

DETROIT LIBRARY COMMISSION PROCEEDINGS

ADDENDUM I

DETROIT LIBRARY COMMISSION MEETING MINUTES  
DECEMBER 15, 2009

**POLICIES**

# Detroit Public Library Anti-Nepotism Policy

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Anti-Nepotism Policy

Policy Number:

Commission Approval Date:

Effective Date of the Policy:

## 1.0 Purpose

The purpose of this policy is to clearly define the Detroit Public Library's policy pertaining to the employment of relatives. This policy seeks to eliminate the appearance of impropriety or conflict of interest, a hostile or an uncomfortable work environment, or the potential for hostile or uncomfortable work environment.

This policy shall apply equally to all full-time, part-time and/or temporary employees.

## 2.0 Policy Summary

2.1 It is the policy of the Detroit Public Library not to discriminate in its employment and personnel actions with respect to its employees and applicants on the basis of marital and familial status.

Family members are defined as an employee's parent, child, spouse, domestic partner, brother, sister, grandparent, and any step relationships within the pertaining categories. Notwithstanding this policy, the Detroit Public Library retains the right to refuse to appoint a person to a position in the same department or agency, wherein his/her relationship to another employee has the potential for creating adverse impact on supervision, safety, security or morale, or involves a potential conflict of interest.

The DPL administration will use sound judgment in the placement of related employees in accordance with the following guidelines:

- Individuals who are related by blood, marriage or reside in the same household are permitted to work in the same department/agency, provided no direct reporting or supervisor to subordinate relations exists. That is, no employee is permitted work within "the chain of command" when one relative's work responsibilities, salary, hours career progress, benefits, or other

terms and conditions of employment could be influenced by the other relative.

- Employees who marry while employed, or become part of the same household are treated in accordance with these guidelines. That is, if in the opinion of Library administration, a conflict arises as a result of the relationship, one of the employees may be reassigned/transferred at the earliest practicable time. If the Administration is unable to make an acceptable accommodation, then the two individuals will be notified in writing by Human Resources that one of the employees must separate from Library employment within 90 days. The choice of who should separate from the Library shall be the employee's. In the event the employee does not agree with respect to which one shall resign, the employee with the least seniority shall be separated from Library service.

2.2 For the purpose of this policy, employees interpreted as having the authority to "recommend for hire" shall include the Director, Deputy Director, Chief Administrative and Technology Officer, Associate Director, Assistant Director, Coordinator, Manager, Supervisor, or any employee in a similar capacity that has the capacity to interview and recommend an applicant for hire.

2.3 Relatives of members of the Commission and the Director of the Library may be employed by the Detroit Public Library upon careful review and approval by said Commission.

### **3.0 Procedures**

3.1 In the case of employment relationships which could otherwise violate the Anti- Nepotism policy but which were in effect prior to December 1, 2009, the employment of the employees shall not be affected by this policy, provided that DPL Administration takes appropriate action to ensure that employees neither initiate nor participate in administrative decisions involving a direct benefit (retention, promotion, salary, leave, etc.) to a relative.

3.2 The Library shall apply the foregoing in a non-discriminating manner, and shall ensure that the implementation of this policy does not adversely affect employees of one sex over those of the opposite sex.

- 3.2.1 Situations involving Deputy Director and Associate Directors must be approved by the Commissioners upon recommendation by the Director. The Director shall review annually each request involving officers of the Library that have been approved by the Commission. If the circumstances under which the approval was granted have materially changed, the matter will be reported with recommendations to the DPL Commission.
- 3.2.2 In the case of situations involving family members with specific skills essential to Library operations will be handled as needed without interruption or damage to Library operations.
- 3.4 Situations involving the Director or any member of the Commission must be approved by the Commission.
- 3.5 **Associate Director for Human Resources** – shall coordinate with the employee’s direct supervisor to develop appropriate plans to ensure that two family members are not in the same chain of command. If the situation is not resolved, then the Chief Administrative and Technology Officer (CATO) will executive the transfer of either employee to ensure no potential conflict under this policy.

**Chief Administrative and Technology Officer-** shall agree on the implementation and appropriate action, in conjunction with the Associate Director for Human Resources, to be taken when two family members are found to be in the same chain of command.

- 3.2.3 **Human Resources-** shall investigate reports of nepotism and take appropriate action.
- 3.2.4 **Employees-** shall be required to disclose current conditions or changes in their familial or domestic relationships with employees or future employees to the Associate Director of Human Resources and their direct supervisor that may be covered by this procedure.
- 3.2.5 **Supervisors, Managers or Executive Staff-** may inquire about familial or domestic relations between their employees for the sole purpose of determining the appropriateness of the working relationship under this Policy.

#### **4.0 Related Policies**

The Anti- Nepotism links to the Policy of Disclosure, the Conflict of Interest, the Code of Ethic Policy, and the Whistleblowers Act Policy.

#### **5.0 Remedies**

Any exceptions to this policy must be approved by the Detroit Library Commission.

# Detroit Public Library Credit Card Policy

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Detroit Public Library Credit Card Policy Policy Number: Commission Approval Date: Effective Date of Policy:
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## 1.0 Policy Statement

This policy is established for Detroit Public Library (DPL or Library) employees, whom by the nature of their work, are required to use a DPL-issued credit card for DPL business. The Director may designate other employees to be issued a DPL credit card, including employees in the Director's Office, the Marketing Department, the Technical Processing Department, the Business Office and Purchasing. All DPL employees eligible for a DPL credit card must submit a written application for approval.

Credit card transactions by DPL employees are authorized and regulated by the Michigan Credit Card Transactions Act (the "Act"), MCL 129.241. All use of DPL credit cards must be in accordance with the Act and the DPL Credit Card Policy. Any use of a DPL issued credit card in violation of this Policy or the Act may result in suspension of cardholder privileges and/or discipline up to and including discharge.

## 2.0 Purpose

DPL maintains credit cards for Library-related purposes only. All purchases must be for the benefit of DPL.

This Policy establishes guidelines for appropriate use of DPL credit cards. The Policy is designed to clarify DPL credit card use and to avoid violation of state mandates and IRS codes regarding credit card use.

A DPL credit card shall only be used to purchase goods and services for official business of the Library. The purpose of the credit card is for payment of business travel, dues, subscriptions, and non-reoccurring low debt or volume purchases with a value less than \$3,000. It will be used for vendors that do not invoice or accept purchase orders or where it is not possible or practical to establish a store account. The credit card will provide a convenience to authorized users by minimizing the need to place authorized purchases on personal credit cards, while maintaining strict accountability for the Library. Any credit card used for personal business with a sincere intention of reimbursing DPL is strictly prohibited.

### 3.0 Roles and Responsibilities

#### 3.1 Detroit Public Library Chief Administrative and Technology Officer-

Authorize the issuance and use of credit cards. Review and approve all reconciled itemized monthly statements.

#### 3.2 Associate Director for Finance and Business Operations-

3.2.1 Instruct the issuer of the cards to forward to the Associate Director of Finance and Business Operations.

3.2.2 Negotiate credit card agreements to ensure DPL is getting the best interest rate available.

3.2.3 Issue credit cards to employees authorized to be cardholders by the Director/CATO.

3.2.4 Within 5 days of receipt, distribute itemized monthly invoices to cardholders for reconciliation.

3.2.5 Upon receipt of reconciliation, verify that the expenditures and bill are accurate and appropriate and forward the reconciled statement to the CATO for approval.

3.2.6 Alert the Director/CATO as to any inappropriate use.

3.2.7 Coordinate the waiving and/or reversing of any and all annual fees and/or finance charges.

3.2.8 Retain CATO-approved credit card statements and accompanying receipts on file for seven years.

3.2.9 Pay the balance of all DPL credit cards, including interest due on an extension of credit under the credit card agreement, shall be paid for within not more than 60 days of the initial statement date, as state law mandates. **Finance charges must be avoided.**

3.2.10 Cancel cards as instructed by the Director/CATO.

3.2.11 Create and maintain a master list of all DPL credit cards with the following information: (a) card type; (b) date issued; (c) account number; (d) authorized user(s); (e) expiration date; (f) security code; and (g) credit limit, if applicable.

