

FINANCIAL & PURCHASING POLICY

The Pewaukee Public Library is a joint library as established under Wisconsin Statute 43.53. An 'Intergovernmental Cooperation Agreement between the Village of Pewaukee and the City of Pewaukee Regarding a Joint Library Agreement' was executed on December 30, 2004.

GENERAL OPERATIONS

The establishment of general operations policy statement is an important component of the Joint Library's financial management policy and planning efforts.

The 2004 agreement between the Village and City of Pewaukee to establish the Joint Library designated the Village as the fiscal agent for the Joint Library, unless another entity mutually agreeable to the Village Board and City Common Council is approved to act as fiscal agent.

The City of Pewaukee shall pay to the fiscal agent one-twelfth of its annual library appropriation by the fifth day each month during the calendar year for which the appropriations are budgeted. In the event payment is not received by the end of each calendar month, the City of Pewaukee shall pay interest on the balance due at the rate of 12% per annum. Interest on the fund balance shall accrue to the library and be held in a non-lapsing fund.

The Joint Library Board shall annually provide the City of Pewaukee and the Village of Pewaukee with an audited financial statement for the prior year's budget. This audit shall be completed concurrently with the Village's annual audit with the cost to be borne by the Joint Library as part of its annual budget.

An annual audit will be performed by an independent public accounting firm in conjunction with the Village audit which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement. In addition, full disclosure will be provided in the financial statements.

Fiscal agent responsibilities include, but may not be limited to, payroll and bill processing, benefit and financial administration, and insurance matters.

Financial systems will be maintained to monitor expenditures and revenues on a monthly basis. In its role as fiscal agent, the Village will do a cash-flow analysis, including disbursements, collections, and investments, and submit it to the Joint Library Board on a regular basis indicating that sufficient cash is available for daily financial needs.

The Village shall annually submit a budgeted amount to be included in the Joint Library's budget equal to the estimated actual cost of performing these duties. This amount shall be included in the Joint Library budget to be paid to the Village as reimbursement for performing the fiscal agent responsibilities.

The Joint Library will rely upon the general financial principals outlined in the Village of Pewaukee's *Financial Policies & Procedures Manual* with exceptions noted in this document.

The Joint Library Board shall have the power to enter into contractual agreements for services within the budget authorized by both municipalities. All liability claims not paid by the insurance

carrier shall be paid if approved by both municipalities in consultation with the Joint Library Board and shall be proportionately paid by the municipalities in accordance with their share in the year in which the incident occurred to the extent that monies are unavailable from the Joint Library budget.

BUDGET & CAPITAL IMPROVEMENTS

The Joint Library Board will prepare and maintain a multi-year capital improvements plan and project its equipment replacement needs for the next five years to support the planning activities of the Village and City of Pewaukee. In addition, a maintenance and replacement schedule will be developed and updated on an annual basis. Estimated costs of each capital improvement projected for each year will be included in the annual budget, including the impact to annual operating expenditures.

FUND BALANCE

Per Wisconsin Stats 43.58(1), Library Boards must have exclusive control of all funds collected, donated, or appropriated for the library fund.

Because the Pewaukee Public Library is a joint library and because the Library receives funding not just from municipal sources but from multiple County, State, Federal, and private sources, the funds remaining in its budget at the end of the year cannot be proportionately returned to the City and Village of Pewaukee.

Any funds remaining at the end of a fiscal year shall be added to the existing fund balance.

The Joint Library Board shall on an annual basis, in the month following the annual audit, designate the fund balance for specific or unreserved use.

PURCHASING

The Joint Library Board reserves the right to accept the bid or quote which is most beneficial to the Joint Library, as well as the right to reject any or all bids or quotes. The determination of the most beneficial purchase shall be recommended, as required under "Purchasing Procedures" included herein below, to the Joint Library Board, which shall make the final determination when required. No contractual award for capital improvements over \$15,000 is final until formally approved by the Joint Library Board.

Delegation of Joint Board Authority

The Library Director is authorized to approve purchases not exceeding \$5,000.00 upon the condition that the expense item is included in the budget and the Joint Library Board is notified at its next scheduled meeting. For services with a recurring monthly cost that is renewed on an annual basis, the limit will be calculated on the annual cost.

The Library Director is responsible for oversight of the purchasing of all materials, supplies and services acquired or used by the Pewaukee Public Library. The Director has the authority to assign purchasing power to additional staff members.

