



## **Fiscal Accountability Policy**

Adopted 17 July 2024

### **I. Purpose and Scope**

The purpose of the Fiscal Accountability Policy for Resource Sharing Alliance (RSA) is to provide a framework for the fiscal operations of RSA, to assure sound fiscal management and to outline responsibilities for management of RSA's funds.

This Fiscal Accountability Policy applies to the financial and investment activities of all funds under the direction of RSA. This policy also applies to any new funds or temporary funds placed under the direction of RSA. In the event that this Policy is inconsistent with the RSA Bylaws, Illinois Compiled Statutes or the Illinois Administrative Regulations, the Bylaws, statutes and regulations shall take precedent.

### **II. General**

- A. RSA financial policies and procedures will be in accordance with the requirements and intents as outlined in Illinois law, rules, and regulations.
- B. The RSA Board Treasurer shall be the principal accounting and financial officer of RSA. In performing these duties, the RSA Board Treasurer shall oversee the work of any RSA staff, consultant or independent contractor hired to perform financial services for RSA.
- C. As stated in RSA's Bylaws, RSA's Treasurer shall be bonded in an amount and with sureties approved by the RSA Board, if they have direct access to funds. The amount of the bond shall be based on applicable Illinois laws. The cost of the surety bond shall be borne by RSA.
- D. The current and past seven years' financial records of RSA shall be maintained and kept at RSA's headquarters, except in cases when the temporary removal of such records is required by law or by auditing procedures. RSA will maintain records at least as long as and in accordance with conditions required by the Local Records Act (50 ILCS 205/1, *et seq.*).
- E. RSA shall maintain an inventory of all equipment purchased as required by State Administrative Rule 23 IL ADC 3030.260(b)(6).
- F. Roll call action shall be taken by the RSA Board of Directors on all financial matters. Members serving on the RSA Board of Directors with conflicts of interest shall abstain from voting, in accordance with the Public Officer Prohibited Activities Act (50 ILCS 105/1, *et seq.*) and any other applicable statutes, rule or regulation.
- G. The total budget by fund shall be approved by the RSA Board of Directors.

### **III. Deposits**

- A. All revenue received by RSA shall be deposited in accordance with internal control procedures and in compliance with the requirements of 30 ILCS 225/1, *et seq.* and 30 ILS 235/1, *et seq.*
- B. Deposits in any one institution may not exceed the Federal Deposit Insurance Corporation (FDIC) insured amount unless they are adequately collateralized or secured by an irrevocable Letter of Credit pursuant to Regulations of the Federal Reserve and authorized by the Illinois Public Funds Investment Act (30 ILCS 235/1, *et seq.*) provisions regarding custody and safekeeping of collateral.

### **IV. Expenditures and Other Financial Transactions**

- A. Authorized signatories are assigned by the RSA Board of Directors and may include, but are not required to be, a Board officer. The RSA Board shall appoint four Board of Directors signatories as well as the RSA Executive Director, and a designated RSA Manager.
- B. The RSA Executive Director is responsible for carrying out the day-to-day operations within budget as set by the RSA Board of Directors. The Board Treasurer shall provide oversight and review as appropriate.
- C. The RSA Executive Director is authorized to conduct non-budgeted spending and enter into new contracts, the cost of which is less than \$10,000 per charge.
- D. The RSA Board of Directors approves all line item transfers, regardless of amount, as well as approving non-budgeted charges and new contracts over \$10,000.
- E. Under no circumstances may a signatory sign a document for which that signatory is a payee.
- F. All financial transactions shall be reported to the RSA Board of Directors at its regularly scheduled meeting.

### **V. Routine Banking**

- A. The RSA Executive Director or their designee is authorized to make deposits into appropriate accounts established with the approval of the RSA Board of Directors.
- B. The RSA Executive Director or their designee is authorized to transfer funds from one RSA account to another RSA account for payment of RSA bills that have been approved by the RSA Board of Directors.
- C. Two signatures are required on all checks payable by RSA. The signatories shall be any one (1) of the designated RSA Board of Directors, and one (1) of the RSA Executive Director or designated RSA Manager.
- D. RSA supervisory staff may be issued RSA credit cards to be maintained for RSA use only. Expenditures must be documented with receipts to support purchases.