#### 4.0 Payment on Account

- 4.1 Cash Advances- DPL prohibits the use of a DPL credit card for cash advances.
- 4.2 Credit Limit- The total combined authorized credit limit of all credit cards issued by the Library shall not exceed the amount permitted by state law, which is five percent of the Library's total budget for the current fiscal year. DPL prohibits any user from making purchases on a card that would extend the card's balance over the credit limit. With the exception of expenses incurred by Technical Services, single transactions must not exceed \$3,000. Transactions may not be split to avoid the \$3,000 transaction limit.
- 4.3 Tax Exempt Status- Where applicable, users must notify vendors or merchants when a credit card transaction for purchase of goods or services is exempt from sales tax, and provide the seller with a copy of the certification of the DPL's sales tax exempt status (see attachment 3).
- 4.4 Substantiate purchases- All purchases require specific documentation to substantiate that it is a proper purchase. The following documentation must accompany all credit card purchases:
  - a. Itemized receipts (for reconciliation of credit card statements)
  - b. Documentation describing the goods or services purchased, the date of the purchase, and the official business for which purchased. For example, users must indicate the names of individuals, event or meeting for which expenditures were incurred.
- 4.5 Reconciliation Timeline- A copy of the monthly billing statement will be sent to the user by the Business Office. Within five days of receipt of a monthly credit card billing statement the authorized user shall reconcile the statement with actual original itemized receipts and required documentation, as stated in this policy, to determine the accuracy of all charges and forward the reconciled statement to the Associate Director for Finance and Business Operations. Cardholders are responsible for following-up on erroneous charges, returns or adjustments and to ensure proper credit is received on credit card accounts, including full credit of merchandise returned to a vendor.

## **5.0 Security of DPL credit cards**

- 5.1 Secure Credit Card- All DPL credit cards must be kept in a secure location.
- 5.2 Use by Unauthorized Person- The only person entitled to use the credit card is the person whose name appears on the face of the card or the person authorized by the Executive Director.
- 5.3 Lost or Stolen Cards- If a DPL credit card is lost or stolen the Business Office and the financial institution that issued the card shall be notified immediately to request that the account be closed.
- 5.4.1 Return Cards- If for any reason the person authorized to use a DPL credit card is reassigned, no longer employed by the Library or it is otherwise requested, his or her DPL credit card must be returned to the Associate Director of Finance and Business Operations immediately.

## **6.0 Other**

- 6.1 Any benefits, such as award promotions, derived from the use of the DPL credit card shall be the property of the Detroit Public Library.
- 6.2 DPL may suspend or cancel cardholder privileges at any time for any reason.

## **7.0 State Law**

Notwithstanding the terms of this Policy, all charges made pursuant to this Policy shall also be subject to the terms of the Act. This Policy is issued in accordance with such Act, and nothing herein shall be deemed to supersede the provisions of such Act. In the event of any discrepancy between this Policy and the Act, the Act shall be controlling.

## **8.0 Related Policies**

The Credit Card Policy is linked to the Conflict of Interest Policy, Code of Ethics, Disclosure of Information and Purchasing Policy.

**Attachments**

- 1. Signature Page
- 2. Application
- 3. DPL sales tax exempt status form

Detroit Public Library  
Credit Card Policy  
Attachment #1

**DPL Credit Card Policy Signature Page**

I, \_\_\_\_\_ (print name), have received and reviewed a copy of the Detroit Public Library Credit Card Policy. I understand the conditions therein and accept the responsibilities of using a DP-issued credit card, including not making ANY personal purchases.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Type of Card(s)

- MasterCard
- Visa
- American Express
- Other; specify \_\_\_\_\_

Detroit Public Library  
Credit Card Policy  
Attachment #2

### Application for DPL Credit Card

Name: \_\_\_\_\_ Department: \_\_\_\_\_

Office Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Description of duties and need for credit card:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Type of credit card desired:  MasterCard  Visa  Other; specify \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Approval

\_\_\_\_\_  
Date

\_\_\_\_\_  
For official use only:

Credit Card type: \_\_\_\_\_ Account number: \_\_\_\_\_

Purpose of card: \_\_\_\_\_

Credit Limit: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Security Code: \_\_\_\_\_

Receipt of credit card

Applicant signature: \_\_\_\_\_ Date: \_\_\_\_\_

Detroit Public Library  
Credit Card Policy  
Attachment #3

### **DPL Tax exempt Status**

Detroit Public Library  
Disclosure of Information

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Detroit Public Library Disclosure of Information Policy

Policy Number:

Commission Approval Date:

Effective Date of Policy:

## 1.0 PURPOSE

The purpose of this policy is to promote transparency, reduce the incidence of conflicts of interest and provide for visibility and consistent application of measures to prevent and deal with disclosure and conflict of interest.

## 2.0 POLICY

In accordance with the Detroit Public Library Conflict of Interest policy and Code of Ethics policy:

- 2.1 No, decision-making, employee shall be involved in selecting or supervising a vendor if they have a financial stake, direct or indirect interest (family members) in any business enterprise that conducts business with the Library as a supplier.
- 2.2 All applicants who are interviewed for employment are required to provide the names of all family members currently working at the Detroit Public Library or currently serving as a member of the Detroit Public Library Commission.

## 3.0 DISCLOSURE

Full disclosure of relevant information is in the best interest of the Library. The Detroit Public Library shall determine whether or not a conflict on interest exists after reviewing all information submitted.

## 4.0 RELATED POLICIES

Anti-Nepotism, Conflict of Interest, Purchasing, Code of Ethics

## 5.0 DISCLOSURE FORM

### Employment of Relatives/Supplier

The Detroit Public Library defines “relative” as spouse, parent, guardian, grandparent, sister/brother (including half/step relationships), child, grandchild (including biological, adopted, foster, step child, legal ward, or child for whom the employee stands in *loco parentis*) in law, aunt, uncle, nephew, niece, cousin, or any person with whom the employee has a close personal relationship such as a domestic partner or employees residing in the same household.

I understand that before I will be considered for employment or a supplier at the Detroit Public Library, I must disclose the identity of any relatives who are current employees of the Library. I also understand that once I become an employee/supplier, I will be required to disclose the identity of any relative who becomes an employee, as well, as any Library employee who becomes my relative through marriage or any other means. Such disclosure must be made within three (3) working days of the event or my becoming aware of the relationship.

I do not have any relatives working for the Detroit Public Library: \_\_\_\_\_  
(Initial Here)

My relative(s) who work for the Detroit Public Library are:

Relative Name	Relationship
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Applicant Signature & Date

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Human Resources/Purchasing Signature & Date

Detroit Public Library  
Financial and Business Operations

FRAUD POLICY

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Fraud Policy Statement and Response Plan

Policy Number:

Commission Approval Date:

Effective Date of the Policy:

## 1.0 PREMISE

The Detroit Public Library (the “Organization”) is committed to the highest standards of moral, legal, and ethical behavior; these standards are outlined in the Organization’s Code of Ethics Policy Statement. All members of the Detroit Public Library community have a responsibility for the stewardship of the Organization’s resources. Internal controls and operating procedures are intended to protect the Organizations assets and interests by detecting or preventing improper activities. However, there are no absolute safeguards against willful violations of laws, regulations, policies or procedures.

## 2.0 INTRODUCTION

The objective of this policy is to safeguard the proper use of the Organization’s finances and resources. The Library derives much of its income from public funds, benefactors and charitable organizations, and has a particular responsibility to ensure that income and resources are used solely for the purposes intended.

Fraud is a serious matter and the Detroit Public Library’s Board of Commissioners is committed to investigating all cases of suspected fraud. Any member of staff, regardless of their position or seniority, against whom prima facie evidence of fraud is found, will be subject to disciplinary procedures that may result in dismissal.

The Library is committed to an effective anti-fraud and corruption strategy designed to encourage prevention, promote detection and clarify responses through a defined plan, which incorporates investigatory action.

## 3.0 DEFINITION OF FRAUD

For the purposes of this policy, fraud is defined as dishonest, irregular or illegal acts, characterized by deliberate intent at concealment or false representation, resulting in the diversion of resources, whether or not for personal gain, for the benefit of an individual or group of individuals at a

consequent loss to the Organization. Examples of fraudulent acts include, but are not limited to, the following:

- Embezzlement
- Forgery or alternation of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Misappropriation or misuse of the Organization's resources (e.g. funds, supplies, equipment, facilities, services, inventory, or other assets).
- Authorization or receipt of payment for goods not received or services not performed.
- Authorization or receipt of unearned wages or benefits.
- Conflict of interest, ethics violation
- Gaining an advantage, personally and for family or friends.
- Causing financial loss to the Organization

3.1 The main types of irregularities are:

- Theft- This may include the removal or misuse of funds, assets or cash
- False accounting-dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the Organization or furnishing information which is or may be misleading, false or deceptive
- Abuse of position- abusing authorities and misusing the Organization's resources

The Library's Financial Regulations defines the Organization's controls to minimize the risk of the above occurring.

3.2 Examples of fraud, which are neither exclusive nor exhaustive, include the following:

- Misappropriation of cash e.g. theft of cash from cash boxes, cash registers, vending machines, copiers, or from social funds.
- Theft of stock
- Fraudulent encashment of payable orders or checks.
- Misappropriations of other assets including information and intellectual property. This would also include theft of stationery for private use, unauthorized use of the Organization's property, e.g. vehicles, computers, other equipment.
- Purchasing or purchase ledger fraud (e.g. approving/paying for goods not received, approving/paying bogus suppliers, approving/paying inflated prices for goods and services, accepting any bribe).

