



## MANAGEMENT REPORT

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**DATE:** September 14, 2016  
**AUTHOR:** Corinne McConchie – *Manager, Collection Management and Access*  
**MEETING DATE:** September 22, 2016  
**TO:** NVDPL Board  
**FROM:** Jacqueline van Dyk – *Director, Library Services*  
**SUBJECT:** **FINANCE POLICY UPDATE**  
**B-FIN-12 PROCUREMENT, PURCHASING & PAYMENT APPROVAL**  
**– MOTION REQUIRED**

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### SUMMARY

The Finance & Infrastructure Committee recommends edits to the Board policy B-FIN-12 PROCUREMENT, PURCHASING & PAYMENT APPROVAL to further the Finance policy refresh.

### PURPOSE

This report is for decision.

### ATTACHMENTS

This report includes the following appendices:

- I. B-FIN-12 PROCUREMENT, PURCHASING & PAYMENT APPROVAL [for update]*
- II. B-FIN-12 PROCUREMENT, PURCHASING & PAYMENT APPROVAL [version with tracked changes]*
- III. MG-FIN-12.2 PROCUREMENT: OTHER THAN LIBRARY COLLECTION MATERIALS [updated]*
- IV. DRAFT Management Guideline – MG-FIN-12.3 PURCHASING & PAYMENT APPROVAL AUTHORITY – LIBRARY COLLECTION MATERIALS AND RESOURCES [new]*
- V. DRAFT Management Guideline – MG-FIN-12.4 PURCHASING & PAYMENT APPROVAL AUTHORITY – OTHER THAN LIBRARY COLLECTION MATERIALS AND RESOURCES [updated]*

## **RECOMMENDATION**

That the Board pass the following motion:

**THAT the updated B-FIN-12 PROCUREMENT, PURCHASING & PAYMENT APPROVAL be recommended to the Board for approval and adoption;**

**AND THAT existing 6.1 SIGNING AUTHORITY be removed.**

## **BACKGROUND**

Library staff and Acting CFO Andy Wardell collaborated to prepare amendments to the existing policy to ensure it includes a statement on delegation of authority to procure. Some additional housekeeping edits and the inclusion of cross-references to two pertinent related policies have been incorporated in this revision.

At its July 13, 2016 meeting FIC also approved one new Management Guideline (MG-12-12.3) and edits to two existing Management Guidelines that relate to this policy. These are attached for the Board's information.

The recommended motion includes a housekeeping clause to strike the existing 6.1 SIGNING AUTHORITY from the old-style policy. According to Andy Wardell and FIC, the current refreshed policy suite negates the need for policy 6.1. The language that would be struck reads,

### **"6.1 SIGNING AUTHORITY**

The authorized signing officers for all financial transactions shall be appointed annually and shall be as follows:

The Chair or Secretary to the Library Board;

AND the Director of Financial Services of the District of North Vancouver or his/her deputy."

Finance Policies are for Board approval. Finance Management Guidelines are for FIC approval.

## **FINAL REMARKS**

Passing this recommended motion furthers the Finance portion of the Board's policy refresh process.

**POLICY: PROCUREMENT, PURCHASING &  
PAYMENT APPROVAL**

**POLICY #: B-FIN-12**

COMMITTEE:	Finance and Infrastructure	PASSED:	October 2004
TOPIC:	Finance – Procurement and Purchasing	AMENDED:	22 October 2015; [2016]
		REVIEW PERIOD:	3 - 5 years

**PURPOSE**

This policy outlines the parameters for procurement, purchasing and payment approval for goods, services and Library collection materials and resources (acquisitions).

The Library, in the performance of the duties and responsibilities assigned to it, must engage in the procurement of goods and services. In achieving the maximum economy, efficiency and effectiveness (Best Value) in the performance of this function, the Library has endorsed certain fundamental principles it considers applicable to public purchasing. The purpose of this Policy is to identify the Purchasing Principles and Best Practices guiding the procurement process in order to achieve Best Value for purchases while establishing an appropriate balance between fiscal controls and operational flexibility.

The Library shall procure in a manner that obtains best value and/or price, manages risk, treats suppliers with fairness, and complies with applicable policies and governing regulations.

**DEFINITIONS**

**Best Value** – District of North Vancouver (DNV) Administrative Policy 3-1220-2 *Procurement of Goods and Services* defines “Best Value” as when, in addition to the financial cost of a good and/or service, relevant “Total Cost of Ownership” factors are taken into account. In addition to the “Total Cost of Ownership” considerations included in DNV Administrative Policy 3-1220-2 *Procurement of Goods and Services*, the Library includes the following additional considerations:

- a) Staff training requirements
- b) Storage

**Purchasing Transactions** - commit the Library to the acquisition of goods, service or Library collection materials.

**Payment Transactions** – disbursement of funds purchase transactions supported by a vendor invoice or disbursement voucher.

## **POLICY**

The North Vancouver District Public Library ("Library") Board delegates the authority to procure on their behalf goods and services following all Management Guidelines for procurement approved by the Finance and Infrastructure Committee subject to the exceptions in this policy under Authority to Act.

The North Vancouver District Public Library ("Library") adopts the DNV *Procurement of Goods and Services Administrative Policy 3-1220-2 (Appendix A)*, and *Purchasing and Payment Approval Authority Policy 3-1210-1 (Appendix B)* with the following amendment:

- All references to District Council or District staff in DNV Administrative Policy 3-1220-2 *Procurement of Goods and Services* and Administrative Policy 3-1210-1 *Purchasing and Payment Approval Authority Policy* shall be replaced with Library Board or Library Staff when being referenced under this policy.