It is the policy of the Pewaukee Public Library that these designated staff members have the responsibility and the privilege of purchasing items on behalf of the Library. This is critical to the operation of the Library in that it allows for new materials to be added to the collection in a timely and cost-effective manner and it also allows for day-to-day library activities to continue without disruption.

Planning

Both short and long term planning for purchases will minimize the amount of clerical and supervisory time spent documenting purchases. The Library Director should strive to purchase goods and services in quantities within the foreseeable needs of the library which maximize possible discounts. The overall plan for purchasing begins with the preparation of the Annual Budget. Contracts shall be rebid no less than 3 months prior to the expiration of the contract and presented to the Joint Library Board.

Overdrafts

No disbursement should be authorized which would overdraft the adopted budget. All expenditures which exceed the amount of the adopted budget shall be presented to the Joint Library Board for approval before an expenditure is made unless it is deemed an emergency. If the expenditure is deemed an emergency, the Library Director should confer with the Library Board President before approving any expenditures.

Sales Tax

The Joint Library is exempt from paying all local and state sales taxes or Federal Excise taxes. The Library Director has the authority to approve the occasional payment of sales tax related to an expense when a vendor can't or won't comply. This practice is to be avoided and exceptions kept to a minimum.

Staff members are encouraged to use vendors that the library has accounts with so that sales tax will not be charged. Staff members should make every effort to obtain exemption from sales tax but in situations where paying sales tax will obtain for the Library a cost savings, where staff time has more value than the amount of sales tax being paid, or where it does not make good fiscal sense, the Library Director has the authority to approve payment of sales tax related to an expense when a vendor cannot or will not comply.

Receipts/Invoices

The Joint Library board requires receipts/invoices and all provided packing slips/lists for all purchases made by staff members. Receipts/invoices should be pre-printed and should include the name of the vendor, the date, an itemization of purchases, and the amount of each item purchased as well as any additional costs such as shipping. Due to the variable circumstances of purchases made by staff members, there are rare occasions when a vendor may be unable to produce a printed invoice. Under those circumstances a handwritten receipt is acceptable as long as it contains all the pertinent information – vendor name, date, items purchased, purchase amounts, and an authorized signature. Purchases from vendors that provide non-itemized or non-itemized electronic receipts are acceptable as long as the transaction is for less than \$250. When a staff member purchases from a vendor that only provides non-itemized receipts, he/she should try to obtain an itemized list from the vendor. If that is not possible the staff member may write up an itemized list and include it with the non-itemized receipt.

Reimbursement for purchases may be denied if the practice of missing receipts, handwritten receipts, or other unique transactions are considered excessive.

Endorsements

Neither the Joint Library Board's name or any employee's name or position is to be used to endorse or support a product or vendor, unless specifically authorized by the Joint Library Board.

Ethics Laws

Public officials and employees of the Joint Library shall comply with all federal, state and Joint Library Board ethics laws regarding conflict of interest as well as ethics regarding all purchase decisions. The Joint Library Board prohibits working with a vendor which has an owner or staff related to a Joint Library employee or public official.

Purchasing of Materials for the Collection

The purchasing of materials is assigned to staff members who are familiar with specific collections of the Library. These individuals know which materials are in high enough demand to warrant replacement when lost, stolen, damaged or worn; and they can also identify gaps in the collection.

Designated staff members are authorized to purchase materials from existing vendors. Purchases of library materials from new vendors should be pre-approved by a Department Head or the Director. Once approved purchase requests for new vendors will be submitted to the Administrative Assistant who will set up a new account.

Books, magazines, audio-visual items, and other such materials intended for patron use are generally purchased from vendors offering volume discounts or who participate in State or other membership contracts such as the Wisconsin Library Association, WiLS (Wisconsin Library Services) or the Library Council of Southeastern Wisconsin.

Purchasing of materials through retail establishments (e.g. Scholastic Book Fairs or Half Price Books) may occur in order to take advantage of significant discounts on materials or if a retail establishment is the only source for replacement of an item.

Purchasing of Non-Collection Materials

The purchasing of office supplies, processing supplies, program supplies and other miscellaneous items may be made by authorized staff members from existing vendors. All Non-Library material orders must be submitted to the Administrative Assistant who will place the orders or approved by a Department Head prior to purchase.

Purchasing Procedures:

The following procedures are established, subject to certain exceptions and other criteria as noted under "Special Requirements" below, to regulate the degree of formality to be followed in the purchase of goods and services, depending on the costs of the items to be purchased. Good documentation to insure that all vendors are treated fairly is in the Joint Library Board's best interests.