- Travel and subsistence claims overstated or falsely claimed. This may include advances not recovered or forgoing of counter signatories.
- Accepting pay for time not worked (e.g. false claim for hours worked, failing to work full contracted hours by any member of staff, false overtime claims, or falsification of sickness self-certification).
- Computer Fraud (e.g. alliterating or substituting records, duplicating or creating spurious records, or destroying or suppressing records).

3.3 The circumstances below represent warning signs that may indicate fraud, and should therefore put managers and staff on alert. These examples are not conclusive:

- Altered documents (correcting fluid, different pen or handwriting)
- Changes in normal patterns of cash taking or travel claim details.
- Text erratic or difficult to read with details missing.
- Delay in completion or submission of expense or travel forms.
- Lack of vouchers or receipts in support of expense claims, etc.
- Staff choosing not to take annual leave (and so preventing others from becoming involved in their work), especially if solely responsible for a “risk” area.
- Complaints from public or staff.
- Always working late
- Refusal of promotion
- Insistence on dealing with a particular individual.

#### **4.0 CULTURE**

4.1 The Library’s expects that all members of the staff will act with integrity regarding the accountability of the organization’s resources. It is further expected that staff will adhere to rules, procedures and practices that are above reproach. The Library also expects that all individuals and organizations that it comes into contact with will treat the Library with integrity, and without thought or actions involving fraud or corruption.

4.2 The Library is determined that the culture and tone of the organization is one of honesty and opposition to fraud and corruption. The Library is aware of its highly visible position within the community and the fact that a variety of bodies are familiar with our affairs. Thus, and therefore, there is an ever present need for the leadership and the staff to conduct all matters with integrity and propriety.

4.3 The Commissioners and all staff of the Library are an important element in its stance on fraud and corruption and they are positively

encouraged to raise any concerns that they may have on these issues when they are associated with Library business or activity; this includes concerns related to the provisions of the Public Disclosure Act 1998. Such concerns can be raised in the knowledge that they will be treated in confidence and properly investigated. Concerns can be raised with managers, senior management, the President of the Commission, the Chair of the Audit Committee or directly with the Library's Auditor (Abraham & Gaffney, P.C.). Where incidents are reported to the Associate Director of Business and Financial Operations action will be taken in line with the provisions outlined in the Library's Fraud Response Plan. Relevant phone numbers are as follows:

- Chair of Audit Committee: **313-833-3996**
- Chief Administrative and Technology Officer: **313-833-3995**

- 4.4 In addition to concerns raised by the Commission, staff, members of the public and other coming in contact with the Library are encouraged to report concerns through the above channels. (Staff members making unfounded and malicious accusations will be subject to serious disciplinary actions).
- 4.5 The Library will deal swiftly and thoroughly with all cases of fraud and corruption consistent with the Fraud Response Plan approved by Commission.

## **5.0 PREVENTION**

- 5.1 Library administration and all levels of management are responsible for maintaining a system of internal controls, which prevents, detect, or deter fraudulent or dishonest conduct. Each member of the DPL Cabinet is expected to recognize risks and exposures inherent within his or her area of responsibility and to be alert for any indication of irregularity. Cabinet members should contact the Audit Committee of the Commission as soon as fraud is suspected.**
- 5.2 Any employee who is aware of a fraud and does not report fraud in a responsible time frame will be subject to disciplinary actions. Employees who report suspected fraudulent activity will be protected from reprisal or retaliatory action as stated in the Whistleblowers Protection provisions. Whistleblowers should not confront the individual under suspicion or initiate investigations on their own. Such action may compromise any ensuing investigation and violate the rights of the individuals' accused of fraudulent conduct.**

*IMPORTANT: All claims of fraudulent activities must be made in good faith. Baseless allegations, made with disregard for truth or accuracy, or frivolous complaints will not be tolerated. People making such allegations may be subject to institutional disciplinary action and/or legal actions by the individuals' accused of fraudulent conduct.*

5.3 The Library takes steps to ensure that the behavior of the Commission, its Committees and senior managers is always demonstrably selfless and that clear policies exist in respect of:

- Commercial ethics
- Registration and declaration of interests
- Accepting of hospitality and gifts, and
- Prosecution of offenders

(See Fraud Response Plan below-section 8.0)

5.4 Employees are expected to follow any Code of Ethics Policy as established by the Organization.

5.5 The Library's Audit Committee provides an independent and objective view of internal controls by overseeing External Audit Services. Reviewing reports and systems and procedures and ensuring compliance with the Organization's Financial Regulations.

5.6 Where new systems are being introduced or existing systems modified, the Audit Committee is involved in the development and advise management on ways of preventing or detecting fraud or ensuring internal controls.

5.7 The review of the Library's systems by the Audit Committee is designed to deter attempted fraud and should result in continuous improvements in control. The risk of fraud is a factor in all audit plans and in particular the frequency of audits. The External Auditor's review of financial checks and balances and validation testing provides a further deterrent to fraud and advice about system development/good practice.

5.8 Staff recruitment is required to be in accordance with approved organizational procedures established by the Administrative Committee of the Commission and administered by the Human Resource Department. References and essential qualifications should be checked and validated prior to the appointment, particularly for positions with financial responsibility.

- 5.9 Potential recruits are also required to declare any connections with existing Library Officers or members of staff. (Members of recruitment panels are also required to declare such connections).
- 5.10 Employees are expected to familiarize themselves with the Organization's policies located on the common drive.

## **6.0 DETECTION**

- 6.1 While it is accepted that no systems of preventative measures can guarantee that frauds will not occur, the Detroit Public Library has in place detection measures to highlight irregular transactions.
- 6.2 All internal management systems are designed with detective checks and balances in mind and this approach is applied consistently utilizing whenever possible the expertise and advise of organizational auditors. The approach includes the need for segregation of duties, reconciliation procedures, the random checking of transactions and the review of management accounting information including exception reports.
- 6.3 Concerns expressed by staff, contractor's etc., which are expressed in good faith will, as a matter of course, be looked into by the Library without adverse consequences for the complainant in line with guidance from the Library's Audit Committee and consistent with the provision inherent to the Whistleblower Act.
- 6.4 The Library views its preventative measures by management coupled with sound detective checks and balances (as indicated number # 2 above), as its first line of defense against fraud. Audit activity is however an important defense mechanism also and Auditors may be required to use special techniques on occasions to identify fraudulent transactions.

## **7.0 WHISTLEBLOWER PROTECTION**

- 7.1 The Library cannot guarantee confidentially, but generally, the whistleblower's identity will not be disclosed unless (1) the person agrees to be identified; or (2) identification is required by legal proceedings.
- 7.2 The whistleblower may not be dismissed from employment for making a report of fraud or misconduct; have salary increases or employment related benefits withheld; be transferred or reassigned;

be denied a promotion that the employee would have otherwise received or be demoted, penalized, or threatened in any way.

- 7.3 Whistleblowers who believe they have been retaliated against may file a written complaint with the Chair of the Audit Committee. A proven complaint of retaliation shall result in disciplinary action, up to and including dismissal, against the retaliating person.
- 7.4 Library employees enjoy whistleblower protection under the Whistleblowers Protection Act.

## 8.0 INVESTIGATIONS

**8.1 The Library recognizes the unpredictability of fraud or irregularity and the disruption, which it may cause, once identified. It recognizes also the need to safeguard its assets, recover losses and secure evidence for legal and disciplinary processes.**

- 8.2 In order to meet these objectives and to clarify its approach when fraud is suspected, the Library has a Fraud Response Plan, which addresses:
  - a) Requirement of all Library staff to report suspected fraud or irregularity to the Associate Director of Business and Financial Operations.
  - b) Public interest disclosures procedure ("whistle blower's charter")
  - c) The carrying out of planned audit activity
  - d) The carrying out of proper procedures
- 8.3 All actual or suspected incidents should be reported without delay to the Chief Administrative and Technology Officer (CATO) or in his absence, the Associate Director of Business and Financial Operations. The CATO will advise the Office of the Director and the Associate Director of Human Resources. A meeting of the three officers, (the Convening Group,) will be held within 24 hours to decide on the action to be taken. In the event that one of the three officers of the Convening Group is being accused of fraud, a member of the Audit Committee will replace the officer.

