

Otsego County Library
Purchasing Policy

Summary:

The purpose of this policy is to establish procedures for the purchase of all supplies, equipment, vehicles, services and all construction or altering of facilities for the Otsego County Library, in a manner that coordinates with County policies and maximizes the purchasing value of public funds in procurement. A procurement involving the expenditure of federal or state assistance or contract funds shall be conducted in accordance with any mandatory applicable federal or state laws and regulations. Nothing in this policy shall prevent the library from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law.

Purchases for library materials, computer software, and equipment are often available through statewide or national discount programs for libraries. The Library Director will seek out any and all library or educational discounts, and this policy shall not prohibit the Library from taking advantage of such opportunities for cost saving.

1. Definitions

- 1.1 ***Capital Outlay Items:*** Non-expendable items listed in the Library's capital improvement budget.
- 1.2 ***Competitive Bids:*** Prices received from vendors on items or services \$10,000 or more. Competitive bids are received as sealed bids only and are opened at advertised public bid openings. The requirement for sealed competitive bids shall not apply to intergovernmental contracts, contracts for professional services or emergency repairs, or for the reauthorization of contracts, which have been previously approved by the Library Board of Trustees.
- 1.3 ***Expendable/Recurrent Supplies:*** Routine supplies need to carry on the Library's daily business (i.e. office supplies, collection maintenance supplies). Expendable supplies are generally acquired using preferred vendors.
- 1.4 ***Final Approver:*** Library Director or her designee.
- 1.5 ***Formal Bidding:*** Formal bidding procedures should be used for purchases from \$5,001 to \$10,000. It requires solicitation of written bids through the mail, e-mail and facsimile.

- 1.6 **Informal Bidding:** Purchases of \$501 to \$5,000 are subject to informal bidding. Informal bids (quotes) may be solicited by telephone, online websites, personal contact, or in writing.
- 1.7 **Public Bid Opening:** A place, date and time established to open competitive bids received on items and/or services being procured. Adequate public notice of the invitation for bids shall be given not less than 10 calendar days prior to the date set forth therein for the opening of bids. Such notice may include publication in a newspaper of general circulation for a reasonable time prior to the bid opening.
- 1.8 **Request for Proposal (RFP):** A document issued by the Library Director, which contains specifications and Library bidding procedures for procurement of items and/or services. An RFP is sent out to vendors as a mechanism to solicit for competitive bids.
- 1.9 **Request for Quotation (RFQ):** A document (less formal than an RFP) issued by the Library Director or Library employee, which contains specifications for the procurement of items and/or services. An RFQ is sent out to vendors as a mechanism to solicit for competitive quotes.

2. POLICY: Library funds are held by the County Treasurer as required under Act 138 of 1917. The Library maintains its own accounting system and requests transfers from the County Treasurer to Library checking accounts to cover warrants approved by the Library Board of Trustees. Except as otherwise specified herein, purchases / contracts will be awarded to a contractor or bidder based on price, record of performance, availability, dependability and experience. All purchases by contract, or otherwise, as herein authorized, will be in accordance with such appropriations as have been made by the Library Board for the support of library operations.

It shall be unethical for any Library employee to participate directly or indirectly in a procurement contract when the Library employee knows that the Library employee or any member of the Library employee's immediate family has a financial interest pertaining to the procurement contract.

- 2.1 **Basic Purchases:** Items valued at \$500 or less are considered basic purchases. There are not any bidding requirements for these purchases. The Library Director or her designee is authorized to draft requisitions and the Library Director will act as the final approver. Reasonable scrutiny will be exercised when expending funds under the \$500 threshold.

- 2.2 **Library Materials:** Books, magazines, AV, and other such materials intended for patron use are generally purchased from vendors offering volume discounts or vendors offering a state contract. Materials available only from the publisher are generally purchased with little or no discount. Individual requisitions will not be made for each purchase; rather, a blanket requisition will be established for each regular book and AV supplier.
- 2.3 **Informal Bidding:** Purchases of \$501 to \$5,000 are subject to informal bidding. Library employees, with approval of the Library Director, may solicit informal bids as outlined below. Bids taken by telephone must be followed up in written form (such as email, fax, letter, or website printout). The Library Director must act as final approver.
- A. Bid Information: To insure fairness, each vendor solicited should be given the same information. This information should include:
- Description of items to be purchased
 - Special terms and/or specifications
 - Desired delivery date
- B. Record of Bids: All bids solicited will be recorded. Each record should contain:
- Bid information
 - Record of all bids
 - Explanation if lowest priced vendor not selected
- 2.4 **Formal Bidding:** Purchases from \$5,001 to \$10,000 are subject to the formal bidding process. If the item was approved in the budget, the Library Director is the final approver. If the item was not approved in the budget, the Library Board must approve the expenditure; then, the Library Director serves as the final approver. Formal bidding includes solicitation of written quotations/bids through direct contact, public advertisement or any combination of same.
- A. The solicitation/advertisement must include the following:
- Identification of items(s) to be bid upon
 - Location bids are to be submitted
 - Date and time of bid deadline for submission
 - Contact for further information
 - Statement of Library's rights to reject bids
 - Contract compliance terms
 - Product specifications

B. Record of Bids: All bids solicited shall recorded. Each record should contain:

- Bid Information
- Record of all bids
- Explanation if lowest priced vendor not selected.

