

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

COMMITTEE:	Finance and Audit	IMPLEMENTED:	15 October 2015
TOPIC:	Finance - Purchasing & Payment Approval	AMENDED:	13 Jul 2016; 22 Sep 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 Audit 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:

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

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:

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:

- 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