**Three Officers of the Convening Group:**

- (i) **Director**
- (ii) **Chief Administrative and Technology Officer (CATO)**
- (iii) **Associate Director of Human Resources**

- 8.4 The Chief Administrative and Technology Officer and the Associate Director of Business and Financial Operations will advise the Director of the incident(s) and the action to be taken by the Convening Group. The action taken will normally result in an independent investigation being commissioned through the special engagement of the Library's Auditors (currently Abraham & Gaffney, P.C.). The decision by the Convening Group to initiate a special investigation shall constitute authorization to the Auditors to use time provided in the audit plan for special investigations, or contingency time or to switch audit resources from planned audits. Where insufficient time is available within the existing audit plan then the Associate Director of Business and Financial Operations will arrange for a separate engagement to be commissioned.

The audit investigation will be conducted in a professional manner aimed at ensuring that the current and future interests of both the Library and the suspected individuals are protected (suspicion must not be seen as guilty until proven). The Library will use every measure to protect the identity of notifying employees and not to release the source of information at any time during the investigation unless required to do so by statutory or professional obligation (information may be provided to a court if legal proceedings are necessary).

## **9.0. PREVENTION OF FURTHER LOSS**

- 9.1 Where the initial investigation provides reasonable grounds for suspecting a member or members of staff of fraud, the Convening Group will decide how to prevent further loss. This may require suspension of the suspects. It may be necessary to plan the timing of the suspension to prevent the suspects from destroying or removing evidence that may be needed to support disciplinary or criminal action.
- 9.2 Under these circumstances, the suspect(s) will be approached unannounced, and they should be supervised at all times before leaving the Library's premises. They will be allowed to collect personal property under supervision, but should not be able to remove any property belonging to the Library or to access a computer. Any security passes and keys to premises, offices and

furniture must be returned to the Library. Laptop computers and associated disks must also be returned.

- 9.3 The Detroit Public Library Security Administration will advise on the best means of denying access to the Library in the event the suspects remain suspended (for example by changing locks and informing security staff not to admit the individuals to any part of the premises). Similarly the IT Administrator will be instructed to withdraw, without delay, access permissions to the Libraries computer systems.
- 9.4 The organization's auditors will consider whether it is necessary to investigate systems (other than that which has given rise to the suspicion) through which the suspect may have had opportunities to misappropriate the Library's assets.

## **10 ESTABLISHING AND SECURING EVIDENCE**

- 10.1 The major objective in any fraud investigation will be the punishment of the perpetrators, to act as a deterrent to other personnel. The Library will follow disciplinary procedures (as set out in the Guidelines and Statutes of Library Policy) against any member of staff who has committed a fraud. Careful consideration will be given to the nature of disciplinary action. Public interest will be taken into consideration.
- 10.2 When it is decided not to involve the police, then the Chief Administrative and Technology Officer will advise the Audit Committee of the reason in line with the recommended good practice in "Accountability and Audit: HEFCE Code of Practice" (June 2004/27).
- 10.3 The HEFCE Assurance Service is able to provide advice to HEI's on dealing with fraud and irregularity, particularly when notified at an early stage.
- 10.4 The Library's Auditors will:
  - a) Maintain familiarity with the Library's disciplinary procedures to ensure that evidence requirements will be met during any fraud investigation
  - b) Establish and maintain contact with the police where necessary and after notifying the Associate Director of Business and Financial Operations of the intention to do so (in view of the public interest this will happen on most occasions of fraud).

- c) Ensure that audit staffs involved in any fraud investigation are trained in the evidence rules for interviews under the Police and Criminal Evidence Act.
- d) Ensure that staffs involved in fraud investigations are familiar with and follow rules on the admissibility of documentary and other evidence in criminal proceedings.

## **11.0 RECOVERY OF LOSSES**

- 11.1 Where significant fraud is suspected the Convening Group will arrange for the police to be informed and, when necessary, solicitors to be instructed (after first advising the Library Director of the proposed action).
- 11.2 When it appears the loss may be substantial (i.e. \$5,000 or more) legal advice will be obtained without delay about the need to freeze the suspect's assets through the courts, pending the conclusion of the investigation. Legal advice will also be taken about the prospects for recovering losses through the civil courts where necessary. The Library would normally expect to recover costs in addition to the losses identified.
- 11.3 If appropriate, the Associate Director of Business and Financial Operations will serve as the primary liaison with the Library's insurers and insurance consultants to formulate a claim under the Fidelity Policy.

## **12.0 REFERENCES FOR EMPLOYEES DISCIPLINED OR PROSECUTED FOR FRAUD**

- 12.1 The Library requires that any request for a reference for a member of staff who has been disciplined or prosecuted for fraud will be referred to the Associate Director of Human Resources. The Associate Director of Human Resources will prepare an answer to a request for a reference having regard to employment law.

## **13.0 REPORTING TO CHAIRS OF COMMISSION AND THE AUDIT COMMITTEE**

- 13.1 Any incident involving significant fraud (as defined in paragraphs 11. to 11.3 above) will be reported without delay by the President of the Commission and the Chair of the Audit Committee. Similarly, any variation from the (Commission's) approved Fraud Response Plan shall be reported promptly to the President of the Commission and the Audit Committee.

- 13.2 Upon completion of a special investigation, a written report shall be submitted to the Audit Committee containing:
- a) A description of the incident(s), including the value of any loss, the people involved and the means of perpetrating the fraud
  - b) The measure taken to prevent a recurrence
  - c) Any action needed to strengthen future responses to fraud, with a follow-up report on whether any actions have been taken.
- 13.3 This report will normally be prepared by the Library's Auditors or the Associate Director of Business and Financial Operations.

#### **14.0. REPORTING LINES**

- 14.1 Following the identification of significant fraud (see paragraph 6.2) the Convening Group (see paragraph 8.3) will provide (as soon as possible) a confidential report to the President of the Commission, the Chair of the Audit Committee, the members of the Director's Office, the Audit Partner and the Associate Director of Human Resources. Further, monthly updates will be provided unless the report recipients request a lesser frequency (such updates may include involvement of the Library's legal advisers). The scope of the report shall include:
- a) Quantification of losses identified.
  - b) Progress with action for recovery of losses.
  - c) Progress with disciplinary action.
  - d) Progress with criminal action.
  - e) Estimate of resources required to conclude the investigation.
  - f) Actions taken to prevent and detect similar items.
- 14.2 A final report will be produced once the independent investigation is completed and it will represent the definitive document on which management (in a disciplinary situation) and possibly the Police (in a criminal situation) will base their decision. The report should include:
- a) How the investigation arose.

- b) Who the suspects are.
- c) The position of the suspects in the Library and their responsibilities.
- d) How the investigation was undertaken.
- e) The facts and evidence which were identified.
- f) Summary of findings and recommendations both regarding the fraud itself and any additional work required on the system weaknesses identified during the investigation.

## **15.0 RESPONSIBILITY FOR INVESTIGATION**

- 15.1 All special investigations will normally be led by the Library's auditors. The Convening Group will commission the work and the Auditors will report to the Associate Director of Business and Financial Operations. Management will not undertake special investigations, although management should co-operate with requests for assistance from the Auditors.
- 15.2 Should a special investigation require the use of technical expertise, which the Auditors do not possess, the Convening Group may approve the appointment of external specialists to lead or contribute to the special investigation.

## **16.0 REVIEW OF FRAUD RESPONSE**

- 16.1 This plan will be reviewed regularly (at least every two years) for fitness of purpose by the Associate Director of Business and Financial Operations or after each use. Any need for changes shall be reported to the Audit Committee for approval.

## **17.0 RELATED POLICES**

The Fraud Policy Statement and Response Plan links to the Conflict of Interest, Code of Ethics, Credit Card, Disclosure Information and Purchasing Policies.

Detroit Public Library  
Professional Services Contract Policy

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Professional Services Contract Policy

Policy Number:

Commission Approval date:

Effective Date of Policy:

**1.0 Purpose**

Recognizing our responsibility as Commissioners' of the Detroit Public Library, we believe that every effort should be made to provide a consistent and transparent process in considering the issuance of Professional Services Contract. Thus, and therefore, effective June 22, 2009, the Commissioner's of the Detroit Public Library established that the issuance of Professional Services Contracts (PSC) must receive prior approval and signature by Commission members.

**2.0 Scope**

This policy applies to all members of the Director's Office, and/or their designee's.

**3.0 Definition**

Professional services contract are services provided by an independent contractor possessing and advanced, specialized type of knowledge, expertise, or training customarily required by prolonged course of study like accountants, attorneys, architects, physicians, and engineers, i.e. consultants.

**4.0 Guidelines for Consideration of a Professional Services Contract**

The following parameters will be considered and/or documentation will be required for consideration and approval:

- The nature of the service as it relates to core the business of the library, and the immediate and long-term impact on the Library's strategic direction;
- The vendor's experience in the field and demonstrated track record of success, including, (2-3) client references; ,
- The service request must include a statement regarding the scope of services, and deliverables, including a time-line for the completion of services, and;
- A signed Conflict of Interest/Disclosure Statement, disclosing all relevant business or financial interest including the interest of immediate family members that could affect the contract.
- Evidence of participation in the DPL formal bidding process for requests of  
\$ 15,000.00 or more.