The procurement principles and best practices outlined under DNV Administrative Policy 3-1220-2 *Procurement of Goods and Services* set a minimum standard of performance for the procurement process (Refer to Appendix A).

## **AUTHORITY TO ACT**

1. Except as outlined in this section, the Library Board grants to the Director of Library Services the authority to make or enter into any contracts on behalf of the Library for which funding has been provided in the Library's annual operating or capital budgets or authorized by the Board and funded by Library surplus. Contracts for goods and services for the Library shall be executed in the name of the North Vancouver District Public Library.
2. Expenditures to be funded from donations, fundraising, grants or miscellaneous revenues greater than or equal to \$5,000 must be approved by the Finance and Infrastructure Committee Chair on behalf of the Board. Expenditures to be funded from donations, fundraising, grants or miscellaneous revenues less than \$5,000 must be approved by the Director of Library Services.
3. Board approval is required to waive the competitive bidding process for contracts greater than or equal to \$25,000. A report explaining the rationale for by-passing the competitive bidding process must accompany the request for approval.
4. Board approval is required for awards of contracts greater than or equal to \$25,000 made to other than the lowest compliant bidder (or highest ranked proponent in the case of proposals). A report explaining the rationale for the selection and the risks associated with rejecting the low bid or highest ranked proposal must accompany the request for approval.
5. On request, the Director of Library Services shall provide the Board or the Finance and Infrastructure Committee with a list of contracts in excess of \$25,000.
6. At their discretion, the Board or the Finance and Infrastructure Committee may direct the Director of Library Services to submit any contract for review.

7. When Board approval is required to proceed with a contractual agreement, the Board Chair and Director of Library Services shall act as signatories to the Agreement. When Board approval is not required, the Director of Library Services and Chief Financial Officer will sign the agreement.
8. Library procurement:
  - a) For goods and services, follow *MG-FIN-12.2 Procurement: Other than Library Collection Materials and Resources* and *MG FIN-12.4 Purchasing and Payment Approval Authority: Other than Library Collection Materials and Resources*.

Purchases between \$2,000 and \$4,999 must be supported by a Library issued Purchase Order, and purchases \$5,000 or more must be supported by a District issued Purchase Order.
  - b) Procurement of Library collection materials and resources must follow *MG-FIN-12.1 Procurement: Library Collection Materials and Resources* and *MG FIN-12.3 Purchasing & Payment Approval Authority: Library Collection Materials and Resources*.

## **PURCHASING AND PAYMENT APPROVAL**

All invoices received for Library expenses must be approved prior to payment in accordance with *MG-FIN-12.6 Invoice Approval*.

For Library Collection materials and resources' purchase authorization and payment approval limits, follow *MG-FIN-12.3 Purchasing & Payment Approval Authority: Library Collection Materials and Resources*.

For other purchase authorization and payment approval limits, follow *MG-FIN-12.4 Purchasing & Payment Approval Authority: Other than Library Collections Materials*.

## **RESPONSIBILITIES**

### **NVDPL Board**

- Support this policy and related Management Guidelines
- Maintain this policy and monitor compliance

### **Finance and Infrastructure Committee**

- Support this policy and related Management Guidelines
- Maintain this policy and receive reports of compliance from the Chief Financial Officer

### **Chief Financial Officer**

- Support this policy and related Management Guidelines
- Monitor compliance with this policy through periodic testing of controls and report results to the Finance and Infrastructure Committee
- Recommend policy changes and updates to the Board and/or the Finance and Infrastructure Committee as required

### **Director of Library Services**

- Implement and support this policy and related Management Guidelines
- Ensure Library procurement, purchases and payment approval are in compliance with this policy
- Provide reports to the Board or Committees as required by this policy, or as requested

### **RELATED POLICIES AND MANAGEMENT GUIDELINES**

- B-FIN-13 ENVIRONMENTAL PURCHASING
- B-HR-14 CONFLICT OF INTEREST
- B-OP-07 COLLECTION POLICY
- MG-FIN-12.1 PROCUREMENT - LIBRARY COLLECTION MATERIALS AND RESOURCES
- MG-FIN-12.2 PROCUREMENT: OTHER THAN LIBRARY COLLECTION MATERIALS AND RESOURCES
- MG-FIN-12.3 PURCHASING & PAYMENT APPROVAL AUTHORITY: LIBRARY COLLECTION MATERIALS AND RESOURCES
- MG-FIN-12.4 PURCHASING & PAYMENT APPROVAL AUTHORITY: OTHER THAN LIBRARY COLLECTION MATERIALS
- MG-FIN-12.5 USE OF PURCHASING CARDS
- MG-FIN-12.6 INVOICE APPROVAL

POLICY: ~~FINANCE~~  
**PROCUREMENT, PURCHASING & PAYMENT**  
**APPROVAL ~~(ACQUISITIONS)~~**

POLICY #: **B-FIN-12**

COMMITTEE:	Finance and Infrastructure	PASSED:	October 2004
TOPIC:	Finance – Procurement and Purchasing	AMENDED:	22 October 2015; <a href="#">[2016]</a>
		REVIEW PERIOD:	3 - 5 years

**PURPOSE**

~~This policy~~ outlines the parameters for procurement, purchasing and payment approval for goods, ~~s and~~ services and Library collection materials and resources (acquisitions) for the Library. Procurement and purchasing activities for Library Collection Materials are commonly referred to as “acquisitions”.

The Library, in the performance of the duties and responsibilities assigned to it, must engage in the procurement of goods and services. In achieving the maximum economy, efficiency and effectiveness (Best Value) in the performance of this function, the Library has endorsed certain fundamental principles it considers applicable to public purchasing. The purpose of this Policy is to identify the Purchasing Principles and Best Practices guiding the procurement process in order to achieve Best Value for purchases while establishing an appropriate balance between fiscal controls and operational flexibility.

