

Stewardship of Financial Resources

SF 200 Purchasing

*Adopted: 1/86; Revised: 5/86, 4/88, 10/94, 8/00, 6/04, 9/07, 6/11, 8/11, 3/12, 10/15,
draft 09/16*

Policy

The Metropolitan Library System expends public funds for library service for the maximum benefit of library customers and obeys all applicable laws in order to be a good steward of these funds.

I. Legal Background

The Metropolitan Library Act (62 O.S. 1971, Section 551 et seq.) empowers the Metropolitan Library Commission to administer the expenditure of funds derived from the library tax levy and from fines, fees, sales of personal property and other miscellaneous income.

II. Annual Budget's Role in Purchasing Authority

Commission approval of the annual budget serves as the principal authority for the Library to encumber and expend the funds necessary to operate. This authority begins with approval of the preliminary budget (estimate of needs), normally adopted in June. Recognition of the preliminary budget as an operating budget is necessary because the new fiscal year begins on July 1. Expenditures such as personal services, materials, utilities, insurance coverage, maintenance, repairs and supplies must be in place with "first day" funding and reasonable assurance of adequate funding throughout the year. The final budget, incorporating necessary changes to the preliminary budget, is normally adopted in August.

III. Budget Documentation of Commission-Approved Purchases

The annual budget overview/summary, along with the line item budget submitted to the Commission, documents details of routine and non-routine proposed expenditures.

Some line items, such as office supplies, technical processing supplies, etc., are normally routine or self-descriptive and require little or no explanation in the budget overview/summary. Other categories, such as salaries and related personnel expenditures, require and receive more detailed explanations in the budget document. Proposals for purchases of furniture, fixtures, equipment, vehicles, automation hardware, capital improvements and other major, tangible items are listed individually in the proper accounts of the line item budget.

Except for items removed from the list or designated as "tentative" by a majority of the Commission during the budget adoption process, approved items may be purchased by the Library at the appropriate time without further Commission review. The purchase price shall not be greater than the budgeted amount plus the lesser of ten percent (10%) or \$500. When the competitive bidding procedure is required, the Commission reviews and approves or rejects a contract or purchase award at the time bids are submitted for review. The Commission may also choose at any time, by a majority vote, to reverse its approval given during the budget process to any item not yet purchased.

To ensure adequate funding for the approved preliminary budget, capital improvement projects, unless approved by the Commission in a prior year and funded within the Library's cash reserve plan, should not be implemented until the final budget is approved by the Commission.

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~~IV. Monthly Commission Review of Claims~~

~~The list of claims for which checks have been issued during a given month is attached to the financial statement presented at the Commission's monthly meetings. The list serves as final documentation for audit purposes.~~

~~V. Definitions~~

~~Library Materials: All books and non-book items such as periodicals, films, records, prints, videos, CDs, cassette tapes, electronic databases and other products to which the public has direct access.~~

~~Capital Improvement Projects: Construction, remodeling and renovation, or major repairs or improvements to library facilities.~~

~~Personal Services: A category of the annual budget containing line items beginning with the number "1" or "2", including salaries, wages, payroll taxes, direct cost benefits, janitorial services, security services, professional/consulting services, etc.~~

~~VI. Regulations~~

- ~~1. The library administration shall establish and maintain a purchasing procedure to:
 - ~~a. Assure that each encumbrance is a legal and just claim and is within the authorized available balance of the appropriate budget categories~~
 - ~~b. Certify that purchased items are satisfactorily received~~
 - ~~c. Provide accurate records for audit and keep such records on file for not less than three years~~~~
- ~~2. Primary vendor contracts for purchases of library materials shall be awarded following the competitive bidding procedure. Current vendor performance will be evaluated annually and a survey of all potential primary vendors will be made at least every five years. The competitive bidding process will be initiated if and when the current vendor fails to meet the libraries needs or when a survey of potential vendors indicates that it would be advantageous to the library to do so.~~
- ~~3. Acquisitions including capital items and construction contracts expected to cost \$10,000 or more each and not listed under State Contract, GSA pricing or similar competitive bid pricing agreements solicited by a public agency as defined by the Intergovernmental Cooperation Act shall be purchased via a competitive bidding procedure as described in Item 14 below. Items listed under State Contract, GSA pricing or similar competitive bid pricing agreements solicited by a public agency as defined by the Intergovernmental Cooperation Act may be purchased directly from the vendor, regardless of cost, with no further bidding procedure required. Purchases of similar items or groups of items should not generally be subdivided into multiple purchases of less than \$10,000. The Commission shall be advised if exceptions are made.~~
- ~~4. Contracts within the Personal Services category shall be governed by the Personal Services policy.~~

