



Financial Handbook

Adopted by the CLA Executive Committee

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1. General Policy

The following policies are established to maintain, preserve and enhance the association's fiscal strength and its sound financial practices.

The financial policies of the California Library Association are codified. The policies are developed by the Finance Committee, and approved by the Executive Committee.

The Finance Committee shall review the Financial Policies annually and recommend changes as necessary.

2. Budget Approval

CLA's budget is developed by the Finance Committee and reviewed and approved by the Executive Committee at their meeting prior to the start of the next fiscal year.

The budget will reflect the priorities established in the Three-Year Plan, and is a tool for multi-year planning.

The operating budget will reflect expenses which are less than or equal to anticipated income. The association shall have a capital budget for depreciable items with a cost in excess of \$500.

The Executive Director may authorize non-budgeted items of \$2000 or less. Non-budgeted items over \$2000 must be approved by the Treasurer. Non-budgeted items of \$5000 or over must be authorized by the Executive Committee.

3. Staff Compensation Program- Discretionary Bonus Guidelines

A discretionary bonus may be given to staff members as a special and immediate recognition and reward for exceptional performance, significant contributions, and substantial accomplishments well beyond normal or regular work responsibilities. A discretionary bonus does not increase the base salary nor serve as a means to give a larger annual increase. This bonus is given at the discretion of the Executive Committee. There is no guarantee or promise to pay a staff member a discretionary bonus. Examples of situations where a discretionary bonus may be given include significant contribution and/or substantial accomplishment associated with:

1. Major projects or initiatives (e.g., system implementation, new program implementation, and audits by certifying agencies, funding agencies, or government agencies)
2. Significant cost saving or cost avoidance realized beyond normally expected or established standards
3. Extraordinary effort during times of critical association need.
4. Contribution that clearly and significantly impacts the accomplishment of important and critical business operational goals, deliverables and/or time line

A discretionary bonus is not appropriate for:

1. Outstanding or excellent performance of ongoing, normal or regular job duties and responsibilities as well as achievements that may be reasonably expected from a staff member. These should be recognized as part of the annual performance and salary review process
2. Staff effort or work time that has no significant impact on a major project or initiative, or critical business need
3. Recognizing a staff member's long term service, loyalty or commitment
4. Accomplishment of personal and career goals, skills and competencies, professional degree, certification, and registration

3.1 Eligibility

A staff member must be in active employment status (non-terminated, full time) at the time the discretionary bonus is awarded.

3.2 Procedures

1. A discretionary bonus must be made as a one-time payment and must not be added to a staff member's base salary.
2. A bonus for the Executive Director shall be considered by the Executive Committee based on the evaluation of the Executive Director by the Executive Committee and a report by the Treasurer of the current fiscal condition and previous practices. All other staff bonuses based on the recommendation of Executive Director shall be submitted to the Executive Committee for review and consideration.
3. The Executive Committee is the final authority for approval of all bonuses.

4. Equity Policy

The California Library Association will annually set aside funds to build toward a \$35,000 building maintenance reserve.

The association will set aside \$35,000 for equipment replacement.

The association will set aside .5% of the budget for special projects approved by the Executive Committee.

The association's liquid assets will include sufficient funds to cover 6 months of the annual operating budget. The amount will be reviewed annually to ensure that there are sufficient reserve funds and to account for changing conditions. This reserve shall only be used in extraordinary/emergency circumstances that relate to the well being of the association. Use of

the reserve requires a two-thirds vote of the Executive Committee.

5. Investment Policy

5.1 Definition of Funds

Funds that are covered by this policy include but are not limited to the mandated cash reserve and the equipment reserve of the Association.

5.2 Principles

- Maximize the preservation of capital and the protection of investment principal.
- Maintain sufficient liquidity to meet the fiscal operating requirements of CLA.
- Strive to attain the best total return or yield on funds of the association as is reasonably and prudently achievable with specified safety parameters.
- Diversify investment instructions to minimize incurring unreasonable and avoidable risks regarding specific types of investments.
- Prohibit the use of speculative investments, i.e. buying on margin, options, derivatives, etc., for the CLA portfolio.

5.3 Desired Rates of Return

Short term: Minimum rate of 2% over the rate of inflation, as measured by the consumer price index. (i.e. money market funds)

Intermediate: Exceed the rate of return on 90-day Treasury bills at least one percentage point. (i.e. CD's)

Long term: Achieve at least 80% of the 10-year average achieved by the S&P 500 Index.

The Executive Director shall review and report the rate of return each quarter to the Treasurer.