The Library shall procure ~~goods, services and works~~ in a manner that obtains best value and/or price, manages risk, treats suppliers with fairness, and complies with applicable policies and governing regulations.

**DEFINITIONS**

**Best Value** – District of North Vancouver (DNV) Administrative Policy 3-1220-2 Procurement of Goods and Services defines “Best Value” as when, in addition to the financial cost of a good and/or service, relevant “Total Cost of Ownership” factors are taken into account. In addition to the “Total Cost of Ownership” considerations included in DNV Administrative Policy 3-1220-2 Procurement of Goods and Services ~~(Appendix A)~~, the Library includes the following additional considerations:

- a) Staff training requirements;
- b) Storage;

**Purchasing ~~IT~~ Transactions** - commit the Library to the acquisition of ~~goods, goods, and/or~~ services or Library collection materials.

**Payment Transactions** – disbursement of funds purchase transactions supported by a vendor invoice or disbursement voucher.

## POLICY

The North Vancouver District Public Library ("Library") Board delegates the authority to procure on their behalf goods and services following all Management Guidelines for procurement approved by the Finance and Infrastructure Committee subject to the exceptions in this policy under Authority to Act.

The North Vancouver District Public Library ("Library") adopts ~~the the District of North Vancouver's ("District")~~ DNV Procurement of Goods and Services Administrative Policy 3-1220-2 (Appendix A), and Purchasing and Payment Approval Authority Policy 3-1210-1 (Appendix B) with the following amendments ~~and exceptions~~:

- ~~Due to their unique nature and the integrated purchasing system provided by the collections management software used by the Library, purchases of Library Collections Materials are exempt from the requirements of the District's Administrative Policies 3-1220-2 and 3-1210-1. This includes, but is not limited to, the requirement for competitive bid process, issuance of Purchase Orders, and other requirements. See MG-FIN-12.1 Procurement (Acquisitions): Library Collection Materials and MB-FIN-12.3 Purchasing (Acquisitions) & Payment Approval Authority: Library Collection Materials~~
- All references to District Council or District staff in DNV Administrative Policy 3-1220-2 Procurement of Goods and Services and Administrative Policy 3-1210-1 Purchasing and Payment Approval Authority Policy shall be replaced with Library Board or Library Staff when being referenced under this policy.

The procurement principles and best practices outlined under DNV Administrative Policy 3-1220-2 Procurement of Goods and Services set a minimum standard of performance for the procurement process (Refer to Appendix A).

## AUTHORITY TO ACT

- Except as outlined in this section, the Library Board grants to the Director of Library Services the authority to make or enter into any contracts on behalf of the Library for which funding has been provided in the Library's annual operating or capital budgets or authorized by the Board and funded by Library surplus. Contracts for goods and services for the Library shall be executed in the name of the North Vancouver District Public Library.
- Expenditures to be funded from donations, fundraising, grants or miscellaneous revenues greater than or equal to \$5,000 must be approved by the Finance and Infrastructure Committee Chair on behalf of the Board. Expenditures to be funded from donations, fundraising, grants or miscellaneous revenues less than \$5,000 must be approved by the Director of Library Services.

3. Board approval is required to waive the competitive bidding process for contracts greater than or equal to \$25,000. A report explaining the rationale for by-passing the competitive bidding process must accompany the request for approval.
4. Board approval is required for awards of contracts greater than or equal to \$25,000 made to other than the lowest compliant bidder (or highest ranked proponent in the case of proposals). A report explaining the rationale for the selection and the risks associated with rejecting the low bid or highest ranked proposal must accompany the request for approval.
5. On request, the Director of Library Services shall provide the Board or the Finance and Infrastructure Committee with a list of contracts in excess of \$25,000.
6. At their discretion, the Board or the Finance and Infrastructure Committee may direct the Director of Library Services to submit any contract for review.
7. When Board approval is required to proceed with a contractual agreement, the Board Chair and Director of Library Services shall act as signatories to the Agreement. When Board approval is not required, the Director of Library Services and Chief Financial Officer will sign the agreement.
- ~~7.8. Library purchases of goods and services (other than Library Collections Materials procurement) must be supported by Purchase Orders, as follows:~~
  - a) ~~For goods and services, follow Purchases between \$2,000 and \$4,999 must be supported by a Library issued Purchase Order in accordance with MG-FIN-12.2 Procurement: Other than Library Collection Materials and Resources 4 Purchasing & Payment Approval Authority: Other than Library Collection Materials and MG FIN-12.4 Purchasing and Payment Approval Authority: Other than Library Collection Materials and Resources.~~  
Purchases between \$2,000 and \$4,999 must be supported by a Library issued Purchase Order, and purchases \$5,000 or more must be supported by a District issued Purchase Order.
  - b) Procurement of Library collection materials and resources must follow MG-FIN-12.1 Procurement: Library Collection Materials and Resources and MG FIN-12.3 Purchasing & Payment Approval Authority: Library Collection Materials and Resources.

#### **PURCHASING AND PAYMENT APPROVAL**

All invoices received for Library expenses must be approved prior to payment in accordance with *MG-FIN-12.6 Invoice Approval*.

For Library Collection materials and resources' purchase authorization and payment approval limits, follow MG-FIN-12.3 Purchasing & Payment Approval Authority: Library Collection Materials and Resources.

