

Purchasing and Bid Policy- Romeo District Library

Purpose of Guidelines:

These guidelines have been approved by the Board of Directors of the Romeo District Library in carrying out its authority and responsibilities under The District Library Establishment Act 24 of 1989 section 397.183.

The purpose of these guidelines is to provide standardized policies and procedures for expenditures for supplies, parts, repairs, services, training, and equipment for the normal and routine operations of Romeo District Library, including all contracted outside services. The selection of Library-specific materials (e.g., books, DVDs, downloadable music, newspapers, and databases) for purchase is controlled by a separate policy (see Collection Development and Management). Every reasonable attempt must be made to ensure that the Romeo District Library is receiving the best value for the money expended.

These guidelines define the responsibilities of The Board of Trustees, the Library Director, the Business Manager, as well as any library staff person with the scope of authority granted to such persons.

SECTION ONE – Guidelines

1. **Centralized Purchasing System-** The Library will maintain a centralized purchasing system. All requests for purchases will be forwarded to the director or to the appropriate authority for approval before purchase. The authority and responsibility for the purchase of all library materials, equipment, supplies, contractual services and operating expenses will be under the direction of the library director and in conformance with the Board approved budget. The director will oversee all purchasing activities of the library but may at their discretion delegate purchasing responsibilities to appropriate staff.
2. **Purchasing controls and supervision of purchasing staff members –** The Business Manager under the direction of the Director will establish and enforce appropriate internal controls for the management of the purchasing process and effectuation of the policies reflected in these guidelines. Annual guidance and training in these procedures will be provided by the director or the business manager to all staff making purchases regarding the Purchasing Guidelines including dollar limitations, quotation and bidding requirements and all purchasing requirements. NO PURCHASE will be made unless in compliance with authorizations and procedures established by these guidelines. The Director/Business Manager will monitor all purchases and determine which items are surplus and suitable for disposal.

3. Purchasing considerations-In making purchases, the following factors will be taken into consideration with greater weight given to the first three factors as compared to the second three factors:
 - a. Price
 - b. Quality and serviceability
 - c. Vendor reputation and prior experience with vendor
 - d. Availability of quantity discounts
 - e. Romeo, Bruce or Washington Townships vendors
 - f. Recycled product

4. Request to purchase and purchase orders

- a. A Purchase/Check request will be prepared and must be approved by the manager and the library director.
- b. A Purchase/Check request is not required for certain operating expenses including utilities, postage, payroll, benefits and insurance. Proper records will be maintained for all expenditures made for any of the above purposes.
- c. Orders may only be places after appropriate approvals have been received.

5. Approval limitations and required price comparisons for purchasing

The Board establishes the following approval limits and price comparison requirements in order to delegate to the Director and the appropriate staff the responsibility and authority to operate the library in an efficient manner on a day to day basis. Purchase limits noted below refer to both single purchases and collectively purchased items. Purchases may not be “split” into smaller purchases as a means of circumventing the approval limits or price comparison requirements.

Level of Purchase	Approval Needed	Price Comparison
Up to \$499	Department Head or Director	Simple price comparison
\$500 - \$2,999	Director	A written summary of competitive quotes from a minimum of three vendors.
\$3,000 - \$4,999	Finance Committee	Written competitive quotes from a minimum of three vendors. Competitive bids may be required at the Finance Committee’s discretion.
\$5,000 and above	Board	Competitive bidding

- a. If less than three competitive quotes are obtained, the Director will document the efforts made to secure competitive quotes. Comment: Detail from the above items.
- b. Competitive quotes are not required for Library Materials that are single source. A single source item is one that is not available from another vendor. Comment: Detail from the above items.

6. Competitive Bidding Procedures

- a. The invitation for bids must include a standardized specification sheet, information as to where the bids must be filed, and when and where the bids will be opened. The invitation will indicate that each bidder must provide appropriate proof of insurance at the time of bidding. Bidders will be instructed to submit sealed bids, which are clearly labeled as bids on the outside of the envelope.

- b. Invitations for bids will be published either through a governmental bid website (such as Bidnet), the library website, suitable trade publications, or in a local newspaper. It is the Library's responsibility to publish invitations in the most beneficial and most cost effective manner.

- c. All bids received will be time-stamped and remain unopened until the date and hour of the bid opening. Bids are to be opened publicly at the time, date, and place specified in the invitation for bids. Bids are to be recorded and made available for public inspection.

- d. After final approval of the Board, all bidders will be notified of the decision. A Purchase/Check Request will be signed by the Library Director with the date of Board approval documented on the Purchase/Check Request.

- e. The Board, at its discretion, may waive the requirement for competitive bidding.

