



# Caledonia Library Claims Auditing Policy

As an association library chartered by the New York State Board of Regents and operating as a 501(c)(3) nonprofit organization, the Caledonia Library Board of Trustees holds ultimate fiduciary responsibility for the expenditure of all library funds.

In accordance with New York State law, the Board must maintain oversight of all library expenditures through a structured claims auditing process. This policy outlines the procedures by which library claims are reviewed, approved, and documented to ensure compliance, transparency, and accountability.

## Purpose

This policy establishes a claims auditing process to ensure that all expenditures:

- Are lawful and appropriate;
- Are properly documented and approved; and
- Reflect sound financial management practices consistent with nonprofit accounting standards.

## General Guidelines

- All expenditures of library funds must be approved by the Board either **prior to the expenditure** or, for routine items such as petty cash, recurring utilities, or subscriptions, **as soon thereafter as practicable**.
- The Board designates two trustees to conduct a **preliminary review** of vouchers and invoices (claims) on a monthly basis, with a report and recommendation for payment presented to the full Board. These two trustees are separate from trustees who sign checks.
- **All trustees** are responsible for exercising due diligence before approving payments and should have access to itemized claims and supporting documentation at the meeting where payments are approved.
- Bills must be available at Board meetings in case any trustee wishes to inspect or question a payment.

## Claims Auditing Procedure

The trustee(s) assigned to claims auditing will review each monthly batch of claims using the following checklist:

1. Each voucher includes an original invoice or appropriate documentation.
2. Invoices describe the goods or services purchased, including price and quantity.
3. Purchases were properly authorized by library staff.
4. There are no unauthorized charges, such as sales tax or incorrect shipping fees.
5. Goods or services have been received and verified as satisfactory.
6. The invoice is not a duplicate of one already paid.
7. The proposed payment serves a valid and legal library purpose.



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8. Charges align with agreed-upon contracts, bids, or quotes.
9. Supporting documentation is on file when required.
10. If the purchase did not require bidding, internal procurement procedures were followed (e.g., written or verbal quotes).
11. Professional services are supported by Board motions or written agreements.
12. The invoice address matches the Caledonia Library.
13. The monthly claims list corresponds to invoices presented for review.
14. Any inconsistencies or concerns are noted and reported to the Board President and Treasurer.
15. The designated trustee(s) will initial or sign each reviewed voucher and complete a brief **Claims Audit Report** indicating the total reviewed, total approved, and any exceptions.

## Financial Reporting

- The Treasurer shall provide the Board with a monthly financial statement including receipts, disbursements, and comparisons to the adopted budget.
- The library is required to submit an **Annual Report for Public and Association Libraries** to the New York State Library.
- As a 501(c)(3) organization, the Caledonia Library shall annually file **IRS Form 990**.

Reviewed and approved by Policy Committee 7/7/2025, approved by Board of Trustees 7/29/2025.