### **5.0 Approval Levels**

- Full Commission approval is required for PSC's for \$15,000.00 or more.
- (2-3) Commissioner's may approve PSC's under \$15,000.00- the approval must include a signature by a member of the Audit Committee.

\*\*Notwithstanding, the stated levels of approval, the Commission can mandate, at any time, that all requests be presented for approval.

### **6.0 Time Table for Approvals**

Professional Services Contract should be submitted (30) days prior to the anticipated start of services to allow for proper coordination and consideration. The DPL Commission will not grant approval to pay for services performed prior to approval.

### **7.0 Length of Contracts/Renewals**

Professional Service Contracts will be valid for a period of one year. The Commission will consider request for renewals based on progress on the project and demonstrated need for continuing the service.

### **8.0 Exceptions to Time Table**

The Commissioner's will provide verbal approval, with documentation, if the process will inhibit the ability of the Library to secure an essential service. The verbal approval must be secured from the President and/or the Chair of the Audit Committee. A notice of approval will be forwarded by the Commissioner to the requesting member of the Director's Office.

### **9.0 Related Policies**

The Professional Services Contract policy links with and supports other policies including, the Code of Ethics, the Conflict of Interest, the Nepotism/ Disclosure Policy, Whistleblower Policy and Procedures, and the Purchasing Policy.

## **Detroit Public Library Purchasing Policy**

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Purchasing Policy and Procedures

Policy Number:

Commission Approval Date: October 1, 1985

Effective Date of Policy:

## 1.0 Purpose

The Purchasing Department is responsible for the procurement of goods and services excluding books, for the Library and in accordance with the Library Commission Purchasing Policy of October 1, 1985.

The Purchasing process begins with a “need” being recognized. A requisition is prepared describing the product or service required. The requisition is signed by the manager of the department, authorizing the request, and forwards the request to the service director. Upon receipt of the requisition the service director determines the validity of the request. If the request is valid, the service director will sign and forward the requisition to Purchasing.

Upon arrival in Purchasing, the requisition is date stamped by the Senior Clerk and the information is entered into the requisition-tracking database. If the requisition is not priced, the Purchases Agent or Assistant Purchases Agent will obtain a cost.

If the requisition is under \$3,000.00 it is processed by purchasing. If the requisition is over \$3,000.00 it is sent to the Chief Administrative and Technology Officer (CATO) for approval.

Once the CATO approves the requisition, it is returned to Purchasing and is again entered in to the requisition-tracking database. The Senior Clerk then places the approved requisition into the active requisition file, by month.

The requisitions are reviewed and sorted by type or vendor and actual costs are negotiated and determined by the Purchases Agent or Assistant Purchases Agent. Those requisitions with an apparent cost of \$10,000.00 or more are required to have formal competitive bids by the Library Commission.

## 2.0 Objective

**It is imperative for DPL to establish practical and efficient procurement procedures in accordance with the Detroit Public Library Commission policy. The procedures apply to the procurement from outside vendors or suppliers of goods and services, such as supplies, equipment, service contracts, consultants etc.**

### 3.0 Definitions

**The following definitions are for terms used within this procedure for clarification of the form and process.**

- 3.1 Formal Bid:** Formal Bids (Invitation for Bid, Competitive Sealed Bids) are used to introduce open competition to the procurement process. The document is prepared based on specifications prepared by the requestor and distributed by the Purchasing Department. Bids are to be sealed by the vendor and submitted at a specific time and place as required by the document. At the stated time and date all bids received are opened and read aloud in a public meeting room.
- 3.2 Request for Proposal:** A document prepared by the requesting department that provides a description of the desired outcome that the department wishes to accomplish. This method allows for more creativity in reaching the final outcome shifting responsibility and expertise to the vendors. While written specifications are developed, this method allows for additional discussions, clarifications and negotiations. Request for Proposals are coordinated and issued only by the Purchasing Department.
- 3.3 Request for Quotation:** An informal document in a standard format that requests pricing from a vendor for a product or service that generally covers a stated time period offering price stability over the term of the agreement.
- 3.4 Specifications:** A detailed precise presentation of services, commodities or a plan or proposal for services or commodities. Must be sufficiently complete to ensure DPL needs are adequately met, broad enough to ensure competition and drawn to reflect the procurement needs of DPL, rather than favor a particular vendor
- 3.5 Professional Services:** are services provided by an independent contractor possessing an advanced, specialized type of knowledge, expertise, or training customarily acquired by a prolonged course of study like accountants, attorneys, architects, physicians, and engineers, i.e. consultants.

See *Professional Services Policy* Number #\_\_\_\_\_

- 3.6 Credit Cards:** DPL maintains credit cards for Library-related purposes only. All purchases must be for the benefit of DPL.

The Credit Card Policy establishes guidelines for appropriate use of DPL credit cards. The Policy is designed to clarify DPL credit card use and to avoid violation of state mandates and IRS codes regarding credit card use.

See *Credit Card Policy* Number #\_\_\_\_\_

- 3.7 **Rare or unique items** including books, paintings and statuary.
- 3.8 **Sole Source** in which a single company or firm is the only one able to provide an item. If a unique item of a company may be purchased from a variety of vendors then it is not a sole source.
- 3.9 **Emergency:** A frequently used term with wide range meanings. For the purposes of this procedure an Emergency is a situation or condition that affects the health and safety of the staff and customers or has an immediate impact causing the library not to function.

#### 4.0 **General Policies**

- 4.1 The Purchasing Agent has the authority to negotiate all purchases and award contracts and leases as approved by the Library Commission and Administration, except as otherwise provided in these procedures.
- 4.2 Whenever practical, all purchases of supplies and equipment shall be made on the basis of competitive pricing to appropriate specifications. All bids, Request for Proposals and specifications shall be available for inspection by the parties involved.
- 4.3 Purchases not exceeding \$10,000 may be made at the discretion of the Purchasing Agent with consideration to price and availability, from a list of qualified suppliers using a Purchase Order.
- 4.4 The purchase of items exceeding \$10,000 for a single item, or group of related items, shall require formal, written bids or Request for Proposals from at least three (3) qualified vendors (where available); and the purchase order shall be awarded following and with the approval of the **Library Commission**
- 4.5 All Requisitions for items or a group of related items, having a cost of \$10,000 or more shall be subject to the formal bidding process. The formal bid process includes advertising in local newspapers, trade publications, and via the Detroit Public Library Web Page. Awards will be made on these bids or RFP's following the Library Commission approval.

- 4.6 Requirements or agreements for more than one year may be purchased if presented to the Library Commission at first presentation or renewed annually with prior approval of the Library Commission.
- 4.7 Cooperative purchasing with other library cooperatives or governmental agencies may be practiced whenever such practice is economical and/ or desirable. Where bids and quotations have been secured under cooperative purchasing arrangements, bid and quotation requirements will be waived.

## 5.0 Competitive Bids

### 5.1 General Practices

- 5.1.2 Bids will be solicited from sources believed able to offer the best prices, namely: the manufacturer, jobber, wholesaler, and retailer. Reference sources shall include the City of Detroit- Certified Business Register, Construction Association of Michigan (CAM) and the Michigan Minority Business Development Council. Direct purchases may be made only in the case of single source items.
- 5.1.3 With Bids, Request for Proposals, and other purchases the Purchasing Agent shall seek out service district enterprises, with the service district being defined as the City of Detroit.
- 5.1.4 All bids shall be requested on the basis of F.O.B. destination.
- 5.1.5 The omission of payment terms and f.o.b. point on a bid reply may subject it to disqualification at the discretion of the Purchasing Agent.

### 5.2 Inquiry for Prices

The inquiry for prices specified as “Sealed Bids” shall include the following instructions to Bidders:

- 5.2.1 All bids are to be sealed and endorsed Bid No. \_\_\_\_.
- 5.2.2 When a catalog reference follows the description of an item, this reference is intended to establish minimum standards; general quality of design,

workmanship and materials; a means of more fully describing the item and is to be regarded as part of the description of the item. Proposals are invited from other established manufacturers and suppliers on equipment that is similar in design, equal in quality, and meeting the detailed requirements as outlined in the specifications. The use of catalog references is not intended to limit competition.

**5.2.3** The Library shall be the sole judge on the selection of any or all items submitted in any proposal or bid. The Library reserves the right to waive irregularities and make an award, which, in its judgment, is in the best interest of the Library. Further the Library reserves the right to reject any and all proposals in whole or in part, submitted to the Library as a bid.