2.5 **Competitive Bidding:** Purchases with an anticipated obligation of \$10,001 or more are required to have sealed, competitive bidding and comply with Public Act 167 and 168 of 1993. Professional services and intergovernmental contracts and emergency repairs, or reauthorization of contracts that have been previously approved are exempted from this policy.

A. If a bid document must be prepared (\$10,001 or more), it shall include:

- Bid advertisement
- Bid preparation instructions
- Proposal
- Contract
- General conditions
- Special conditions
- Detailed specifications
- State or Federal guidelines (if necessary)

The Library reserves the right to accept, reject or renegotiate any or all bids, to waive or not waive informalities or irregularities in bids or bidding procedures and to accept any bid determined by the Library to be in the best interest of the Library, regardless of price. Vendors located in Otsego County will be given special consideration if their bid is no more than 3% above the low bid.

B. All bids shall be opened at the time, date and place specified, and the opening and inspection of all bids shall be made by the Library Director. A complete summary of the bids, including the bidding firm's name, cost, qualifying data, and any other relevant information, shall be kept on file for a period of 3 years. Final approval, acceptance and selection of bids that are low bid and meet specifications shall be recommended by the Library Director to the Library Board of Trustees.

2.6 **Expendable Supplies:** For each expendable category of purchases, the Library Director, with the assistance of the library staff, will compile and maintain a list of preferred suppliers. Such lists will be reviewed and updated periodically. Typically, 1-3

vendors will be listed to provide comparison pricing and selection options.

- 2.7 **Open Purchase Orders:** Open Purchase Orders shall be utilized for vendors that provide routine repetitive services. Open Purchase Orders may be opened and closed within any calendar month. An example of an open purchase order would be the standing order for large print books, which are delivered on a scheduled basis.
- 2.8 **Emergency Purchase Orders:** In case of emergency needs, the Library Director is authorized to make emergency procurements of supplies, services or construction items when library services are jeopardized. Emergency procurements will be made with such competition as is practicable under the circumstances and the cost shall not exceed \$10,000. All emergency expenditures in excess of \$10,000 shall be co-approved by the Library Board President.
- 2.9 **Cooperative Government Contracts:** Bidding requirements shall be waived if the Library is able to secure favorable prices on purchases by joining with other local governments, libraries, or participating with the State of Michigan or Federal Government in purchasing. The Library Director is authorized to enter into the necessary agreements or contracts on behalf of the Library.
- 2.10 **Exempted Purchases:** Exempted purchases include maintenance agreement billings, utility billings, contracted service invoices, insurance payments, dues/memberships in professional associations, postage, advertisements, art/literary program honorariums, petty cash purchases, fees and costs of job-related travel, seminars, registration and training, and other like services. The appropriate account number and signature of the Library Director is required for exempted purchases, and shall appear across the invoice.
- 2.11 **Payment Procedure:** The respective Supervisory Team member will be responsible for inspection of all orders, upon receipt of the order. Upon acceptance of items, verification that the packing slip matches the purchase order must accompany the invoice in order to obtain payment. Whenever the Library rejects any order, the Library Director shall be notified immediately and given the reason for the rejection.
- 2.12 **Insufficient Appropriations:** There shall be no purchases for items where there is no appropriation. The Library Board of Trustees must approve the library budget, then, the Library Director shall have the authority to transfer funds within defined budget

lines. The need to transfer funds outside the limits established by the Library Board shall require prior approval by the Library Board of Trustees. All transfers shall be reported to the Board on the monthly budget report.

The Otsego County Library will accept delivery of and authorize payment of only those services, supplies, merchandise or articles authorized for purchase, and acceptable under terms of the purchase agreement, in accordance with the procedures stated herein. The Library Director shall have the authority to pay all claims and report such activity to the Board of Trustees on a monthly basis.

Payment for any services, supplies, merchandise or articles not authorized for purchase by the Library Director or Library Board of Trustees in accordance with policies and procedures stated herein becomes the responsibility of the person or persons requesting such service, supplies, merchandise or article and the Library may deny payment of the claim.

Any service being performed for the Library that has not been authorized in accordance with the policies and procedures state herein, shall be immediately discontinued and the original conditions restored at the expense of the person or persons requesting such service.

Payment in full for any service, supplies, merchandise or articles not acceptable for delivery of the use required, as put forth in the bid specifications or purchase agreement for such service, supplies, merchandise or articles, will be held in abeyance until such time as a replacement or replacements meeting the specifications put forth in the purchase agreement and acceptable for the use required.

Table 1

Dollar Amount	Bidding Requirement	Final Approval
\$0-\$500	None	Library Director
\$501-\$5,000 (approved in budget)	Informal bid	Library Director
\$501-\$5,000 (not approved in budget)	Informal bid	Library Board of Trustees authorizes Library Director

\$5,001-\$10,000 (approved in budget)	Formal bid	Library Director
\$5,001-\$10,000 (not approved in budget)	Formal bid	Library Board of Trustees authorizes Library Director
\$10,001 or more	Competitive Bids (3)	Library Board of Trustees authorizes Library Director