For other puurchase authorization and payment approval limits, follow ~~will be established based on the guidelines of the District of North Vancouver, as outlined in MG-FIN-12.4 Purchasing & Payment Approval Authority: Other than Library Collections Materials.~~

## RESPONSIBILITIES

### NVDPL Board

- Support this policy and related Management Guidelines
- Maintain this policy and monitor compliance

### Finance and Infrastructure Committee

- Support this policy and related Management Guidelines
- Maintain this policy and receive reports of compliance from the Chief Financial Officer

### Chief Financial Officer

- Support this policy and related Management Guidelines
- Monitor compliance with this policy through periodic testing of controls and report results to [the](#) Finance and Infrastructure Committee
- Recommend policy changes and updates to the Board and/or the Finance and Infrastructure Committee as required

### Director of Library Services

- Implement and support this policy and related Management Guidelines
- Ensure Library procurement, purchases and payment approval are in compliance with this policy
- Provide reports to the Board or Committees as required by this policy, or as requested

## RELATED POLICIES AND MANAGEMENT GUIDELINES

- [B-FIN-13 Environmental Purchasing](#)
- [B-HR-14 Conflict of Interest](#)
- [B-OP-07 Collection Policy](#)
- MG-FIN-12.1 Procurement (~~Acquisitions~~)– Library Collection Materials [and Resources](#)
- MG-FIN-12.2 Procurement:– Other than Library Collection Materials [and Resources](#)
- MG-FIN-12.3 Purchasing & ~~p~~ayment ~~a~~pproval ~~a~~uthority: Library Collection Materials [and Resources](#)
- MG-FIN-12.4 Purchasing & ~~p~~ayment ~~A~~pproval ~~a~~uthority: ~~e~~Other ~~t~~han Library Collection Materials
- [MG-FIN-12.5 Use of Purchasing eCards](#)
- MG-FIN-12.6 Invoice Approval

**MANAGEMENT GUIDELINES FOR**

**MG-FIN-12.2**

**PROCUREMENT:  
OTHER THAN LIBRARY COLLECTION MATERIALS AND RESOURCES**

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COMMITTEE:	Finance and Infrastructure Committee	PASSED:	15 October 2015
TOPIC:	Finance - Procurement	AMENDED:	13 July 2016
		REVIEW PERIOD:	As required.

**MANAGEMENT GUIDELINES**

To protect the assets of the Library, a strong internal control framework must operate to ensure that purchases of goods and services for the Library are authorized, appropriate for the mission and operations of the Library, and are in compliance with the annual budget allotment.

Procurement of Library Collection Materials is covered by MG-FIN-12.1 Procurement: Library Collection Materials.

Library Board Policy B-FIN-12 PROCUREMENT, PURCHASING AND PAYMENT APPROVAL should be read in conjunction with this Management Guideline, along with the District of North Vancouver's Administrative Policy 3-1220-2 *Procurement of Goods and Services*.

**OVERVIEW**

Procurement of goods and services for the Library shall be made only for items benefiting the Library and its operations, and within budget allotments.

Managers are responsible for identifying the needs of their areas and arranging for "best value" purchases to meet those needs.

Procurement shall be conducted in accordance with the Purchasing limits and procedures as outlined in MG-FIN-12.4 Purchasing & Payment Approval Authority – Other than Library Collection Materials

**PURCHASING PRINCIPLES AND BEST PRACTICES**

This Guideline is based on the following purchasing principles and best practices to ensure a minimum standard of performance for the procurement process (as outlined in DNV Administrative *Policy 3-1220-2 Procurement of Goods and Services*; included here for clarity):

1. Goods and/or services must be procured in a competitive environment, wherever possible and practical;

2. Competitive processes will be administered to the highest standard possible in order to promote fairness, consistency, and transparency;
3. Reasonable measures should be taken to obtain more than one quotation or proposal wherever possible. The Competitive Bidding Requirements outlined in the District's *Administrative Policy 3-1220-2 Procurement of Goods and Services* must be followed unless Board approval has been granted to waive the competitive bidding process as outlined in policy B-FIN-12 PROCUREMENT, PURCHASING & PAYMENT APPROVAL;
4. Single or Sole Sourcing (*Direct Awarding*) a contract where competitive bidding is required is considered an exception to these approved *Purchasing Principles* and *Best Practices* and should only be considered under specific circumstances as described in **Appendix A**;
5. Goods and/or service requirements should be planned well enough in advance to allow for the necessary procurement processes to occur (i.e. creation of the competitive bid document, advertising, engaging the supply community, etc.);
6. To achieve *Best Value* for the Library, relevant *Total Cost of Ownership* factors must be considered for the acquisition of goods and services;
7. Goods and services must be procured after giving due consideration to the Library commitment to encourage the use of environmentally sustainable products and services; and
8. Purchases of goods and/or services must comply with Library policies and all other Provincial and Federal laws, regulations and trade agreements that apply to the procurement of goods, services and construction.

## PROHIBITIONS

(Excerpted from *DNV Administrative Policy 3-1220-2 Procurement of Goods and Services*; included here for clarity)

The following activities are prohibited:

1. Division of purchases to avoid the dollar limits or requirements specified within policy;
2. Committing the Library to acquisitions or contracts without approved budget funding for the intended purchase(s) and/or without the appropriate authority to do so;
3. The release of a supplier's written or oral bid information where it has been designated as confidential by the supplier. This practice is unethical, and may be illegal, as well as damaging to the Library's competitive position. Requests of this nature are to be managed through the DNV's Supplies and Risk Management Department;
4. Purchase by the Library of goods and services solely for the personal use by on behalf of any member of the Board, employees or their immediate families, with the exception of sanctioned

purchase plans;

5. Purchase by the Library of goods and services from any member of the Board, employees or their immediate families or from any other source that would result in a conflict of interest (refer to policy B-HR-14 Conflict of Interest);
6. The purchase of any Library owned goods and services by a member of the Board, employees or their immediate families, unless it is goods the Library is selling for profit (e.g. promotional items), is available to the general public, or is deemed to have no commercial disposal value, and
7. The purchase (by bid, auction or any other means) of any Library goods by an employee of the Library or their immediate families if the Library employee:
  - a) Works at an auction run by the Library for the disposal of goods;
  - b) Is responsible for declaring goods surplus to the Library needs;
  - c) Is responsible or otherwise involved in the maintenance of goods selected for disposal;
  - d) Is otherwise involved in the disposal of good surplus to the Library’s needs.