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~~5. The following acquisitions and contracts shall not be subject to competitive bidding procedures:~~

- ~~a. Utilities and other services for which fees or rates are regulated by federal, state or local government~~
- ~~b. Sole source contract. Any department requesting products or services by sole source contract shall attach to the requisition an affidavit signed by the chief administrative officer of that department to indicate it is indeed a sole source contract~~
- ~~c. Professional services contract, such as architectural, engineering, actuarial, training, consulting, auditing, performing and etc. For these types of contracts, requests for a professional service bid shall be sent to qualified providers. Bids shall be evaluated by the Executive Director and staff involved in the requisition. Both cost and technical expertise shall be considered in determining the best bidder. A documented evaluation report shall be completed prior to awarding a professional service contract.~~

~~6. In an emergency situation requiring swift action when no regular or emergency Commission meeting is scheduled or practical under the circumstances, the administration may contract to handle the emergency. A report of the emergency acquisition will be presented to the Commission at the next scheduled Commission meeting.~~

~~7. Library employees holding job titles designated as "Purchasing Officers" by the Metropolitan Library Commission may act in that capacity. Attachment A is a list of Purchasing Officers. This list may be amended by the Commission as needed. All Purchasing Officers shall be bonded in the amount of not less than \$25,000.~~

~~8. The Library's Business Office shall be the central purchasing agency through which requests for the purchase of all library materials and operational items are routed and accounted for; the Director of Finance shall be the system's designated Encumbering Officer. The Executive Director, Deputy Executive Director/ Technology and Deputy Executive Director/Library Operations are also authorized to sign purchase orders as Encumbering Officers.~~

~~9. Library checks (warrants) less than \$5000 may be signed by any of the following: Chair, Vice-Chair, Disbursing Agent, Secretary (Executive Director) of the Commission, Deputy Executive Director/Technology, Deputy Executive Director/Library Operations and Deputy Executive Director/Materials & Outreach. Library checks in excess of \$4,999.99 shall require two authorized signatures. The Secretary (Executive Director), Deputy Executive Director/Information Technology, Deputy Executive Director/Library Operations and Deputy Executive Director/Materials & Outreach may not sign checks or warrants in which they are the payees of checks in payment of goods and services or when they have signed the respective purchase order as "Purchasing Officer". The Executive Director shall direct staff to develop a procedure for issuing Library checks.~~

~~10. The "Request for Reimbursement of Out-of-Pocket Expenditures" (Form #417) shall be used for cash reimbursements under \$60.~~

~~11. Request for Purchase (form #410) must be completed by the requesting agency/department as the authorization to issue a purchase order and procure the requested item or service. Exceptions to this requirement are:~~

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- ~~a. — Cash reimbursement for out-of-pocket expenditures under \$60, supported by form #417~~
- ~~b. — Utilities and other services for which the fees or rates are regulated by federal, state or local government~~
- ~~c. — Service or maintenance contracts awarded by the Commission, of which the fees or rates have been specified in the bid and subsequent contract award.~~

~~12. The Library will not knowingly purchase nor accept bids to purchase any item from:~~