5.4 Investment Strategy

At least 10% cash invested in instruments limited to checking accounts, savings accounts, money market mutual funds, certificates of deposit or U.S. government securities with maturities of 1 year or less.

Up to 90% of cash invested in certificates of deposit or U.S. government securities with maturities of 1-3 years.

Up to 90% of cash invested in no-load equity and/or mutual funds of low to moderate risk.

No more than 50% of the growth on investments in any one fiscal year will be allocated to expenses in the next fiscal year. Growth on investments will remain intact for at least two fiscal years after the commencement of the investment program.

The Executive Director shall review and report the investment strategy each quarter to the Treasurer.

5.5 Investment Procedures

Specific investment decisions will be made by Executive Director and Treasurer.

Investment portfolio will be reviewed at least semi-annually by Finance Committee and annually

by Executive Committee.

The Finance Committee and the Executive Committee shall review losses on any investment of greater than 10% of cost.

6. Audit

CLA shall contract for an annual audit of income and expenditures. An annual audit of the books and records of the association will be performed no later than two months after the close of the fiscal year.

The audit shall be conducted by a Certified Accountant according to Generally Accepted Auditing Principles.

The final audit report and management letter shall be presented to the Executive Committee at its first meeting following the completion of such report.

The Finance Committee and Executive Director will prepare a formal response to the management letter for the Executive Committee within sixty days.

An RFP for auditing of CLA records should be issued every three to five years to accounting firms with non-profit experience.

7. Borrowing

Any type of borrowing of funds or monetary obligations which encumbers the association shall be authorized by the Executive Committee, upon recommendation of the Finance Committee.

8. Financial Reporting

A current financial statement, which includes the association's statement of position, comparison to budget, balance sheets, cash flow statement and the general ledger will be provided monthly to the Treasurer. A statement of position, comparison to budget and balance sheet will be provided to the Assembly and the Executive Committee at each meeting.

Section and Round Table Financial Reports are distributed annually, in April, as the dues allocations for the year are made in March. Whenever a section or round table has a financial activity (bringing money in or spending money) a report is generated at the end of the month in which the activity occurred, and a copy of this report is automatically sent to the President or Chair. Financial reports are available at other times of the year, upon request.

9. Conflict of Interest

Elected and appointed CLA leaders or staff shall disclose any material financial interest in transactions contemplated or entered into by CLA as soon as such interest is known. Such notification must be made, in writing, to the Executive Director and the President. If the potential conflict involves the Executive Director or the President, notification shall be made to the President Elect. Leaders will be notified of this policy at the time of their notification of

election or appointment.

When CLA leaders are aware of a potential conflict of interest concerning a former CLA leader, such information shall be disclosed in the same manner as for current leaders.

Members of CLA and CLA staff shall not participate in any discussion or vote concerning a transaction in which they have a conflict of interest. Members of CLA and CLA staff should voluntarily excuse themselves from activities in which they have a conflict of interest. However, any other member of the Executive Committee or Assembly may seek a vote of the full Assembly to determine whether a conflict of interest exists.

CLA will not enter into a transaction involving a conflict of interest with a CLA leader unless:

- a. disclosure of the conflict of interest in made pursuant to this policy.
- b. The CLA Executive Committee approves a motion by majority vote specifically acknowledging the conflict of interest and stating the level of participation in the decision related to the transaction by the conflicted individual.

10. Section and Round Table Funding

Each Section is guaranteed to have no less than \$3 per member for operations from member dues available in their account as of April 30 each fiscal year. Each Round Table is guaranteed no less than \$50 or \$1 per member per year for operations whichever is greater. Section and Round Table funding allocations are designed to be spent on an annual basis. Beginning with the April 30, 2002 allocations, if the Section or Round Table spends part or all of the yearly allocation from the previous year, the balance in each Section or Round Table account will be adjusted upward to reach the guaranteed base. Sections and Round Tables will be given credit for new memberships, regardless if the full allocation is used from the previous year. The allocation is charged first for all expenses related to Section or Round Table organizational and conference activities. Expenses related to workshops are charged against the workshop income first.

Units needing additional funds may submit budget requests for programs or activities that support the CLA Three Year Plan.

Sections and Round Tables that generate revenue from continuing education programs retain profits until the funds are used for activities, except that no Section or Round Table shall be authorized to retain more than \$6000 in profits and allocations without the approval of the Executive Committee for a special project that relates to the CLA Three Year Plan. Funds in excess of \$6000 revert to the general fund.

