

## Importance of Checks and Balances within a government organization

“Checks and Balances” is a phrase to mean the principle of government under which separate branches are empowered to prevent actions by other branches and are induced to share power. Although Checks and Balances is primarily used in constitutional government, it also has a colloquial use- to describe policies and procedures put into place to help prevent fraud, reduce mistakes, and improve financial security.

Different organizations have different policies in place that are referred to as their “checks and balances”, such as a segregation of duties, requiring multiple signatures on all checks, and having written policies to describe all procedures in detail.

The Clinton Township Public Library receives the bulk of its funding from tax dollars, emphasizing the need to take great care into making sure that those funds are used properly, legally, and efficiently. The Clinton Township Public Library has policies in place such as; the requirement multiple proposals/bids when the estimated cost is above \$2,000, background checks required for all employees who directly handle funds, an annual General Budget proposal to outline all expected expenditures in the fiscal year to come- which is required to have at least two (2) read-throughs before the board can approve of, monthly meetings to discuss all expenditures, annual audits even though due to our service population we are only required to have biennial audits, and even a policy on writing and passing new policies.

Prior to September 30, 2024, the Clinton Township Public Library had efficient and detailed Checks and Balances for handling revenues and expenditures. The procedures were as follows: The Library Director receives an invoice for an expense and drafts up a voucher, a document which displays payee, date, invoice #, amount due, and description of the expense. That voucher then requires a signature from a member of the Clinton Township Library Board (usually the president) and the Library Director. After signatures are received, the voucher is attached to a copy of the invoice and sent to the Township of Clinton’s Clerk or Treasurer, who then drafts the check, acquires two signatures, and delivers said checks back to the Library Director. The Library Director ensures there is a photocopy of the check and voucher and attaches them together with the stub of the invoice and files all the documents to be retained for seven (7) years per the State of Michigan’s retention laws.

This system of Checks and Balances was established at the June 15, 1975 Public Meeting of the Clinton Township Public Library Board. The meeting minutes of that meeting reads: “Mr. Comstock, Township Supervisor, was present and explained to the Board that all monies from Library are to be transferred to the Township fund and all bills would be paid by Township Treasurer... The Library Board will have all authority on how money is spent.”

Although I could not verify with anyone who was at the meeting held nearly 50 years ago, it can be assumed the decision was made based the facts stated in the following written statement from Clare Membiela, a Library Law Consultant for the Library of Michigan:

“Clinton Township Library is a Township Library established under section 10 of the City, Village and Township Libraries Act, 1877 PA 164, ... PA 164 township provides for a library to have a 6-member elected governing board with broad authority over the operations of the library. Township libraries under 1877 PA 164 are fairly independent from their townships, with an elected governing board and a voted millage. Under section 5 of the act (MCL 397.205) the board of an 1877 PA 164 township library has “exclusive control” over the library funds. The same statutory section also states that “*All money received for the library shall be deposited in the treasury of the city to the credit of the library fund, shall be kept separate and apart from other money of the city, and drawn upon by the proper officers of the city upon the properly authenticated vouchers of the library board.*” Under the statute, the library board has authority over the use, and expenditure of library funds, but the municipality (in this case the township) is required to hold the funds in a “library fund” within the township treasury and disburse the library’s funds (ie “cut the checks”). MCL 397.205”

Since the statute does not explicitly say the Township is responsible for bookkeeping and payroll, the option is up to the Township Board and the Library Board.

To ensure even more efficient checks and balances, the Library Board presented the Township Board with a Fiscal Agency Agreement which stated the current procedures in place for paying bills, that had not yet been written out, with a termination date left blank in hopes of a suitable date would be agreed upon by both parties. This Agreement was approved by the Library Board at their August 2024 meeting (and can be found in the meeting minutes) and presented to the Township Board on September 1 with a handwritten note to “please discuss this at your next board meeting”. In a closed session at the Township’s board meeting held on September 9, 2024, the Township Board informed Library personnel that they would not be signing the Agreement and that the Township Board no longer wished to continue performing bookkeeping and payroll duties.

The transition to doing our own bookkeeping and payroll duties has been a long process to ensure we are making the best decision on how to handle our constituents’ money. Policies had to be in place with the new operating procedures (which, according to our Policy on writing and passing policies, requires two read-throughs at separate meetings before approval), research was to be done on the most appropriate accounting and bookkeeping software, training was to be conducted for those who would be doing such tasks, consulting with an attorney to ensure compliance, and motions passed to allow board members to have legal approval to sign checks.

Because the Clinton Library Board and Director took such great care in ensuring the transition to managing our own bookkeeping and payroll was compliant, efficient, and

thorough, the process has taken several months from the first notification (on September 9, 2024) to completion.

There have been a few bumps in the road, as there usually are when transitioning from procedures that have been in place for nearly 50 years. These obstacles we faced caused the unfortunate result of the closure of the Library on Friday, October 4, 2024. Fortunately, the closure only lasted one day, and we are grateful to our community's patience as we navigated this new process.

The Clinton Township Public Library places a large emphasis on transparency; all policies can be found on our website and are easily accessible at the circulation desk, and all meeting minutes along with their corresponding documents (such as policies, agreements, proposals and bids), are on the front page of our website ([ClintonTownshipLibrary.org](http://ClintonTownshipLibrary.org)). We encourage all citizens to do their own research to ensure their local government agencies are safeguarding their monies through proper checks and balances by visiting websites, reading through policies and ordinances, attending board meetings, and reading through meeting minutes.