- ~~a. — Commission members~~
- ~~b. — Library employees~~
- ~~c. — Children, parents, grandparents, grandchildren, brothers and sisters of the above individuals and their spouses~~
- ~~d. — Firms or enterprises in which any of the above individuals have a vested interest involving ownership, partnership, sales commission or other direct and immediate gain resulting from such purchase~~
- ~~e. — Except for the special situations listed in item 19.~~
- ~~f. — This policy does not prohibit the purchase of items from any firm or enterprise in which an individual defined in C above is employed or owns stock but who does not have a vested interest as defined in D above.~~

~~13. The Commission gives preferential consideration when purchasing supplies or services through the competitive bidding procedure, to Oklahoma County residents and businesses whose property taxes directly support the Library. Preferential consideration is given only when all other factors used in determining lowest and best bidder are equal, and when the difference between the local and non-local vendor's bid price does not exceed five percent (5%) or \$1000, whichever is less.~~

~~14. For acquisitions or contracts expected to cost \$10,000 or more and not listed under State Contract or GSA pricing or similar competitive bid pricing agreements as defined in Item 3 above, the following procedures shall be followed:~~

- ~~a. — The Library will seek current, qualified vendors to whom specifications will be sent inviting bids~~
- ~~b. — A notice inviting bids will be published not less than two times in an Oklahoma County newspaper~~
- ~~c. — The library will allow not less than 14 days for bids to be received~~
- ~~d. — The bid proposal shall specify that the Commission retains the right to reject all bids and to waive any formalities and technicalities~~
- ~~e. — Each bidder shall submit an "Affidavit for Filing With A Competitive Bid" to ensure a true competitive bidding process~~
- ~~f. — Contractors engaged in service for the Library shall provide and maintain Workers' Compensation and employers' liability insurance coverage for the contractor and all employees of the contractor or the subcontractors engaged in any service contracts awarded by the Commission~~

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- ~~g. The bidding and contract award procedures for construction contracts and building improvements shall be administered in accordance with the Public Competitive Bidding Act of 1974, unless the Commission procedures described in this section are more stringent than those provided for in the Act~~
- ~~h. When required by law, all contractors engaged in library construction projects shall pay prevailing wages to their employees. The administration shall analyze acceptable bids received from vendors and recommend the vendor who has submitted the lowest and best bid to the Commission for approval~~
- ~~i. The Commission shall review the bids and accept the lowest and best bid, retaining the right to reject all bids~~
- ~~j. The administration shall then purchase the item via the established purchase order procedure~~
- ~~k. Each contractor who is awarded a contract by the Commission shall execute an "Affidavit for Contract or Claim". This affidavit shall be for the entire contracted amount and/or for the entire fiscal year in which the contract is awarded~~
- ~~15. The administration shall review all contracts at least annually and, depending on vendor performance, shall submit a recommendation regarding extension, renewal, cancellation or rebidding to the Commission. All contracts in force for three consecutive years, which exceed \$10,000 in any one year, shall be subject to rebidding at the end of the third year unless this requirement is waived by the Commission.~~
- ~~16. For items or services expected to cost less than \$10,000 and not listed under State Contract, the following procedures shall be followed:
 - ~~a. For acquisitions between \$2,500 and \$9,999 the Library will solicit informal written quotes from available qualified vendors and award to the vendors with the best and lowest quotes. This procedure may be waived by the Executive Director in an emergency situation requiring immediate action when the procedure is not practical under the circumstances~~
 - ~~b. The records of written quotes will support the award to the lowest and best bidder, and will be attached to the Request for Purchase~~
 - ~~c. The requirement of proper and adequate insurance coverage (see paragraph 14 F & G) for construction and service contracts will also apply to the successful bidder under this procedure.~~~~
- ~~17. Contracts with the financial auditors may extend for up to five years. The auditing firm may be retained for subsequent five-year periods if the firm agrees to rotate its audit partner or audit manager for the following 5 year period, unless such requirement is waived by the commission.~~
- ~~18. Bids for the Library's insurance, including its Package policy, Auto, Umbrella, Fiduciary, Directors' and Officers', Employment Practices, and Flood Insurance, may be extended for five years total before re-bidding.~~
- ~~19. The Library may contract with employees or other associated individuals, who might otherwise be prohibited from performing special services, to perform as musicians, actors, authors, or in other artistic capacities for the benefit of customers or employees at special~~