11. Committee and Task Force Allocations

CLA annually budgets a small sum of money to support travel and activities for committees and task forces which may be used with the prior approval of the Executive Director. When it is essential for committees to meet between the conference, reimbursement for committee travel shall be made only to the extent that it can be accommodated within the budget of CLA and only when travel funds are not available from employing institutions.

12. Reimbursement of Section, Round Table and Committee Expenses

Section, round table and committee leaders should not make commitments until they know there are sufficient funds and expenses are authorized by the CLA Executive Director. In order for the CLA Office to process a request for reimbursement or an expense claim, the section president, round table or committee chair must approve the claim. The claim, with original receipts attached, may be submitted on an expense claim form or by letter signed by the requesting party.

The expense claim must have the signature of the Section President, Round Table or committee chair.

Expenses such as postage, printing, photocopying, meeting room rental, and telephone are reimbursed within the limits of available budget. The CLA travel policy applies to Section and Round Table leaders, and committee chairs. If there is a question regarding other types of expenses, check with the Executive Director.

CLA will provide sections and round tables with financial reports two times per year (Fall, to show any carryover balance, and Spring, for new officers) Financial reports will also be provided whenever there is activity during a month. Unit requests for financial reports, other than the two provided automatically by CLA, will be filled.

13. Volunteer Travel Policy

Requests for reimbursements should be submitted on the CLA "Claim for Expense" form which is available from the CLA Office. [Source: Res. #33a]. Reimbursement requests may also be submitted by letter, as long as the letter includes the signature of the person requesting reimbursement. See sample in Appendix.

CLA strongly urges employing institutions to reimburse travel expenses for their employees engaged in professional activities. [Source: Res. #33a]

Reimbursement will not be made for attendance at the annual conference or any meeting held in conjunction with the annual conference. Reimbursement will not be made for attendance at any district or other regional meetings, or divisional meeting of the Association. [Source: Res. #33a]

When it is essential for sections, round tables, and committees of CLA to meet between annual conference or when members of such bodies are required to report to Assembly meetings (except for Assembly meetings held at annual conference) reimbursement shall be made by CLA only to the extent that it can be accommodated within the budget of CLA and only when travel funds are not available from employing institutions. [Source: Res. #33a]

Reimbursement for meals or alcoholic beverages shall not be made. [Source: Res. #33a]

Approved travel reimbursement will be up to a maximum of 50 percent of expenses. Reimbursement will be made at the current IRS rate or commercial air carrier coach rate, whichever is less. Parking is also a reimbursable expense. CLA may reimburse up to 100% of ordinary travel expenses for members serving as speakers at events held outside the annual conference.

CLA will budget annually for travel expenses for the ALA Chapter Councilor. A flat sum (currently \$2000, and subject to change annually) is available to reimburse documented travel to ALA Council meetings. ALA Chapter Councilor travel is subject only to the budgeted dollar limits.

14. Responsibilities and Duties

14.1 Assembly

The CLA Assembly sets broad general policy for the association. It is the Assembly's duty to review financial reports.

14.2 Executive Committee

The CLA Executive Committee is responsible for the adoption and monitoring of the budget and is charged with recommending annual dues to the membership.

14.3 Treasurer

The Treasurer ensures that adequate and correct books and records of account are kept. The Treasurer is charged with submitting reports of the financial situation of the association to the Executive Committee, the Assembly and the membership. The Treasurer chairs the Finance Committee.

14.4 Finance Committee

The Finance Committee recommends to the Executive Committee an annual budget for the California Library Association. The committee reviews quarterly financial statements of the association; reviews at least annually the sources and amount of revenue received by the association; recommends the dues structure for Assembly approval; and considers all matters of a financial nature referred to it by the president or the Executive Committee.

14.5 Executive Director

The Executive Director is the chief administrator of the association, and is responsible for day to day operations. She/he implements established policies and programs, assists Officers, Executive Committee, Assembly and association committees in the performance of their duties, disburses all funds, and executes contracts and other legal instruments on behalf of the Association as authorized by the Executive Committee.

The Executive Director ensures that all funds, physical assets and other property of the association are appropriately safeguarded. She/he exercises control of the entire budget to meet financial objectives. She/he is responsible for meeting federal, state, and local legal requirements for the association, including tax and reporting requirements.

15. Regular Review

The Finance Committee will review these policies annually, and recommend modifications to the

Executive Committee as needed.

Appendix A:

Reimbursement Request Form

<http://www.cla-net.org/included/docs/2001reimburse.pdf>