**5.2.4** Proposals shall remain firm for a period of sixty- (60) days after the official bid opening.

**5.2.5** The prices quoted must be net and exclude all federal, state and municipal sales and excise taxes.

**5.2.6** All bid proposals shall include freight and delivery. Installation charges should be included if requested in the specifications.

### **5.3 Award of Bids**

**5.3.1** All bids shall be awarded to the lowest qualified bidder that offers acceptable quality and service.

**5.3.2** Whenever the lowest bidder does not receive the award, specific reasons for that decision shall be made as a matter of record.

### **5.4 Purchase Orders**

All purchases shall be made on numbered order form that shows the usual information regarding terms, conditions, quantities, specifications, and descriptions and pricing.

## **6.0 Authority and responsibility**

### **Responsible Contractor**

In order to be selected as the successful bidder to construct, modify, maintain, repair or demolish buildings for the Detroit Library Commission, construction firms must be exemplary in their construction techniques and business practices. The purpose of the Responsible Contractor Policy is to assure the Commission, Library patrons, staff and Detroit taxpayers that our projects utilize the specified materials and equipment, employs qualified team members and has the wherewithal to complete all terms of the contract.

See *Responsible Contractor Policy* Number #\_\_\_\_\_.  
See also *Responsible Contractor Evaluation Matrix*

- 6.1** The purchase of goods and services for the Library is the responsibility of the Associate Director of Business and Financial Operations acting on behalf of, and through the authority of the Library Commission.
- 6.2** Under the Detroit Public Library Commission's and administrative policy, only the Director, Deputy Director, Chief Administrative and Technology Officer, Associate Director for Business and Financial Operations and the Purchasing Agent are authorized to contractually commit the Library to the purchase of goods and services.
- 6.3** A contractual commitment is normally created by the issuance of a purchase order, signed by the Purchasing Agent, or the signing of a contract by the Director, Deputy Director, Chief Administrative and Technology Officer, Associate Director of Business and Financial Operations, or, in special circumstances, by the Library Commission.
- 6.4** The Purchasing Agent, under the supervision of CATO, and the Associate Director of Business and Financial Operations, is designated the Library Purchasing Agent, with authority to negotiate purchases and award contracts and leases in accordance with the policies and procedures specified in section 1.
- 6.5** Director, Associate Directors, Assistant Directors, Department Managers and any other personnel with organization code responsibility have the following procurement responsibilities:
  - 6.5.1** Procurement planning, including identification of required goods and services within areas of administrative responsibility, and associated cost estimates.

**6.5.2** Initiation and/ or approval of purchase order requisitions for goods and services, and verification of availability of budgeted funds in the appropriate accounts. Procedures for initiating and processing purchase order requisitions are outlined in section 5.

**7.0 Major Steps in the Regular Procurement Process are**

- 7.1** A purchase order requisition is prepared and approved by the department manager. Section 5 provides instruction for completing and processing a purchase order requisition.
- 7.2** The purchase order requisition will be reviewed and approved by the appropriate Associate or Assistant Director. When approved, forward to purchasing for entry into system.
- 7.3** Purchase order requisition is entered into the appropriate database and forwarded to the Associate Director of Business and Financial Operations for approval and verification of budgeted funds.
- 7.4** The Purchasing Agent issues a purchase order to the appropriate vendor, following the procedure specified in section 5.
- 7.5** Upon delivery of goods or performance of service the requesting department will forward the signed original receipt, packing list or purchase order copy to Business Office.

**8.0 Exceptions to the Regular Procurement Process**

**8.1** Specific Library staff may act as an agent of the Detroit Public Library and directly purchase the following items.

<u>Item</u>	<u>Position Authorized</u>
Books & Periodicals for Library	Assistant Director of Technical Services
Temporary employment services	Associate Director for Human Resources
<u>Emergency</u> Physical Plant Repairs	Associate Director of Facilities

**8.2** Exceptions to the requirement for “Sealed Bids” and Request for Proposals are for Professional Services, an item being “Rare or Unique”, and a company is a “Sole Source”.

- 8.3** The Purchase of consulting services is subject to the following procedures:
- 8.3.1** The use of a consultant and the associated project must be approved by the Director, Deputy Director, Chief Administrative and Technology Officer, and the Associate Director of Business and Financial Operations (for the purpose of verifying funds availability) **prior** to beginning the consultant selection process for consulting services with an estimated cost greater than \$3,000.
  - 8.3.2** Unless only one consultant is considered appropriately qualified, proposals outlining work to be performed and cost of such work should be requested from a minimum of three consultants. Selection should be based on level of service, past performance and cost.
  - 8.3.3** Terms of the consulting engagement, including specific work to be done and financial commitment by the Detroit Public Library, must be documented in writing and signed by the Director, Deputy Director, CATO, or Associate Director of Business and Financial Operations. The document may be a formal contract or letters of agreement.
  - 8.3.4** A contractual commitment on the part of the Detroit Public Library exists when a signed contract or authorizing letter is delivered to the consultant. Prior to delivery of the contract document (with both parties' signatures) and the beginning of the consulting engagement, the document must be submitted to the Associate Director of Business and Financial Operations along with a completed requisition in order to assure budgeted funds are available. Based on instructions indicated on the requisition, the Director's office will mail the contract document directly to the consultant or return the contract to the requisitioner for delivery.
- 8.4** The need for emergency or immediate purchases is discouraged and should occur only in very rare instances.
- 8.4.1** In those rare instances where immediate purchases are unavoidable, necessary and the dollar amount does not

- exceed \$100 (a Main/Branch requirement), the payment will be made through a Main/Branch Account.
- 8.4.2** Continuing Contract purchases. The vendor must be given a purchase order requisition number, to appear on the invoice. The invoice, receipt or packing list with the purchase order requisition will be taken to Purchasing Office the next business day following the purchase.
- 8.4.3** For purchases over \$100, in emergency situations, with the prior, final approval of CATO, or the Associate Director of Business and Financial Operations, and the appropriate Assistant or Associate Director, a purchase order requisition may be “walked through” for a rapid issue of a purchase order.

## **9.0 Purchase Order Requisition**

**9.1** Request for goods and services, which involve an expenditure of Library funds, are made using the Detroit Public Library form entitled “Purchase Order Requisition.” These forms are printed and pre-numbered for reference and control purposes and distributed through the Print Shop.

**9.2** Procedures for completing and submitting a Purchase Order Requisition:

The basic instructions for completing, approving and routing purchase order requisitions are listed below:

- 9.2.1** Complete the sections of Department Name, Requestor, Date, Vendor/Manufacturer and, if known. In the main body list the Quantity, Unit of Measure (each, box, dozen etc.), Description and Price. The Department Manager must sign and date this form.
- 9.2.2** Forward the requisition to the appropriate Assistant Director or Associate Director for approval.
- 9.2.3** All descriptions of items or services must contain definite, complete statements of what is required. For supplies and equipment items over \$3,000, details of composition, construction, form, dimension, etc., should be sufficiently broad and elastic to induce quotes or competitive bidding, (except for low cost items, the practice of specifying brand).
- 9.3** Forward the requisition to the appropriate Assistant Director or Associate Director for approval
- 9.3.1** Upon receipt in the Business Office, the requisition is reviewed for proper completion, and authorization. If the requisition is incomplete or erroneous, it is returned with an explanation unless the problem can be conveniently resolved by telephone.

**9.3.2** Purchase order requisitions are forwarded to Purchasing for processing, with the following exceptions:

Requisitions with approved original invoices and/ or receiving report attached covering goods or services already received (see exceptions allowed under Section 3-b-1) are forwarded to Business Office for processing payment.

Consulting contracts are sent to Business Office for processing, unless otherwise noted on the requisition.

#### **9.4 Award of Bids**

**9.4.1** All bids shall be awarded to the lowest qualified bidder that offers acceptable quality and service.

**9.4.2** Whenever the lowest bidder does not receive the award, specific reasons for that decision shall be made as a matter of record.

#### **9.5 Purchase Orders**

All purchases shall be made on numbered orders that show the usual information regarding terms, conditions, quantities, descriptions, and specifications and pricing.

### **10.0 Purchasing Policy and Procedure Approval Hierarchy**

#### **10.1 Definitions**

For the purpose of this document, the following words and phrases shall have the meanings respectively ascribed to them in this section:

**10.2 Invitation for bids** shall mean the complete assembly of related documents, whether attached or incorporated by reference, furnished prospective bidders for the purpose of bidding.

**10.3 Lowest responsible bidder** shall mean that bidder who submits the lowest bid, conforming to specifications, and who is qualified by meeting the following standards as they relate to the particular contract under consideration.