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~~functions of the Library. Examples of these special situations would be employees hired to perform musically at a Library grand opening, when such employee regularly contracts with other entities to perform similar services; employees hired to act in special performances hosted by the Outreach Department; employees who have authored books and are hired to perform a reading of their book for the general public; and, children of employees who are members of a band that is hired to entertain at a Library function. In these special situations, it does not matter if the contract is directly with the individual or with a group in which the individual is a member. Books or other materials written or produced by employees or other associated individuals may be purchased for the library's collection if they meet the requirements of the Materials Selection Policy (AM 310).~~

- ~~a. The Executive Director will make a disclosure to the Commission at its regular monthly meeting whenever one of these specific situations occurs.~~
- ~~b. Employees are not authorized to approve payments to family members or to themselves.~~

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(A) The Metropolitan Library Act (62 O.S. 1971, Section 551 et seq.) empowers the Metropolitan Library Commission to administer the expenditure of funds derived from the library tax levy and from fines, fees, sales of personal property and other miscellaneous income. The purpose of these policies is to ensure that purchases are made in a transparent and competitive manner that is in the best interest of the Library and the taxpayers.

(B) Purchasing and Contracting Authority

- (1) The Commission shall approve or reject all formal bids. The Executive Director is authorized to execute contracts for bids approved by the Commission, for contracts below the bid threshold, and for contracts included in the approved budget for which the underlying purchase is exempt by policy from competitive bidding up to \$25,000.
- (2) The Library's Business Office shall be the central purchasing agency through which purchase or payment requests are routed and accounted for.

(C) Purchasing Guidelines & Bid Policy

- (1) Purchases of goods or services, excluding construction contracts, expected to exceed \$10,000 (or increase) should be purchased through competitive bidding. Purchases of similar items or groups of items should not generally be subdivided into multiple purchases of less than \$10,000.
- (2) Notice inviting bids will be published in an Oklahoma County newspaper.
- (3) Not less than 14 days will be allowed for the receipt of bids.
- (4) Bidders shall submit a Non-Collusion Affidavit with their bids.
- (5) Administration will analyze the bids received and recommend the vendor who has submitted the lowest and best bid to the Commission for approval. The Commission retains the right to reject all bids and to waive any technicalities, irregularities or omissions.
- (6) The Commission gives preferential consideration when purchasing supplies or services through competitive bidding, to Oklahoma County residents and businesses whose property taxes directly support the Library. Preferential consideration is given only when all other factors used in determining lowest and best bidder are equal, and when the difference between the local and non-local vendor's bid price does not exceed five percent (5%) or \$1000, whichever is less.
- (7) Bidding for construction contracts and building improvements shall be in administered in accordance with the Public Competitive Bidding Act of 1974.
- (8) The Commission shall be advised if exceptions are made to bid policy.

(D) Exemptions from Competitive Bidding Requirements

- (1) Utilities and other similar services for which fees or rates are regulated by federal, state, or local government.
- (2) Sole source contracts defined as a purchase of goods or services which can only be purchased from one supplier, usually because of its technological, specialized, or unique character.
- (3) Professional services which require specialized or technical skills, expertise or knowledge, or the exercise of professional judgement. These include but are not limited to architects, engineers, attorneys, accountants, real estate appraisers, insurance brokers, and professional consultants.