### **VI. Investments**

- A. The objective is to invest all funds under RSA's control in a manner that will provide the highest investment return using authorized instruments, while meeting the consortium's daily cash flow demands and in conformance with the Illinois Public Funds Investment Act (30 ILCS 235/2.5). In selecting financial institutions and

investment instruments to be used, the following general objectives should be considered:

1. **Safety and legality:** Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. Investments will be made only in securities that meet the collateralization requirements in the Illinois Public Funds Investment Act.
  - a. Investments will be made only in securities guaranteed by the U.S. government, in FDIC-insured institutions. Deposit accounts in banks or savings and loan institutions will not exceed the amount insured by FDIC coverage unless adequately collateralized or secured by an irrevocable Letter of Credit pursuant to Regulations of the Federal Reserve and authorized by the Illinois Public Funds Investment Act provisions regarding custody and safekeeping of collateral.
  - b. Authorized investments include and will primarily consist of Certificates of Deposit, Treasury Notes and other securities guaranteed by the U.S. Government, participation in local government investment pools, and any other investments allowed under State law that satisfy the investment objectives of the RSA.
2. **Maintenance of sufficient liquidity to meet current obligations:** In general, investments should be managed to meet liquidity needs for the current month plus one month (based on forecasted needs) and any reasonably anticipated special needs.
3. **Credit risk:** The risk of loss due to the failure of the security issuer or backer should be minimized by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which RSA will do business, and by diversifying the portfolio so that potential losses on individual securities will be minimized.
4. **Interest rate risk:** The risk that the market value of securities in the portfolio will fall due to changes in general interest rates will be minimized by structuring the investment portfolio so that securities mature in time to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
5. **Return on investment:** Within the constraints of Illinois law and this policy, every effort should be made to maximize return on investments made. All available funds will be placed in investments or kept in interest-bearing deposit accounts at all times, unless restricted from earning interest.
6. **Simplicity of management:** The time required by staff to manage investments shall be kept to a minimum.
7. **Material, relevant, and decision useful sustainability factors:** Within the bounds of the other factors mentioned above, RSA will regularly consider corporate government and leadership factors, environmental factors, social capital factors, human capital factors, and business model and innovation factors when evaluating investment decisions, as provided under the Illinois Sustainable Investing Act (30 ILCS 238/1, *et seq.*).

- B. Prudent Person Standard:
1. The standard of care applicable to investment of RSA funds is the “prudent person” standard of care. Using this standard, investments shall be made with judgment and care, under circumstances then prevailing, which 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 possible income to be derived.
  2. When acting in accordance with this standard of care and exercising due diligence, the RSA Executive Director, RSA Board Treasurer and others authorized to act on their behalf, shall be relieved of personal responsibility for an investment credit risk or market price and value changes, provided that deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.
- C. The RSA Executive Director is responsible for recommending financial institutions to the RSA Board of Directors that will be depositories for RSA funds as the need arises. The RSA Board of Directors will review and select financial institutions. Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes and of this policy, may request to become a depository for RSA funds. RSA will take into consideration security, size, location, financial condition, service, fees, competitiveness, and the community relations involvement of the financial institution when choosing depositories.
- D. Management and administrative responsibility for the investment program is delegated to the RSA Executive Director and overseen by the RSA Board Treasurer. The RSA Executive Director is responsible for establishing internal controls and written operational procedures designed to prevent loss, theft or misuse of funds. The RSA Board Treasurer will review all controls and procedures annually.
- E. Reporting: investments and the status of such accounts including the income earned and market value will be reported at each regularly scheduled meeting of the RSA Board of Directors.
- F. Review: the investment portfolio, its effectiveness in meeting RSA’s needs for safety, liquidity, rate of return, diversification, and its general performance will be reviewed annually by the RSA Board of Directors.
- G. Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activities that might conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions, or that could give the appearance of impropriety. Such individuals shall disclose any material financial interests in financial institutions with which RSA conducts business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. No individual involved in the investment process may do any of the following:
1. Have any interest, directly or indirectly, in any investments in which RSA is invested.

2. Have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.
3. Receive, in any manner, compensation of any kind from any investments in which RSA is authorized to invest.

**VII. Funds and Net Position**

- A. RSA shall be accounted for as one proprietary (enterprise) fund. The assets within that fund may be divided into restricted and unrestricted assets. RSA considers restricted amounts to have been spent when an expense is incurred for purposes for which both restricted and unrestricted fund balance is available:
  1. Unrestricted funds: Funds used to conduct the day-to-day operations of RSA.
  2. Restricted funds: Funds that are restricted to specific purposes, that is, when constraints placed on the use of resources are either:
    - a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
    - b. Imposed by law through constitutional provisions or enabling legislation.
  3. Net position: It is the goal of RSA to maintain a fund balance in an amount no less than 100% of annual budgeted expenditures at all times.