## COMPETITIVE BID REQUIREMENTS

Goods & Services	Competitive Bid	Consultation with DNV Purchasing	Competitive Bid Format
<b>Purchases &lt; \$2,000</b>	No	No	For less than \$2,000, only <b>one quotation</b> is required. The purchaser is responsible for ensuring that Best Value has been obtained, and retaining appropriate justification to support the decision.
<b>Purchases between \$2,000 &amp; \$9,999</b>	Yes	No: up to \$4,999 Yes: over \$5,000	Telephone or email quotations from <b>three</b> qualified vendors, recorded on Library Basis of Awards Form and submitted along with PO Requisition. The purchaser is responsible for ensuring that Best Value has been obtained, and retaining appropriate justification to support the decision. If a reason exists for not securing competitive quotes from three qualified vendors, the Basis of Awards form must show the reason. Any purchase awarded other than to the “Best Value” quote must be authorized by the Director of Library Services.  Purchases over \$5,000 must be authorized by a Purchase Order issued by the District’s Purchasing Department, in compliance with their <i>Administrative Policy 3-1220-2 Procurement of Goods and Services</i> .
<b>Purchases of \$10,000 to \$24,999</b>	Yes	Yes	Purchases in this range should be made under competitive conditions. As a minimum, three (3) suppliers shall be invited in writing to submit written quotations for the goods and/or services required. The written invitation may be by mail, facsimile or e-mail and the replies may be

			<p>received the same way.</p> <p>When the minimum of three written quotations are not available due to limited interest from the supply community, there must be a written explanation of "Non-Compliance" provided to the District's Supplies and Risk Management Department using the Basis of Award form.</p> <p>Any supporting documentation will be maintained by the District's Supplies and Risk Management Department either in hardcopy or attached electronically to the Purchase Order.</p> <p>Exceptions to Competitive Bidding Requirements for Single Sourcing or Sole Sourcing must comply with the outlined procedures in Appendix A to this management guideline.</p> <p>Single or Sole Sourced purchases require written justification clearly describing the reason(s) for not obtaining competitive bids, and must be approved in advance by the Director of Library Services and must be reported at the next Library Board Meeting. If the Direct Award purchase was procured by Director of Library Services, it must be approved in advance by the Library CFO.</p>
<p><b>Purchases &gt; \$25,000</b></p>	<p>Yes</p>	<p>Yes</p>	<p>Purchases \$25,000 or greater must be competitively bid through a formal process such as Request for Quotation, Invitation to Tender or Request for Proposals, depending on the nature of the goods and/or services to be provided.</p> <p>This requirement for Formal Competitive Bidding can only be waived by the Board through resolution. (Policy B-FIN-12 PROCUREMENT, PURCHASING &amp; PAYMENT APPROVAL). The District's Supplies and Risk Management Department must be involved and will provide assistance in issuing the most appropriate Formal Competitive Bidding document.</p> <p>Any supporting documentation will be maintained by the District's Supplies and Risk Management Department either in hardcopy or attached electronically to the Purchase Order.</p> <p>Once a purchase contract is ready to be awarded, a duly authorized Purchase Requisition shall be provided to the District's Supplies and Risk Management Department for issuing a Purchase Order and/or appropriate purchase contract to the selected bidder. Any contract for Library goods or services shall be issued in the name of the District of North Vancouver Public Library, and signed by the Director of Library Services and the Library CFO.</p>

## **RELATED POLICIES AND GUIDELINES**

- B-FIN-13 ENVIRONMENTAL PURCHASING
- B-FIN-12 PROCUREMENT, PURCHASING AND PAYMENT APPROVAL
- B-HR-14 CONFLICT OF INTEREST
- MG-FIN-12.1 PROCUREMENT: LIBRARY COLLECTION MATERIALS AND RESOURCES
- MG-FIN-12.3 PURCHASING & PAYMENT APPROVAL AUTHORITY – LIBRARY COLLECTION MATERIALS
- MG-FIN-12.4 PURCHASING & PAYMENT APPROVAL AUTHORITY – OTHER THAN LIBRARY COLLECTION MATERIALS

## APPENDIX A: DIRECT PURCHASE AWARDS

### *Excerpted from the District of North Vancouver's Purchasing Procedures Manual Section 8– August 2015*

In the case of a *Direct Award Purchase* it is difficult to know if *Best Value* has been achieved as no comparisons are obtained or available. For this reason, *Direct Award Purchases* are not normally considered *Best Practice* and should be avoided whenever possible. **Single Source** and **Sole Source** are both considered to be *Direct Award Purchase* methods, and the specific circumstances whereby this type of purchase method is permitted are described in this appendix.

A Direct Award Purchase may involve an oral agreement, direct negotiation, a written or oral quotation or even a written contract. The dollars involved, the complexity of the purchase and known risk factors will determine the award process, including the level of documentation required. This method is easy for users in that it is quick to administer and it requires little analysis or comparison, however, this method foregoes all the benefits associated with competition.

Regular contract law applies to Direct Award Purchases.