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- (4) Library materials including books, magazines, audiovisual materials, online databases, and other materials intended for customer use.
- (5) Contracts for performers or artistic services.
- (6) Speakers, training and seminars.
- (7) Advertising services.
- (8) Purchase made under a State Contract or from another governmental agency or body.
- (9) Purchases that provide for prices that are equal to or lower than GSA pricing.
- (10) Purchases made utilizing competitively bid contracts of national purchasing cooperative programs.
- (11) Contracts for the maintenance or servicing of equipment which are made with the manufacturer or authorized service agent of that equipment where the maintenance or servicing can best be performed by the manufacturer or authorized service agent.
- (12) Contracts for software support and maintenance provided by the software company.
- (13) Emergencies involving public buildings, public property or the life, health, safety, or property of the Library, its customers or staff where immediate expenditure is necessary to protect against financial loss, loss of or damage to library property, to prevent or minimize serious disruption in Library services or to ensure the integrity of Library records. Any exception to bidding by reason of emergency will be disclosed to the Commission at the next scheduled Commission meeting.

(E) Contract Renewals

- (1) The administration shall review all contracts that exceed the bid threshold at least annually and, depending on vendor performance, shall submit a recommendation regarding extension, renewal, cancellation or rebidding to the Commission. All contracts in force for three consecutive years, which exceed the bid threshold in any one year, shall be subject to rebidding at the end of the third year unless this requirement is waived by the Commission.
- (2) Contracts with the financial auditors may extend for up to five years. The auditing firm may be retained for subsequent five-year periods if the firm agrees to rotate its audit partner or audit manager for the following 5-year period.
- (3) Bids for the Library's insurance, including its Package policy, Auto, Umbrella, Fiduciary, Directors' and Officers', Employment Practices, Workers Compensation and Flood Insurance, may be extended for five years total before re-bidding.

(F) Purchases Less Than Bidding Threshold

- (1) For acquisitions between \$2,500 and \$9,999 the Library will solicit informal quotes from available qualified vendors and award to the vendors with the best and lowest quotes. This procedure may be waived by the Executive Director in an emergency situation requiring immediate action when the procedure is not practical under the circumstances.
- (2) The records of quotes will be maintained and included in the purchase documents.

(G) Prohibited Vendors

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The Library will not knowingly purchase nor accept bids to purchase any item from:

- (1) Commission members
- (2) Library employees
- (3) Children, parents, grandparents, grandchildren, brothers and sisters of the above individuals and their spouses
- (4) Firms or enterprises in which any of the above individuals have a vested interest involving ownership, partnership, sales commission or other direct and immediate gain resulting from such purchase
- (5) This policy does not prohibit the purchase of items from any firm or enterprise in which an individual defined in 3 above is employed or owns stock but who does not have a vested interest as defined in 4 above.
- (6) Exceptions: The Library may contract with employees or other associated individuals, who might otherwise be prohibited from performing special services, to perform as musicians, actors, authors, or in other artistic capacities for the benefit of customers or employees at special functions of the Library. Examples of these special situations would be employees hired to perform musically at a Library grand opening, when such employee regularly contracts with other entities to perform similar services; employees hired to act in special performances hosted by the Outreach Department; employees who have authored books and are hired to perform a reading of their book for the general public; and, children of employees who are members of a band that is hired to entertain at a Library function. In these special situations, it does not matter if the contract is directly with the individual or with a group in which the individual is a member. Books or other materials written or produced by employees or other associated individuals may be purchased for the library's collection if they meet the requirements of the Materials Selection Policy (AM 310).
- (7) The Executive Director will make a disclosure to the Commission at its regular monthly meeting whenever one of these specific situations occurs. Employees are not authorized to approve purchases to family members or to themselves.

(H) Disbursement

- (1) Library payments less than \$5000 may be approved by any of the following: Chair, Vice-Chair, Disbursing Agent, Secretary (Executive Director) of the Commission, Chief Operating Officer, Chief Organizational Development Officer, and the Chief Library Officer. Library payments in excess of \$4,999.99 shall require two authorized approvals. The Secretary (Executive Director), Chief Operating Officer, Chief Organizational Development Officer, and the Chief Library Officer may not approve payments in which they are the payees of payments in payment of goods and services.
- (I) The Metropolitan Library Commission authorizes the executive director to establish procedures to administer this policy