

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

COMMITTEE:	Finance and Audit Committee	PASSED:	15 October 2015
TOPIC:	Finance - Procurement	AMENDED:	13 Jul 2016; 22 Sep 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
Purchases < \$2,000	No	No	For less than \$2,000, only one quotation is required. The purchaser is responsible for ensuring that Best Value has been obtained, and retaining appropriate justification to support the decision.
Purchases between \$2,000 & \$9,999	Yes	No: up to \$4,999 Yes: over \$5,000	Telephone or email quotations from three 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> .
Purchases of \$10,000 to \$24,999	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 received the same way. When the minimum of three written quotations are not available due

			<p>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>Purchases > \$25,000</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 & 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 qualification and skills of contractor** – only one contractor or service provider has the unique qualification 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.