A duly completed and authorized Basis of Awards Form must be provided:

- To the Library *Purchasing Authority* for Library purchases between \$2,000 and \$4,999
- To the DNV's Supplies and Risk Management Department for Library purchases \$5,000 or greater

The Basis of Awards form for any Direct Award Purchases must be approved in advance by the Director of Library Services.

#### **A) Single Source (more than one product/service/vendor exists in the marketplace)**

In certain circumstances, justification to support a Single Source may exist. Single sourcing may be justified under one or more of the criterion listed below:

- **Compatibility with Existing Equipment** – the product being purchased directly interfaces or attaches to equipment currently in service, and/or is a replacement or repair part for existing equipment where having identical vendor equipment or parts makes operational and fiscal sense and where the part is considered to be superior in quality.
- **Continuation of Services** – where a service agreement or contract requirement is in place and needs to be extended due to circumstances such as increased scope of a project and where bringing in a new service provider would be detrimental to project quality or would unduly extend the project completion date, etc. Every attempt should be made at the start of service agreements to properly identify the project scope and to include, where practical, a contingency to allow for completion of the project.
- **Specialized Products or Services** – the product or service is specialized or unique.

- **Urgent Timeline** - the time frame for the acquisition is urgent due to uncontrollable circumstances. A situation where lack of planning has caused the urgent timeline is not considered justification to single source.
- **Standardization** – certain circumstances may warrant buying the same product(s) or service(s) as previously purchased. Justification may include ease of maintenance, minimizing replacement parts required, operator familiarization with equipment, ergonomics, etc.
- **Purchases From or For:**
  - Testing or trial use;
  - Exercising a purchase option on a lease or rental contract;
  - A non-profit organization;
  - An auction or bankruptcy situation; and
  - Other circumstances as warranted – recognizing there may be other circumstances that warrant single source justification, the Library and District will consider Library requests for single sourcing that have strong rationale. It is likely that a more detailed justification will be required in this case.

**B) Sole Source (*only one product/service/vendor exists in the marketplace*)**

Sole Source purchases of products or services MUST meet at least one of the following criteria:

- **Unique qualifications and skills of contractor** – only one contractor or service provider has the unique qualifications or skills needed for the project.
- **Unique product or service** – the product or service in question is unique and cannot be sourced elsewhere in the marketplace and is the only product or service that will satisfy the requirement. If there are similar products or services available that will generally satisfy the requirement, the Single Source guidelines will apply.
- **Monopoly controlled market situations** - the supply of products or services is controlled by a monopoly supplier and cannot be sourced elsewhere (e.g. a public utility company such as BC Hydro).
- **Computer software renewal licences and Software Development or Maintenance** - this occurs when licence renewal and maintenance for software and other digital resources (such as databases) can only be obtained from a single source, normally the developer of the software. This includes conversions, modifications and/or maintenance of currently owned software.
- **Purchases of:**
  - Subscriptions and publications;
  - Travel, training and conferences; and
  - Professional dues, memberships etc.
- **Other** – there may be other circumstances where there is no alternative but to sole source a particular vendor.

**MANAGEMENT GUIDELINES FOR**

**MG-FIN-12.3**

**PURCHASING & PAYMENT APPROVAL AUTHORITY:  
LIBRARY COLLECTION MATERIALS AND RESOURCES**

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COMMITTEE:	Finance & Infrastructure Committee	PASSED:	13 July 2016
TOPIC:	Finance – Purchasing & Payment Approval	AMENDED:	
		REVIEW PERIOD:	As required.

**MANAGEMENT GUIDELINES**

This Guideline provides limited delegation of the authority to purchase and pay for Library Collection Materials and Resources by assigning to specified individuals the following authorities:

- a) To commit the Library to acquire Collection Materials and Resources within specified limits (referred to as the "Purchasing Approval Authority")
- b) To approve the payment of invoices after receipt of Collection Materials and Resources within specified limits (referred to as the "Payment Approval Authority")

These Guidelines do not apply to purchases of other goods and services for the Library.

**DEFINITIONS**

**Approval** - includes electronic approval, hand-written signatures or initials, emails and other forms of electronic approval but does not include verbal communication.

**Disbursement Voucher** - a document used for employee reimbursements or for payments to suppliers only when no invoice is issued by the supplier. This document is required to be approved by a Payment Officer within his/her approval authority limit.

**Invoice** - a document prepared by a supplier of Collection Materials and Resources listing all the items sold or the service(s) provided, and presented to the District Finance Department for payment on behalf of the Library.

**Payment Officer**- an employee of the Library who is authorized to approve the processing of payments for Collection Materials and Resources once they have been received.

**Purchasing Officer** - an employee of the Library who is assigned responsibility for purchasing Collection Materials and Resources.

## PROCEDURES

### **Purchasing Authorization**

1. Purchase Authorization approval limits will be in accordance with the Library's Purchasing Approval Authority Limits as follows:

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<b>PURCHASING APPROVAL AUTHORITY LEVEL</b>	<b>PURCHASING APPROVAL AUTHORITY LIMIT</b>	<b>PURCHASING OFFICER</b>
<b>1</b>	\$2,000 <sup>(Note 1)</sup>	Purchasing Cardholders, Administrative & Librarian Staff
<b>2</b>	\$25,000	Library Manager
<b>3</b>	\$100,000	Director of Library Services
<b>4</b>	Over \$100,000	Both Director and Library Board Chair, or Library Board by resolution

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*Note 1: The usual purchasing limit on a purchasing card is \$2,000. If approved by a Library Manager or the Director of Library Services, this purchasing limit may to be increased to up to \$4,000 for specific transactions. This increase would be made on a one time basis for a specific transaction by staff of the Supplies and Risk Management Department upon receipt of approval from a Library Manager or the Director of Library Services.*

2. Purchasing officers may only approve within the expenditure budgets they are responsible for, and only up to their assigned approval authority limits for each purchase order or invoice. Any reallocation between Collections budget subcategories must be approved by the Collections Manager.
3. Any purchase order or disbursement voucher initiated by a Purchasing Officer that exceeds their assigned purchasing approval authority limit must be forwarded to the Director of Library Services for review and approval.
4. A purchasing transaction may not be "split" to meet a Purchase Officer's assigned approval authority limit.

