

# **Purchasing and Signing Authority**

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## **PURCHASING AND SIGNING AUTHORITY POLICY**

### **Purpose**

The purpose of this policy is to establish guiding principles and outline the approval of commitments and expenditures for goods and services made on behalf of the Greater Victoria Public Library Board by employees and volunteers. Commitments and expenditures should reflect sound business decisions and stewardship of resources and assets, ensure prudent use of library funds, and meet best purchasing practices, including competitive procurement by fair and open competition.

This policy extends authority to the Chief Executive Officer (CEO) and designates for the development of practices and procedures that are consistent with the intent of this policy. These practices and procedures will be supplemented and amended as required for the effective administration of this policy, to meet the current and future needs of the Library, and in accordance with strategic and business plans.

All relevant legislation and trade agreements take precedence over this policy and all library purchasing practices will adhere to the principles of such legislation and agreements.

### **Principles**

This policy is guided by the following principles:

1. Fair value for money will be the basis of all commitments and expenditures and will include, where appropriate, the total cost of the product or service purchases:
  - a. Total costs may include but are not limited to acquisition, disposal, training, maintenance costs, and residual value, performance and environmental impact;
  - b. Other intangible values to be considered where practical may include but are not limited to quality assurance, capacity of supplier, and buying local.
2. Goods and services will be procured in an efficient, timely and cost effective manner and will reflect sound business decisions that are appropriately documented and approved.
3. Procurement processes will involve engagement in an open bidding process wherever practical.
4. Procurement processes will ensure fairness, objectivity and transparency.
5. Procurement processes will ensure that maximum value is realized when disposing of surplus goods, materials and equipment.
6. The procurement of goods and services will take into account, wherever practical, the commitment to the environment and energy savings.
7. Commitments and expenditures will meet the requirements of Greater Victoria Public Library's Policies and the Supply Chain Management Association (SCMA, formerly PMAC) Code of Ethics.
8. Commitments and expenditures will meet the requirements of legislation, including but not limited to, the Agreement on Internal Trade (AIT), and the Trade, Investment and Labour Mobility Agreement (TILMA), the British Columbia Freedom of Information and Protection of Privacy Act



(FIPPA), the British Columbia Library Act, the British Columbia Local Government Act, British Columbia Social Service Tax Act, the Federal Goods and Services Tax Act, and the Canada Customs and Revenue Agency Act.

9. Greater Victoria Public Library will participate in cooperative purchasing partnerships wherever quantifiable benefits exist.
10. Suppliers and vendors will not be excluded unless there is documented evidence to warrant exclusion.

## Conflicts of Interest

This section relates to signing authority and purchasing and extends to Board members acting in a related capacity and in accordance with Board policy 5.10, Code of Ethics.

1. Designated individuals will not exercise their signing authority in circumstances where conflicts of interest exist or could be seen to exist.
2. A potential conflict of interest with a new vendor or supplier must be declared as part of the selection process. A conflict of interest may occur when the Library representative's obligation towards the vendor could be influenced or compromised by the following:
  - a. Personal relationships
  - b. Business relationships
  - c. Indirect person benefit
  - d. Competing loyalties

## Competitive Bidding

***Request for Information (RFI)***, also sometimes referred to as a ***RFEOI (Request for Expression of Interest)*** – A non-binding, open enquiry that spans the market seeking broad data and understanding on products or services that the Library is interested in procuring. An RFI is an initial procedure used to gather information and determine the next step in the process, often used in conjunction with an RFP, RFQ or RFT. Opportunities are given public notification by way of advertisement and/or concurrently on the Greater Victoria Public Library web page and the BC Bid web site.

***Request for Quotation (RFQ)*** – A request for a written quotation for pricing of products and/or services that are already defined by the Library. An RFQ is best suited for solutions, products and services that are "standardized" and/or widely available, that do not have extensive terms and conditions and specifications, and when cost is the determining factor of award.

***Request for Proposal (RFP)*** – A solicitation of written, competitive proposals or offers sent to potential suppliers where greater input from the proponents may be required. Typically, an RFP leaves part of the precise structure and format of the response to the discretion of the suppliers but should seek specific data, offerings and quotations (i.e. the requirements are defined, the solution is not). Opportunities are



given public notification by way of advertisement and/or concurrently on the Greater Victoria Public Library web page and the BC Bid web site.

