approved electronically by the Treasurer, and sent via an online payment service.

Credit Card

NYLA's credit card is issued in the name of the Executive Director. In addition, NYLA may maintain credit lines with businesses. Every purchase on the credit card and credit lines is allocated to a budget line by the Executive Director and given to the external bookkeeper for payment along with receipts. The Executive Director is the only person authorized to use the credit card and credit lines. Any points or rewards will be used to pay down the credit card balance.

Budgeting and Financial Reporting

- An annual budget shall be developed by the Executive Director and the Audit and Finance Committee and approved by the Council.

- Actual performance will be compared to the budget monthly and reported to the Board nine times a year at the Council meetings.

- Any significant variances shall be explained and addressed in a timely manner.

Annual Audit

NYLA's finances will be audited annually by a qualified, independent Certified Public Accountant (CPA). Recommendations for sound financial practice made by the CPA will be reviewed by the Audit and Finance Committee and implemented as determined by the Committee with reports to the Council. The Executive Director and the Audit and Finance Committee will review the contract with the CPA at least every three years, and will conduct a competitive Request for Proposals (RFP) process for audit services as needed.

Payroll and Personnel

- Salaries, wages, and compensation must be authorized by the Executive Director and/or Council and documented in writing annually.

- The Executive Director shall notify the external bookkeeper of raises, bonuses, etc., along with documentation in the form of approved Council minutes or employee review letters signed by the Executive Director. The external bookkeeper shall enter the changes into the payroll system for processing.

- Timesheets (for part-time positions) must be approved by the Executive Director before processing payroll.

- All payroll entries shall be reviewed by the Executive Director and reconciled by the bookkeeper.

- Personnel files shall be maintained securely with access limited to authorized personnel.

Asset and Inventory Management

These guidelines are in place to establish appropriate procedures for the recognition of fixed assets and the appropriate capitalization and depreciation of those assets.

Fixed Assets

- A record of all assets above $1,000 in value (including, but not limited to laptops, software licenses, office equipment, etc.) will be maintained and updated annually.

- Assets shall be protected from theft, loss, or misuse. Disposal of items with a value above $1,000 must be authorized by NYLA Council.

- Fixed assets of less than $1,000 will be expensed in the year of acquisition. Fixed assets costing over $1,000 will be accounted for in a fixed assets account.

Capitalization

- Expenditures for items with an estimated useful life of over three years and costing over $1,000 will be capitalized.

- Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives.

Conflict of Interest and Fraud Prevention

- All board members and staff must sign an annual Conflict of Interest Disclosure Form. Completed Conflict of Interest Disclosure Forms shall be reviewed annually by the Executive Director, who is responsible for determining whether any disclosed conflicts require action.

- Suspected fraud, theft, or misappropriation of funds must be reported to the Executive Director, President, or Treasurer immediately.

- Whistleblower protections shall be provided for anyone reporting misconduct in good faith, in accordance with NYLA's Whistleblower Protection Policy.

Policy Review and Updates

This policy will be reviewed at least every two years by the Audit and Finance Committee and updated as needed to reflect changes in operations, laws, or risks. Proposed changes must be approved by the NYLA Council.

Responsibility for Implementation

The Executive Director and the Treasurer are jointly responsible for ensuring this policy is implemented, monitored, and followed by all relevant parties.