### **High Risk and Sensitive Transactions**

Prior to exercising purchasing approval authority, Purchasing Officers must bring to the Director of Library Services' attention any transactions which may be considered high risk or sensitive in nature regardless of their dollar value. The Library Director should consult with the CFO. In the event that this information comes to light after the purchasing approval authority has been exercised, the obligation to inform the Director of Library Services must be fulfilled as soon as the information is known.

High risk or sensitive transactions include those transactions that:

- a) might bring the activities of the Library under public scrutiny or involve controversial matters
- b) may directly benefit the individual (perceived or actual conflict of interest)
- c) lack sufficient oversight due to a situation of limited segregation of duties
- d) involve complex contractual or specialized issues (e.g. construction contracts, leases)

**Payment Authorization**

1. Payment Officers are responsible to ensure that the payment transaction:
  - a) is supported with sufficient documentation that demonstrates goods and/or services were received in accordance with the agreed terms and conditions of the purchase (as specified on the purchase order and/or contract approved by the purchasing authority) and complies with any other policies and procedures; and
  - b) is recorded in the correct financial accounts.
2. Invoices should be approved for payment by a Payment Officer other than the Purchasing Officer who initiated the purchase.
3. Any invoice received requesting payment that exceeds the assigned payment approval authority limit must be forwarded to the Director of Library Services for review and approval.
4. A payment transaction may not be "split" to meet a Payment Officer's assigned approval authority limit.
5. Payment Authorization approval limits will be in accordance with the Library's Payment Approval Authority Limits, as follows:

PAYMENT APPROVAL AUTHORITY LEVEL	PAYMENT APPROVAL AUTHORITY LIMIT	PAYMENT OFFICER
1	\$5,000	Administrative & Librarian Staff
2	\$50,000	Library Manager
3	\$250,000	Director of Library Services
4	Greater than \$250,000	Both Director and Library Board Chair, or Library Board by resolution

### ***Appointment of Purchasing and Payment Officers***

The Director of Library Services authorizes requests to assign purchasing and payment approval authority limits by using the Assignment of Purchasing and Payment Approval Authority Limits form and forwards the completed form to the CFO or delegate for final review and approval.

When considering the appropriate individuals to be assigned purchasing and payment approval authority, the following principles apply:

1. the individual has knowledge of the Library's relevant policies, guidelines and procedures ; and
2. the approval authority level being considered is:
  - i. sufficient for the individual to carry out their routine daily work without undue impediment and results in higher value purchasing transactions being referred to a higher level for review and approval; and
  - ii. less than the next more senior manager's purchasing and/or payment approval authority level.

### ***Absences – Alternate Purchasing and Payment Officers***

A Purchasing or Payment Officer may temporarily assign his/her approval authority to an alternate who may sign in his/her absence by notifying the Director of Library Services in writing, or in the case of the absence of the Director of Library Services, the CFO or designate.

If a Payment Officer does not assign a delegate to act in his/her absence, his/her purchasing or payment approval authority reverts upward through the normal reporting structure.

### **RELATED POLICIES AND GUIDELINES**

- B-FIN-12 PROCUREMENT, PURCHASING AND PAYMENT APPROVAL
- B-FIN-13 ENVIRONMENTAL PURCHASING
- B-HR-14 CONFLICT OF INTEREST
- B-OP-07 COLLECTION POLICY
- MG-FIN-12.1 PROCUREMENT: LIBRARY COLLECTION MATERIALS
- MG-FIN-12.2 PROCUREMENT: OTHER THAN LIBRARY COLLECTION MATERIALS
- MG-FIN-12.4 PURCHASING & PAYMENT APPROVAL AUTHORITY – OTHER THAN LIBRARY COLLECTION MATERIALS
- MG-FIN-12.5 USE OF PURCHASING CARDS
- MG-FIN-12.6 INVOICE APPROVAL

**MANAGEMENT GUIDELINES FOR****MG-FIN-12.4****PURCHASING & PAYMENT APPROVAL AUTHORITY:  
OTHER THAN LIBRARY COLLECTION MATERIALS AND RESOURCES**

COMMITTEE:	Finance and Infrastructure	IMPLEMENTED:	15 October 2015
TOPIC:	Finance - Purchasing & Payment Approval	AMENDED:	13 July 2016
		REVIEW PERIOD:	As required.

**MANAGEMENT GUIDELINES**

The purpose of this Guideline is to provide limited delegation of the authority to purchase and pay for goods and services by assigning to specified individuals the following authorities to:

- a) commit the Library to acquire goods and services within specified limits (referred to as the "Purchasing Approval Authority")
- b) approve the payment of invoices after receipt of goods and services within specified limits (referred to as the "Payment Approval Authority")

This Guideline does not apply to purchases of Library Collection Materials. See *MG-FIN-12.3 Purchasing & Payment Approval Authority – Library Collection Materials and Resources*.

**DEFINITIONS**

**Approval** - includes electronic approval, hand-written signatures or initials, emails and other forms of electronic approval but does not include verbal communication.

**Disbursement Voucher** – a document used for employee reimbursements or for payments to suppliers only when no invoice is issued by the supplier. This document is required to be approved by a Payment Officer within his/her approval authority limit.

