THE SCHULTZ-HOLMES DISTRICT LIBRARY

Fraud Risk Management Policy – Schultz-Holmes District Library

1. ORGANIZATIONAL CODE OF CONDUCT

The Library, its employees, Board of Trustees and volunteers must, at all times, comply with all applicable laws and regulations. The Library will not condone activities which achieve results based on unethical business practices, or through violation of the law. The Library does not permit any activity that fails to stand the closest possible public scrutiny. Accordingly, employees, trustees, and volunteers must ensure that their actions cannot be interpreted as being in any way, in breach of the laws and regulations governing the Library's operation.

Employees and volunteers uncertain about the application or interpretation of any legal requirements should refer the matter to the Library Director, who, if necessary, should seek the advice of the Board of Trustees or the Library's attorney.

2. GENERAL CONDUCT

The Library expects its employees, trustees and volunteers to conduct themselves in a professional and businesslike manner.

3. CONFLICTS OF INTEREST

Employees and trustees will perform their duties conscientiously, honestly, and in accordance with the best interests of the Library. Neither employees nor trustees may use their position or the knowledge gained as a result of their position for private or personal advantage or to obtain financial gain.

Specifically, in the event that a trustee recognizes an actual or potential conflict of interest, the trustee is expected to disclose to the board any financial or personal beneficial interest, direct or indirect, and abstain voluntarily from discussion or voting on any issue that raises such conflict of interest. If any member of the board perceives a possible conflict of interest position for any other trustee, the possible conflict should be brought to the attention of the board and the board as a whole should determine whether the issue represents a conflict of interest.

4. OUTSIDE ACTIVITIES, EMPLOYMENT, AND DIRECTORSHIPS

All employees and trustees share a serious responsibility for the Library's good public relations, especially at the community level. Their readiness to help with religious, charitable, educational, and civic activities brings credit to the Library and is encouraged. However, employees and trustees must avoid acquiring any business interest or participating in any activity outside the Library that would, or would appear to:

- Create an excessive demand upon their time and attention, thus depriving the Library of their best efforts on the job
- Create a conflict of interest - an obligation, interest, or distraction - that may interfere with the independent exercise of judgment in the Library's best interest.

5. RELATIONSHIPS WITH CLIENTS AND SUPPLIERS

Employees and trustees should avoid investing in or acquiring a financial interest for their private accounts in any business organization that has a contractual relationship with the Library or that provides goods, services, or both to the Library, if such investments or interest could influence or create the impression of influencing their decisions in the performance of their duties on behalf of the Library.

6. GIFTS, ENTERTAINMENT, AND FAVORS

Employees and trustees must not accept entertainment, gifts or personal favors that could, in any way, influence, or appear to influence, business decisions in favor of any person, business, or organization with whom or with which the Library has, or is likely to have, business dealings.

7. KICKBACKS AND SECRET COMMISSIONS

With regard to the Library's business activities, employees and trustees may not receive payment or compensation of any kind. In particular, the Library strictly prohibits the acceptance of kickbacks and secret commissions from suppliers or others. Any breach of this rule will result in immediate termination and prosecution to the fullest extent of the law.

8. THE LIBRARY FUNDS AND ASSETS

Employees and trustees who have access to the Library funds in any form or amount must follow the prescribed procedures for recording, handling, and protecting the money. The Library imposes strict standards to prevent fraud, theft, or dishonesty. If an individual becomes aware of any evidence of fraud or theft, a Fraud, Theft and Corruption Disclosure Form (SEE EXHIBIT 1) should be filed so that the Library can promptly investigate the matter.

When an employee or trustee position requires Library funds or incurring reimbursable personal expenses, that individual must use good judgment on the Library's behalf to ensure that good value is received for the expenditures.

The Library funds and assets are for Library purposes only. For more information about what are considered Library funds and assets, please review Section 4, Chapter 23 "Limits of Municipal Expenditures" in the Michigan Municipal League's Handbook for Municipal

Officials available online at https://mml.org/wp-content/uploads/2024/05/HMO-2024-with-Cover.pdf.

9. RECORDS AND COMMUNICATIONS

Accurate and reliable records of many kinds are necessary to meet the Library's legal and financial obligations and to manage the affairs of the Library. The Library's books and records must reflect all business transactions in an accurate and timely manner. Employees and trustees responsible for accounting and recordkeeping must fully disclose and record all assets and liabilities, and must exercise diligence in enforcing these requirements.

Employees and trustees must not make or engage in any false record or communication of any kind, whether internal or external, including but not limited to:

- False expense, attendance, production, financial, or similar reports and statements.
- False advertising, deceptive marketing practices, or other misleading representations

10. DEALING WITH OUTSIDE PEOPLE AND ORGANIZATIONS

Employees and trustees must take care to separate their personal roles from their Library positions when communicating on matters not involving Library business. Employees and trustees must not use Library identification, stationary, supplies, and equipment for personal or political matters.

The Library should have a policy that identifies a spokesperson. The spokesperson could be the Library Director, a designated staff person, or a trustee. No other employee should speak for the Library, unless specifically authorized to do so; and should refer all communication matters to the designated person.

When dealing with anyone outside the Library, including public officials, employees and trustees must take care not to compromise the integrity or damage the reputation of the Library, or any outside individual, business, or governmental body.

Trustees must remember that all authority is vested in the full board and not with individual board members. All board members are expected to support the majority decision of the board regardless of how they personally voted on the matter.

11. PROMPT COMMUNICATIONS

In all matters relevant to patrons, suppliers, government officials, the public and others within the Library, employees and trustees must make every effort to achieve complete, accurate and timely communications, responding promptly and courteously to all proper requests for information and to all complaints.

12. PRIVACY AND CONFIDENTIALITY

When handling financial and personal information about patrons or others with whom the Library has dealings, employees and trustees should observe the following principles:

- Collect, use, and retain only the personal information necessary for Library business
- Protect the physical security of this information at all times, and retain information only for as long as necessary or as required by law, including the Library Privacy Act.
- Limit internal access to personal information to those with a legitimate business or legal reason for seeking that information, and only use personal information for the purposes for which it was originally intended.

Adopted by the Schultz-Holmes District Library Board of Trustees July 2025

EXHIBIT 1

Fraud, Theft, and Corruption Disclosure Form

Adrian District Library (ADL) is committed to the highest standards of openness, honesty, and accountability. In consideration of that, ADL expects employees and others with serious concerns about any aspect of the Library's ongoing operations to come forward and voice those concerns.

Please complete this form as accurately and with as much detail as possible. Attach additional forms or extra sheets if needed and then submit all documents to the Library Director or, if the allegation involves the Library Director, to the President of the Library Board.

Name (of person filing report): _____

Phone Number (of person filing report): _____

Email: (of person filing report): _____

Best Times to be Reached: _____

Nature of Concern: _____
_____
_____
_____
_____

Related Background Information: _____
_____
_____
_____
_____

Names and Positions of People Involved:

Name of Person	**Position of Person**
_____	_____
_____	_____
_____	_____
_____	_____