**10.4** The prospective contractor must demonstrate that he;

- Has adequate financial resources for performance, or has the ability to obtain such resources as required during performance, and possesses, if requested, acceptable evidence thereof;
- Has the necessary experience, organization, technical qualifications, skills and facilities, or has the ability to obtain them, including probable subcontractor arrangements, and possesses, if requested, acceptable evidence thereof;
- Is able to comply with the proposed or required time of delivery or performance schedule;
- Has a satisfactory record of integrity, judgment and performance. Contractors which are delinquent in current contract performance, considering the number of contracts and the extent of delinquencies of each, shall, in the absence of evidence to the contrary or compelling circumstances, be presumed to be unable to fulfill this requirement;
- Appears to be able to conform to the requirements of the fair employment practices and ordinances;
- Is otherwise qualified and eligible to receive an award under applicable laws, ordinances and regulations.

**10.5 Major** shall mean not less than the specified dollar valuation of a contract as set forth below in relation to the corresponding contract classification:

**Major Contracts**

<u>Type of Contract</u>	<u>Dollar Valuation</u>
Purchase Contracts Equipment and supplies	\$ 10,000
Public Works Contracts Construction	\$100,000
Non-Professional Services Including, but not limited to, tree removal, janitorial, maintenance	\$ 25,000

Professional Services Contracts \* \$ 15,000  
\*Cumulative for a one-year period

- 10.6 Not in the ordinary course of business** shall mean the unusual transaction, which involves the acquisition of personal property, which is rare or unique.
- 10.7 Small business concern** shall mean a business which is independently owned and operated, which is not one of the recognized leaders or dominant firms in its field of operation, and which does not exercise a controlling or major influence in its kind of business activity in which a number of business concerns are primarily engaged. In addition to the foregoing criteria, the purchasing agent, in making a more detailed definition, may use these criteria, among others: numbers of employees and dollar value of business which may vary from one type of business to another.
- 10.8 Socially or economically disadvantaged persons** shall mean those persons who, because of social environmental conditions have been consistently deprived of opportunities to conduct self-sufficient, viable businesses capable of competing effectively in the market place, often including but not limited to the Black Americans, American Indians, Spanish American/Spanish surnames, Oriental Americans, Eskimos and Aleuts.
- 11.0 Purchasing Bid/ RFP Process**
- 11.1** The Request for Proposal/ Bid Process is initiated by the issuance of a Purchase Requisition by the requesting department and follows the same procedure as the standard request. The Purchase Requisition is pre-numbered and that number is used as a reference or bid number.
- 11.2** When the completed and approved requisition arrives in Purchasing, the Purchases Agent or Assistant Purchases Agent will contact the requestor and request a vendor list. This is done to allow the requesting department input into the bid process and insure that local vendors are not excluded.
- 11.3** Purchasing staff using such resources as Michigan Minority Business Development Council, Construction Association of Michigan, The Blue Book Building and Construction, City of Detroit Certified Business Register, Thomas Register and the local Yellow

Pages Directory to prepare the vendor list. Vendor Lists from previous bids and Request for Proposals are also used.

- 11.4 Specifications for the solicitation of bids are the responsibility of the requestor. On occasion a requestor may seek assistance from an expert to develop specifications. Purchasing will review specifications and place the information on the Invitation to Bid form or if the specifications are lengthy, they may take the form of an attachment. In the development of specifications, it is important to keep them generic enough to encourage more bid responses e.g. bidding a General Motors truck would limit the number of responses when a Ford or Chrysler product could serve the same purpose at a lower cost.
- 11.5 The completed bid documents are copied and labels are prepared for the vendors on the list and mailed to them. Advertising is prepared and submitted to entities such as the Detroit Legal News, Michigan Chronicle, Michigan Minority Business Development and Construction Association of Michigan if appropriate. Advertising is prepared and included in the Detroit Public Library Web Page under Bids and Proposals.
- 11.6 Two documents are prepared for the Bid Opening. The Bid/ RFP Arrival Date and Time form is used to record when the responses arrive in Purchasing and at the bid opening the time of the opening is recorded. As the Bid responses arrive in Purchasing, the envelope is date and time stamped. Bids arriving after the due date and time are not opened or included in the tabulations. The second form is a Sign-in sheet for the Bid opening as this is a public meeting, we record who attended the opening. The Bid Opening merely announces the price each respondent offered.
- 11.7 At the conclusion of the Bid Opening, the Bid responses are copied and along with the vendor list are given to the original Requestor for review, selection and the preparation of the write-up for submission to go the Library Commission.
- 11.8 Following Commission approval the original requisition is used for the preparation of the Purchase Order. Interpretation of the bid response may alter the original requisition description.

## **12.0 Manner of Purchasing**

All purchases by the purchasing agent shall be made in the following manner:

**12.1** If the purchase entails a major expenditure, the purchasing agent shall provide for the procurement of competitive bids as follows:

- Prepare the invitation for bids, describing the requirements of the library clearly, accurately and completely, but avoiding restrictive specifications which might unduly limit the number of bidders;
- Publicize the invitation for bids by advertising for bids one or more times in the newspaper designated to print official business of the city. In cases where the purchasing agent deems it advisable, (s) he may also advertise for such bids in trade journals and other publications and may send copies of such advertisements to persons and firms likely to be interested therein. Such advertisement shall accurately and clearly describe or refer to the subject matter of the proposed purchase and may also refer the bidder to specifications on file in the purchasing agent's office. Such advertisement shall contain information also as to the time and place of submitting bids and such other information from the specifications, as the purchasing agent shall deem advisable in the interest of the library. After publication of one advertisement, specifications shall not be changed without the publication of a new advertisement calling attention to such a change. Sufficient time shall be allowed to enable prospective bidders to prepare and submit bids before the time set for public opening of bids;
- Receive written bids submitted by prospective contractors;
- The contract shall be awarded to the lowest responsible bidder;
- The above requirements shall not be applicable if any one of the following conditions is found to exist:
  - ✓ The expenditure involved is not "major";
  - ✓ Public exigencies require the immediate delivery of the articles or performance of the service;
  - ✓ Only one source of supply is available and the purchasing agent shall so certify;

- ✓ The services to be performed are professional in nature; or
- ✓ The item to be acquired is rare or unique.

**12.2** If the purchase entails an expenditure which is not “major” the purchasing agent is authorized to let the contract subject to the following conditions:

- The practice of competitive bidding is required, but formal advertising is required only for contracts over three thousand dollars (\$3,000,00);
- In soliciting bids, the purchasing agent shall affirmatively seek out small business concerns which are owned or controlled by socially or economically disadvantaged persons;
- The purchasing agent must make a determination that the prospective contractor is responsible. The purchasing agent should utilize all available information from the city purchasing department and other city departments, from the prospective contractor, from banks and other financial companies in order to ascertain whether the prospective contractor is responsible under the guidelines set forth under “lowest responsible bidder” as defined in Section I.

### **13.0 Commission Approval**

**Except for books and periodicals, and unless generally or specifically accepted by the Detroit Library Commission, purchases in excess of three thousand dollars (\$3,000.00) shall be awarded by the Commission after the receipt of bids.**

- Adopted by Detroit Library 1985

### **14.0 Purchasing Process – Continuing Contract Renewal**

**14.1** In preparation for the June Library Commission Meeting, the Purchasing Department assembles a list of the current approved Continuing Contracts.

**14.2** The Continuing Contracts are a list of vendors who provide products and services routinely allowing normal operations to continue.

**14.3** Purchasing will take the approved list from the previous year showing the approved amounts and compile the actual costs year

to date. That document is distributed to the Service Directors for review and recommendation. The object is to compare the approved amounts to the actual costs and to determine if the request should be reduced, remain the same, be increased or be eliminated.

- 14.4 The recommendations of the Service Directors are returned to Purchasing for assembly and submission to the Library Commission at the June meeting.
- 14.5 Once the Commission has approved the Continuing Contracts, the Purchasing Agent will prepare renewal Requisitions, verify pricing and terms. The completed Requisitions are submitted to the CATO for approval. Following this approval the Requisitions are returned to Purchasing, PO's are created, a copy is mailed to the vendor and the original documents are filed.

*Last year, there were over 100 Purchase Orders prepared for this fiscal year.*

## **15.0 Continuing Contracts Order Release**

To assist with the process flow and to expedite the payment of invoices the following procedure has been implemented for departments who use the continuing contract purchase orders

- 15.1 Request for goods and services, which involve an expenditure of Library funds that are made from annual continuing contracts, are made using the Detroit Public Library form entitled "Release Form." These forms are printed and pre-numbered for reference and control purposes and distributed through the Print Shop.
- 15.2 Procedures for completing and submitting a Continuing Contracts Release Form:
  - The basic instructions for completing, approving and routing this form are listed below:
    - Complete the sections of Department Name, Requestor, Date, Vendor and Manufacturer, if known. In the main body list the Quantity, Unit of Measure (each, box, dozen etc.), Description and Price and the continuing contracts purchase order number. The Service Director must sign and date this form.
    - In the case of Facilities, if the request is under \$3,000.00 the Facilities Supervisor or Main Library Facilities

Supervisor has the authority to sign the release form. If it exceeds the \$3,000.00 limit it must be signed by the Associate Director of Facilities.