**Invoice** - a document prepared by a supplier of goods or services listing all the items sold or service provided, and presented to the District Finance and Technology Division for payment on behalf of the Library.

**Payment Officer** - an employee of the Library who is assigned the authority to approve the processing of payments for goods and/or services once they have been received.

**Purchasing Officer** - an employee of the Library who is assigned responsibility for purchasing goods and/or services.

## PROCEDURES

### Procurement and Purchase Authorization

Purchases over \$5,000 to be made from donations, grants and fundraising must be approved by the Library Board, or by the Chair of the Finance and Infrastructure Committee on behalf of the Board. Purchases from donations, grants and fundraising less than \$5,000 shall be approved by the Director of Library Services or designate.

Purchase Authorization approval limits will be in accordance with the Library's Purchasing Approval Authority Limits, as follows:

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<b>PURCHASING APPROVAL AUTHORITY LEVEL</b>	<b>Purchasing Approval Authority Limit</b>	<b>Purchasing Officer</b>
<b>1</b>	\$2,000 <sup>(Note 1)</sup>	Purchasing Cardholders, Administrative & Librarian Staff
<b>2</b>	\$25,000	Library Manager
<b>3</b>	\$100,000	Director of Library Services
<b>4</b>	Over \$100,000	Both Director and Library Board Chair, or Library Board by resolution

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*Note 1: The usual purchasing limit on a purchasing card is \$2,000. If approved by a Library Manager or the Director of Library Services, this purchasing limit may be increased to up to \$4,000 for specific transactions. This increase would be made on a one time basis for a specific transaction by staff of the Supplies and Risk Management Department upon receipt of approval from a Library Manager or the Director of Library Services.*

1. Purchasing Officers may only approve within the expenditure budgets they are responsible for, and only up to their assigned approval authority limits for each purchase order or invoice. For greater clarity, when incurring an expenditure or making a commitment against a budget held by another department, it is the responsibility of the individual to obtain the approval of a Purchasing Officer from the department holding that budget.
2. Any purchase order or disbursement voucher initiated by a Purchasing Officer that exceeds their assigned purchasing approval authority limit must be forwarded to the Director of Library Services for review and approval. This one-over-one approval is a key control in authorizing the procurement of goods and/or services.
3. A purchasing transaction may not be "split" to meet a Purchase Officer's assigned approval authority limit.

## **High Risk and Sensitive Transactions**

Prior to exercising purchasing approval authority, Purchasing Officers must bring to the Director of Library Services' attention any transactions which may be considered high risk or sensitive in nature regardless of their dollar value. The Library Director should consult with the CFO. In the event that this information comes to light after the purchasing approval authority has been exercised, the obligation to inform the Director of Library Services must be fulfilled as soon as the information is known.

High risk or sensitive transactions include those transactions that:

- a. might bring the activities of the Library under public scrutiny or involve controversial matters
- b. may directly benefit the individual (perceived or actual conflict of interest)
- c. lack sufficient oversight due to a situation of limited segregation of duties
- d. involve complex contractual or specialized issues (e.g. construction contracts, leases)

## **Payment Authorization**

1. Payment Officers are responsible to ensure that the payment transaction:
  - a. is supported with sufficient documentation that demonstrates goods and/or services were received in accordance with the agreed terms and conditions of the purchase (as specified on the purchase order and/or contract approved by the purchasing authority) and complies with any other policies and procedures; and
  - b. is recorded in the correct financial accounts.
2. Invoices should be approved for payment by a Payment Officer other than the Purchasing Officer who initiated the purchase.
3. Any invoice received requesting payment that exceeds the assigned payment approval authority limit must be forwarded to the Director of Library Services for review and approval.
4. A payment transaction may not be "split" to meet a Payment Officer's assigned approval authority limit.
5. Payment Authorization approval limits will be in accordance with the Library's Payment Approval Authority Limits, as follows:

<b>PAYMENT APPROVAL AUTHORITY LEVEL</b>	<b>Payment Approval Authority Limit</b>	<b>Payment Officer</b>
<b>1</b>	\$5,000	Administrative & Librarian Staff
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### **Appointment of Purchasing and Payment Officers**

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When considering the appropriate individuals to be assigned purchasing and payment approval authority, the following principles apply:

- a) the individual has knowledge of the Library's relevant policies and procedures; and
- b) the approval authority level being considered is:
  - i. sufficient for the individual to carry out their routine daily work without undue impediment and results in higher value purchasing transactions being referred to a higher level for review and approval; and
  - ii. less than the next more senior manager's purchasing and/or payment approval authority level.

### **Absences – Alternate Purchasing and Payment Officers**

A Purchasing or Payment Officer may temporarily assign their approval authority to an alternate who may sign in his/her absence by notifying the Director of Library Services and the CFO or designate in writing, or in the case of the absence of the Director of Library Services, the CFO or designate.

If a Payment Officer does not assign a delegate to act in his/her absence, their purchasing or payment approval authority reverts upward through the normal reporting structure.

## **RELATED POLICIES AND GUIDELINES**

- B-FIN-12 PROCUREMENT, PURCHASING AND PAYMENT APPROVAL
- B-FIN-13 ENVIRONMENTAL PURCHASING
- B-HR-14 CONFLICT OF INTEREST
- MG-FIN-12.1 PROCUREMENT: LIBRARY COLLECTION MATERIALS
- MG-FIN-12.2 PROCUREMENT: OTHER THAN LIBRARY COLLECTION MATERIALS
- MG-FIN-12.3 PURCHASING & PAYMENT APPROVAL AUTHORITY – LIBRARY COLLECTION MATERIALS
- MG-FIN-12.5 USE OF PURCHASING CARDS
- MG-FIN-12.6 INVOICE APPROVAL