- f. The Library will not be obligated to purchase from the lowest bidder.

7. Capital assets and Inventory

For purposes of maintaining accurate records of Library assets, all capital assets (i.e. furniture, software, building improvements) purchased in excess of \$500.00 (or collectively over \$1,000.00) will be considered inventory and kept listed as such. To properly protect the Romeo District Library's assets, certain individual items purchased at a cost of less than \$500.00 may also be considered inventory at the judgment of the Library Director.

Purchases over \$5,000.00 will be included in capital outlay as well as inventory. Capital assets are defined by the Library as assets with an initial individual cost of more than

\$5,000 and an estimated useful life in excess of one year. Due to the significance of the Library's annual acquisition of Library books and materials and the shelf life on most materials extending beyond one year, annual acquisitions of books and materials are treated as capitalized assets in order to spread their cost over their estimated useful life. Donated capital assets are recorded at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Library are depreciated using the straight-line method over the following useful lives:

Buildings and improvements 10 to 50 years
Furnishings 5 to 10 years
Office and computer equipment 3 years
Library collection 5 to 7 years

8. Emergency Purchases

- a) In the case of **Fire and Emergency Services**, where an emergency situation exists which is a threat to the health and/or safety of the public or Library staff, repairs which are immediately needed may be ordered by the Library Director after conferring with one RDL board member. The matter would then be placed on the agenda of the next regular RDL Board meeting to inform board members of the circumstances, at which time the Board will approve the payment(s).
- b) In the case of **Water and Septic** problems, the Library Director has authorization to have the Facilities Manager carry out necessary repairs/maintenance to avoid or prevent further damage caused by an emergency situation. Emergency repairs and maintenance will be considered as: all repairs and maintenance which are unforeseen and have potential as either a hazardous condition or situation where delayed attention could cause greater overall damage and/or cost. The day following such repairs, the Library Director will notify the RDL Board president or treasurer of the repairs and the expense incurred by the repairs. The Library Director will inform the RDL Board members of the repairs at the next scheduled meeting, at which time the Board will approve the payment(s).
- c) In the case of **other types of emergencies** not specified above, the Library Director has authorization to have the Facilities Manager carry out necessary repairs/maintenance to avoid or prevent further damage caused by an

emergency situation. Emergency repairs and maintenance will be considered as: all repairs and maintenance which are unforeseen and have potential as either a hazardous condition or situation where delayed attention could cause greater overall damage and/or cost. The day following such repairs, the Library Director will notify the RDL Board president or treasurer of the repairs and the expense incurred by the repairs. The Library Director will inform the RDL Board members of the repairs at the next scheduled meeting, at which time the Board will approve the payment(s).

9. Bids for Recurring Services or Contracted Labor

Bids for recurring services and contracted labor will be solicited every two years, with prices remaining fixed at agreed-upon levels for said two-year period. This includes, but is not limited to, snow removal, lawn maintenance, sprinkler services, electrical maintenance and mechanical services. Competitive bid procedures, as described in section 6, must be followed. References must accompany all bids.

When deemed in the best interest of the library, the RDL Board may, at their discretion, opt not to bid out certain contracted labor and/or services.

- a) In accordance with federal law, if RDL finds it necessary to use the services of an independent contractor for professional services or labor, a current, completed and signed W-9 form will be obtained from the contractor prior to commencement of work.
- b) Each contractor must also supply a copy of the current liability insurance/workers compensation insurance certificate. Such documentation must be provided to the Library Director before any compensation can be made. It should be noted that these documents may expire during the year and it is the Library Director's responsibility to make sure that these forms are kept current.
- c) At the RDL Board's discretion, certain professional services such as, but not limited to: Engineer, Computer consultant, Planner, Attorney, Accounting Service, and Auditor, may be exempt from this bidding process.
- d) All RDL staff and board members are required to avoid any actual or potential conflict of interest in soliciting bids for recurring services and contract labor. For the purposes of this policy, the term "conflict of interest" is defined as a financial interest or an interest that would undermine the Library's goal of assuring an independent, impartial and honest bid process. All RDL staff and board members are required to disclose in writing any and all potential conflicts of interest in connection with the bid process for recurring services and contracted labor. In the event of an actual or potential

conflict of interest, RDL board members are required to recuse themselves from any discussion or vote involving the recurring service or contracted labor in question.

SECTION TWO –Funds other than operating budgeted amounts

These funds may include unreserved fund balance for cash flow, and other approved funds and surplus monies. Designation of funds will be made during the annual budget process. In order for these funds to be utilized they must first be appropriated.

These funds can only be spent with the approved of a majority of the Board.