Purchases under \$5,000

The Library Director is authorized for any purchase under \$5,000 which is included in the annual budget that has been approved by the Joint Library Board. The Director will obtain three (3) verbal quotes which could include a webpage price listing for purchases over \$2,500 but less than \$5,000. The Library Director need not secure the prior approval of the Joint Library Board in order to make purchases in this price range.

Purchases in excess of \$5,000

Prior to securing goods or services costing over \$5,000 but less than \$15,000, the Library Director must obtain three (3) or more written quotations. If the Library Director is unable to secure three (3) written quotations, an explanation why less than three (3) qualified vendors were available must be noted. A summary of the quotations shall be included with the payment request.

The use of written quotations requires appropriate planning to insure that adequate lead time is available to satisfy the purchasing requirements. Every effort should be made to allow at least three (3) full business days between requesting quotes from vendor and the deadline for returning quotations.

Purchases in Excess of \$15,000

Services

Library Directors anticipating the purchase of services exceeding \$15,000 in value shall prepare specifications or requirements, as appropriate, to meet the Joint Library Board's needs. The specifications or requirements shall be forwarded to the Joint Library Board for review, comment and recommendation. Services purchased in this category must be presented to the Joint Library Board for approval in advance of purchase.

Equipment

Library Directors anticipating the purchase of equipment, which is already approved by the Joint Library Board via the annual budget process which exceeds \$15,000 in value, shall prepare specifications or requirements, as appropriate, to meet the Joint Library Board's needs. The specifications or requirements shall be forwarded to the Joint Library Board for review, comment and recommendation. Upon the Joint Library Board, the Library Director can either obtain quotations as outlined above for purchases from \$5,001 to \$15,000 or prepare a bid package as outlined below for capital improvements and construction projects. Equipment purchases in this category must be presented to the Joint Library Board for approval.

Capital Improvements

For capital improvements projects exceeding \$15,000 in value, the Library Director shall prepare specifications based upon standards appropriate to meet the Joint Library Board's needs. Specifications shall be forwarded to the Joint Library Board for review, comment and recommendation. Upon the Joint Library Board Administrator's recommendation, the Library Director will then prepare the necessary bid package, public notices and advertisements to meet the Joint Library Board purchasing policy and will also send invitations to bid to qualified vendors.

The award will normally be made to the lowest cost qualified bidder meeting specifications that provides the best value. There may be instances when the low bid is not in the best interest of the Joint Library. In these cases it is incumbent upon the Library Director to thoroughly document reasons why the low bid should not be selected.

The award for public works contracts in excess of \$25,000 will be made to the lowest responsible bidder meeting specifications as per State Statutes. Questions regarding the Statute(s) and which projects apply should be directed to the Joint Library Board Attorney.

The Joint Library Board reserves the right to select or reject a vendor based upon the best

interests of the Joint Library, including but not limited to past service or experience with the vendor.

Special Requirements:

Occasionally the Joint Library Board may need to purchase goods or services under circumstances which do not clearly fit the patterns of normal public procurement and for which normal competitive shopping procedures do not apply.

Sole Source

In the event there is only one vendor capable of providing a particular good or service, then the competitive shopping procedures outlined in this policy may be waived by the Joint Library Board. When the Library Director determines that goods or services must be purchased from a "sole source vendor", e.g., computers and related equipment and software, the Library Director shall document why only one company or individual is capable of providing the goods or services required. The documentation shall be attached to the payment authorization and submitted to the Joint Library Board Administrator for approval.

Professional Services

Normal competitive procedures cannot be utilized in securing professional services from attorneys, engineers, accountants, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. A Request for Proposal (RFP) or Request for Qualifications (RFQ), while not always required to secure professional services, e.g., bond counsel, external auditors for annual Joint Library Board audit, may be made upon the direction and at the discretion of the Joint Library Board.

An RFP or RFQ can be prepared much the same way as specifications including requirements and minimum standards for the services to be provided. Such documents shall be submitted to the Joint Library Board Administrator for review and approval prior to distribution. When an RFP/RFQ for professional services has been approved, a limited number of qualified professionals known to the Joint Library Board will be invited to submit a proposal setting forth their interest, qualifications and how they can meet the Joint Library Board's needs. In securing professional services it is the primary goal of the Joint Library Board to obtain the services of a professional(s) who has a proven record of providing those services. A contract will then be negotiated with the professional deemed to best meet the Joint Library Board's needs.

Emergency Purchases

The procedures in this policy may be waived under emergency conditions when a delay may threaten the basic mission of the Library. Emergency conditions are generally unforeseen circumstances, e.g., natural disasters or major mechanical equipment failures, wherein prompt corrective action is absolutely necessary.