**VIII. Purchasing/Sale of Goods and Services**

- A. Unless otherwise provided for in this policy, the RSA Executive Director shall have the authority to purchase or lease products and services, provided that the amount expended for any expense line of the annual budget shall not exceed the amount budgeted or \$10,000 per purchase. Staff will act to procure quality products and services at the lowest possible cost, consistent with the needs of RSA with regard to durability, performance, delivery, and service. RSA should utilize educational and special discounts that benefit RSA.
- B. When the cost of any contract, is in excess of \$25,000, the RSA Board of Directors shall advertise for bids and award the contract to the lowest responsible bidder. The RSA Board of Directors may reject any and all bids and re-advertise. The consortium shall not be required to accept a bid that does not meet the consortium's established terms of delivery, quality and serviceability requirements. Bidding is not required in the following cases:
  1. Salaries and wages of employees;
  2. Contracts for goods or services that are economically procurable from only one source;
  3. Contracts for the purchase of library materials, magazines, books, periodicals, electronic databases, and similar articles of an educational or instructional nature;
  4. Purchases and contracts for the use, purchase, delivery, movement or installation of automation equipment, library automation services, other office support software or services, and telecommunications equipment software and services;
  5. Where services are required for legal counsel;

6. Professional engineering and architectural services, provided that procurement of such engineering or architectural services complies with the Local Government Professional Services Selection Act (50 ILCS 510); for artistic skills or for professional services pursuant to a written contract; and maintenance or service contracts for equipment or software where the work will best be performed by the manufacturer or installer, or by the authorized agent for the manufacturer or installer.
  7. Contracts for the services of individuals possessing a high degree of professional skill, where the ability or fitness of the individual plays an important part;
  8. Contracts for the maintenance or servicing of equipment that are made with the manufacturers or authorized service agents of that equipment;
  9. Goods or services that are procured from another governmental agency;
  10. Contracts which by their nature are not adapted to award by competitive bidding, and contracts for utility services such as water, electricity, gas, internet, or telephone;
  11. Involving public health, public safety, or in the event of a bona fide emergency;
  12. In the event purchases are made through a joint purchasing program of the State of Illinois, or other intergovernmental cooperative purchasing activity, which awards its purchases on the basis of competitive bids in accordance with the Governmental Joint Purchasing Act (30 ILCS 525);
- C. Purchases by RSA for services, materials, equipment or supplies, other than professional services, with a value greater than \$5,000 but less than \$25,000 shall be made, whenever feasible, on the basis of three or more competitive quotations.

#### **IX. Grant Contracts**

- A. The RSA Executive Director is authorized to sign contracts for receipt of funds for grants that have been awarded.
- B. Occasionally RSA may be granted funds upon which no interest may be earned due to Federal government regulation. In such a case, the RSA Executive Director is authorized to establish an additional account for grant funds at a financial institution which is an existing depository for RSA.

#### **X. Donations**

- A. Donations of money, real property, library books or other materials, equipment, or services to RSA may be accepted when such a gift or its acceptance:
  1. Contributes to the achievement of the RSA mission or Strategic Plan.
  2. Does not conflict with RSA policies.
  3. Does not impose any restriction on RSA as a condition of the donation, unless such restriction is formally accepted by RSA Board of Directors action.
  4. Is not likely to be perceived as an endorsement of an individual, a product, or a service.

5. May be used or disposed of at the discretion of RSA, unless otherwise mutually agreed to by the donor and the RSA Board of Directors at the time of the donation.

**XI. Budget**

- A. RSA's fiscal year shall be July 1 through June 30.
- B. In November of each year, the RSA Executive Director shall prepare and submit a proposed budget for the forthcoming fiscal year to the RSA Board of Directors.
- C. The proposed budget shall be approved by a vote of two-thirds (2/3) of the RSA Board of Directors no later than the May meeting.

**XII. Audit**

- A. An outside audit of all RSA accounts shall be conducted annually by an independent CPA firm to be delivered to the RSA Board of Directors no later than 6 months after the end of the fiscal year; the audit shall be reviewed by the RSA Board of Directors.
- B. Every 5 years, or sooner at the RSA Board of Directors' discretion, the RSA Executive Director, or their designee shall solicit proposals from at least three auditing firms qualified to conduct an audit of RSA accounts.