- All descriptions of items or services must contain definite, complete statements and prices of what is required.
- Once the approval process has been completed the requesting department can then make the purchase from the continuing contracts vendor. When the purchase is made, the requesting department must provide to the vendor the release number and the continuing contracts purchase order number. This information **MUST** appear on the invoice from vendor and the release form itself.
- Upon receipt of goods or services the using department must obtain the packing slip, order form, or related documentation from vendor that the transaction did occur, the costs related to that purchase, and it has been accepted and signed and dated for by the user.

**NOTE: All invoices from vendors should to be submitted to the Business Office, they should not be submitted to the using department's location.**

**15.3** When the purchase cycle has been completed, the requesting department is to forward to the Business Office, **within 72 hours** after the transaction is completed, the approved release form, packing slip, invoice, the vendors order form, and or any other related documentation.

- Upon receipt in the Business Office, the release form is reviewed for proper completion, authorization, and to ensure that all the needed supporting documentation is included. If the release form is incomplete or erroneous, or other documents are missing, it is returned with an explanation unless the problem can be conveniently resolved by telephone.

## **16.0 Purchasing Process – Procedures**

There are a number of activities that are practiced, but have not been documented in a formal written and approved form. These procedures are essential to the financial stability and accountability of the Library to the taxpayers and supporters.

**16.1 Receiving Procedure:** Documenting the receipt of goods & services and providing one part of the three- way matching for payment of invoices. The first being the signed purchasing

document, the second being the receipt of goods or services document, and the third being the actual invoice.

**16.2 Fixed Asset Inventory Procedure:** Rewriting and formalizing the method of conducting the inventory in an accurate and timely manner.

**16.3 Desktop Delivery of Janitorial and Office Supplies:** A procedure that allows the end user, department, order their supplies on line with the vendor. Service Directors and Purchasing would have to approve each order before the vendor could ship and invoice for the order. These transactions would be on-line, paperless, until confirmed.

**16.4 Fixed Asset Tagging Procedure:** Instructions on placing a tag on a piece of equipment, completing the Acquisition Report, routing paperwork and why it is important.

**16.5 Equipment Transfer/ Disposal Procedure:** Identify the forms to use, recording asset numbers, destination, and responsible person for accounting for it, authorization for removal.

## **17.0 Purchasing Process Fixed Asset Inventory**

**17.1** The City of Detroit requires that the Detroit Public Library conduct an annual Physical Inventory of Fixed Assets. This Inventory is conducted each spring.

**17.2** The Purchasing Department sends out to each department a package that includes instructions, a copy of the Fixed Asset Report and forms that allow entries of assets that are in the department, but not shown on the Fixed Asset Report.

**17.3** The Departmental inventories are due, generally two weeks after they are sent out. When the inventories are received in Purchasing, the Senior Clerk records their arrival and after the due date calls are made to those departments that have neglected to perform the inventory and submit the results.

**17.4** Since the Inventory is part of year- end reporting, the entry of the information is made into the DRMS system as a change to the existing inventory. All changes require that a Disposition and Transfer Form be completed and submitted to the Finance Department- Capital Asset Section. This task is primarily performed

by the Senior Clerk, but with occasional assistance from the Purchases Agent or the Assistant Purchases Agent.

- 17.5** Upon completion of the inventory a form is submitted to the Finance Department, Capital Asset Section certifying that the inventory was completed. The Purchases Agent signs this form.

## **18.0 Purchasing Process- Interaction within the Division**

The Purchasing Department interacts on a daily basis with other areas of Business and Financial Operations.

The Business Office and Purchasing are dealing with vendor payments and invoices quite often. Vendors will call either Purchasing or the Business Office for assistance in checking the status of both current and Past Due invoices. Since Purchasing is the primary contact for the Library for vendors, their initial call about payment can come to Purchasing. Purchasing can refer the vendor to Business Office or handle the call and seek the information or assistance from the Business Office staff. The payments can be researched in DRMS, Check Request File or on the database for Invoices.

Business Office staff brings pricing discrepancies to the attention of Purchasing. Purchasing will contact the vendor for pricing adjustments or credits.

Other examples involve matching invoices, orders and requisitions, confirmation slips and packing slips. Without a three-way match an invoice will not be paid.

## **19.0 Restricted Funds**

As part of the approval process, items to be purchased out of Grants or other restricted funds; the purchasing department must have the approval of Business Office Accounting personnel responsible for restricted funds. This additional step ensures that purchases from those accounts are appropriate and do not violate any restrictions set up in the Grant or Fund.

## **20.0 Purchasing Process – Year End Reporting**

At the end of each Fiscal Year, procedures are issued for the closing of the books by the City Of Detroit. These procedures include a number of reports that have set completion dates.

- 20.1** The typical reports provided by Purchasing include the following:
- Non Taggable Assets
  - Materials and Supplies Inventory
  - Capital Improvements

- Long Term Lease Commitment Schedule (Buildings & Office Space)
- Long Term Lease Payment Schedule (Buildings & Office Space)
- Long Term Lease Commitment Schedule (Computer Equipment)
- Long Term Lease Payment Schedule (Computer Equipment)
- Long Term Lease Commitment Schedule (EQ other than Computers)
- Long Term Lease Payment Schedule (EQ other than Computers)
- Land Contract Commitments Schedule

**20.2** These reports are in addition to the Fixed Asset Inventory that is also due at year-end.

### **21.0 Purchasing Process Fixed Asset Inventory**

The City of Detroit requires that the Detroit Public Library conduct an annual Physical Inventory of Fixed Assets. This Inventory is conducted each spring.

- 21.1** The Purchasing Department sends out to each department a package that includes instructions, a copy of the Fixed Asset Report and forms that allow entries of assets that are in the department, but not shown on the Fixed Asset Report.
- 21.2** The Departmental inventories are due, generally two weeks after they are sent out. When the inventories are received in Purchasing, the Senior Clerk records their arrival and after the due date calls are made to those departments that have neglected to perform the inventory and submit the results.
- 21.3** Since the Inventory is part of year-end reporting, the entry of the information is made into the DRMS system as a change to the existing inventory. All changes require that a Disposition and Transfer Form be completed and submitted to the Finance Department- Capital Asset Section. This task is primarily performed by the Senior Clerk, but with occasional assistance from the Purchases Agent or the Assistant Purchases Agent.
- 21.4** Upon completion of the inventory a form is submitted to the Finance Department, Capital Asset Section certifying that the inventory was completed. The Purchases Agent signs this form.

### **22.0 Purchasing Process Fixed Assets**

- 22.1** The Fixed Asset recording is shown on the City of Detroit DRMS system and lists the assets of the Detroit Public Library for financial reporting. The levels of reporting are determined by the City of Detroit. Fixed Assets are tangible assets that include plant and equipment or improvements that have a purchase cost of \$5,000 or more. There is also a category called Controllable Equipment that includes Computers and other electronic equipment having a value of \$1,000.
- 22.2** The process of recording a fixed asset begins with the issuance of a Purchase Order. A City of Detroit form, the Acquisition Report is prepared, tag numbers are assigned, and decals are gathered. The completed package is submitted to the requesting department.
- 22.3** When the fixed asset (equipment) is delivered, the department signs the yellow copy of the Purchase order, the copy of the acquisition report, affixes the property tag and decal to the equipment and returns the acquisition report and PO to the Purchasing Senior Clerk for entry into the DRMS system. The Hard copy of the Acquisition Report, signed by the Purchases Agent, and a copy of the invoice for the equipment is submitted to the Finance Department, Capital Assets Section. Any delay in this process of submission of these documents can result in a delay in the payment to the vendor.
- 22.4** To complete the Fixed Asset process we must also record equipment removed from service. A Furniture and Equipment Transfer Form or the IS Equipment Transfer Form is completed by the department and submitted to Purchasing with the appropriate approvals (i.e. Service Director, Manager or for the IS form, IS Director, Support Specialist, Facilities, Security, IS Technician and the Agency Manager). The Purchasing Senior Clerk prepares a Disposition and Transfer Report indicating what action is being taken, a transfer, salvage through a sale of the equipment or disposal into the trash. The Purchases Agent signs this form and the information is entered into the DRMS System. A hard copy is submitted to the City of Detroit Finance Department, Capital Asset Section.

DETROIT LIBRARY COMMISSION PROCEEDINGS

ADDENDUM II

DETROIT LIBRARY COMMISSION MEETING MINUTES  
DECEMBER 15, 2009

**PURCHASING POLICY  
RESPONSIBLE CONTRACTOR EVALUATION MATRIX**