Occasionally equipment will require emergency repairs or other circumstances will necessitate emergency corrective action which cannot wait for compliance with this policy. In any emergency situation, Library Director is required to notify the Joint Library Board President as quickly as possible.

Petty Cash

The Library has a need to keep a small amount of petty cash on hand since staff handle cash due to patrons paying fines or paying for copies or other small expenses. Due to the size of the expenditures, the Administrative Assistant will periodically need to exchange smaller bills for larger ones in the cash drawer of the register.

The Administrative Assistant keeps the petty cash in a locked box in a locked cabinet in a secure location. The Administrative Assistant, Department Heads, and the Library Director are the only staff members who have access to the cabinet.

Specifications:

General Guidelines

Specifications should be kept as simple as possible while still maintaining the exactness required to keep bidders from utilizing loopholes to avoid providing the quality desired or to take advantage of their competitors. To promote competition, specifications should be written in clear simple language, free of vague terms or those subject to variations of interpretation.

If the specifications include optional goods or services, these options must be separately identified so that the base cost can be clearly identified compared to the cost of the option(s). If options are included, the Bid Tabulation Report shall identify the different costs of the options.

Types of Specifications

Specifications need to be structured to protect the integrity of the purchasing system and to insure that the needs of the Joint Library Board are met. Methods of structuring specifications include:

Qualified Products or Acceptable Brands List

These lists are developed where it is not possible to write specifications adequate to identify the quality and performance required, or when tests necessary to determine compliance with technical specifications are lengthy, costly, or require complicated technical equipment.

Specification by Brand or Trade Name

Brand or trade names should be used where brand name products have been found to be superior to others for the purpose intended or when their composition is secret, unknown or patented. The use of brand names establishes a quality standard, but is not intended to eliminate or limit competition. When this method is used the specifications shall provide for bidding of competitive or equal grades. It is incumbent on a vendor who bids on goods of supposed equal quality to document that the goods and services are, in fact, of equal quality.

Specifications by Plan or Dimension Sheet

Specifications of construction projects shall be written to reference the plans or dimension sheets prepared by the engineer or architect.

Specifications by Performance, Purpose or Use

Specifications which include a set of performance criteria will provide flexibility for vendors to design products or programs specifically aimed at meeting the standards the Joint Library Board has established. These types of specifications usually generate a great deal of competition since they allow vendors to exercise some creativity in the process. Bottom line or minimum standards must be included in the specifications to insure that the Joint Library Board's

expectations are met.

Specifications by Industry Standards

Specifications will often refer to industry-wide standards or standards set by other public jurisdictions. Lumber grading, standards set by asphalt or concrete industries, or referencing standard specifications of the State Library Director of Transportation or other State or Federal agencies are typical examples.

Specifications by Samples

A sample is a good way to make requirements perfectly clear. Printing bids, where artwork or existing forms would be utilized is an example. Library Directors utilizing samples shall insure that adequate supplies of the samples are made available so that originals can be sent with all bid invitations.

BUDGET DEVELOPMENT

The process for the publication and legislative consideration of the annual budget for the Joint Library Board of Pewaukee is prescribed by agreement that established the Joint Library.

Each year the Joint Library shall prepare a budget and appropriation request for the operation and maintenance of the Joint Library, inclusive of buildings and grounds, consistent with this Joint Library agreement. Maintenance of buildings and grounds shall be defined to include maintenance and preventive maintenance of HVAC equipment, structural maintenance of the building, including roof repairs, flooring, other related mechanical items, turf maintenance, and parking lot maintenance, snow plowing, insurance, consultant fees, attorney fees, and any and all other costs in any way related to the affairs of the library and the real estate upon which it is located. Such budget shall be in the form prescribed in Section 65.90 with respect to municipal budgets.

Procedures:

1. The annual budget for the Joint Library Board developed for presentation to the Joint Library Board will include all operations of the Joint Library, including utilities, and will include both the operating budget for the ensuing fiscal year and budget based upon a five-year capital improvement plan.
2. The Library Director is responsible for coordination and initial review of budget submissions.
3. The budget, shall be submitted to the Joint Library Board for its consideration.
4. The annual budget shall be presented to the Village and City on or before the last Friday in August per the Memorandum of Understanding between the Village of Pewaukee and the City of Pewaukee Regarding Annual Budget Submittal Deadline.

Adopted by the Pewaukee Public Library Board of Trustees: April 17, 2019; Dale Noll, Library Board President