**Request for Tender (RFT)** – A more formal request involving an open invitation to suppliers that can meet clearly defined and specific needs, usually based on information obtained earlier from an RFI. An RFT involves an invitation to bid, which solicits competitive, written, signed, and sealed offers which must conform to the requirements of the invitation. Opportunities are given public notification by way of advertisement and/or concurrently on the Greater Victoria Public Library web page and the BC Bid web site.

Purchase Threshold	Context	Method	Requirements	Contract requirement
Less than \$5,000	Requirements are defined, product or service widely available	RFQ	A minimum of one (1) written quotation	Purchase Order, Contract or General Service Agreement
Between \$5,000 and \$50,000			A minimum of three (3) written quotations	
Between \$5,000 and \$50,000	Requirements are reasonably well-defined, greater input from proponents is required	RFP	A minimum of three (3) requests for proposals and advertising	Contract or General Service Agreement
Greater than \$50,000				
Greater than \$50,000	Requirements are clearly defined and specific, proponents must meet the specifications	RFT	A minimum of three (3) requests for tenders and advertising	Contract or General Service Agreement

### **Tenders**

1. The CEO, at his/her discretion, may call for tenders for individual items costing less than \$50,000.
2. Bid opening – Sealed tenders will be accepted in accordance with the closing time and date stipulated in the Request for Tender.
3. Advertising - Requests for Tenders will be publicly advertised on the Greater Victoria Public Library web page and on the BC Bid web site.
4. Evaluation - All bid submissions are subject to evaluation after opening and before award of contract. The Request for Tender documents must clearly identify the requirements of the procurement, the evaluation method, evaluation criteria based on the guiding principles as outlined in this policy, and the weights assigned to each criterion.
5. Award – After contracts have been awarded, access to tender documents is subject to the provisions of the *Freedom of Information and Protection of Privacy Act* (FIPPA).
6. Vendor Complaint Process – A method to handle formal supplier complaints is an integral part of fair and open procurement policy. Formal complaints should be directed to the Director of Finance at the Greater Victoria Public Library.



### **Exceptions to Competitive Bid Process**

1. A *Competitive Exception Request* form is necessary, other than for Standing Exceptions described in this section under item 3, whenever a request is made to waive the requirement for a competitive bidding process in accordance to this policy. The form requires approval by the Director of Finance, who will also forward a copy to the CEO.
2. The *Competitive Exception Request* form should be submitted if an exception to the competitive bidding process is deemed necessary, while ensuring compliance with any applicable procurement industry standards and/or regulations, due to:
  - a. A sole source situation, where there is a single supplier that is exclusively capable of meeting Library requirements within the time available, including emergency and other situations, which preclude conventional planning and processing. These situations include:
    - i. One-of-a-Kind – the item or service has no competitive product and is available from only one supplier; this includes used, reconditioned or demonstration equipment available at a lower-than-new cost.
    - ii. Compatibility – the item or service must match an existing brand of equipment for compatibility or is manufactured or available from only one vendor.
    - iii. Replacement Part – the item is a replacement part for a specific brand of existing equipment and is available from only one supplier.
    - iv. Proprietary – the item or service is an add-on or component of a proprietary system (e.g. software) and/or is covered by an exclusive right such as a patent, copyright or exclusive license.
    - v. Delivery Date – only one supplier can meet necessary delivery requirements.
    - vi. Unique Design – the item or service must meet physical design or quality requirements and is available from only one supplier.
    - vii. Emergency – Urgent need for the item or service does not permit soliciting competitive bids; including purchases needed to address major facility failures, damages due to disasters, or purchases necessary to address immediate safety and security issues.
  - b. A statutory requirement for procurement, such as a statutory order issued by a government authority related to environmental, public health, or workplace safety compliance.
  - c. A market-based condition, such as a monopoly or a product that is in short supply due to market conditions.
  - d. Allow for the purchase of goods and services using co-operative consortium buying procedures with other municipal or government bodies and agencies as may be deemed advantageous to the Board.
  - e. A donor-specified purchase.
3. Other Standing Exceptions to the competitive bidding process will be documented in a Standard Item List and allowed, as follows:



- a. Standard items, which have been proven to be both supportable as well as cost-effective. A Standard Items List is required which contains pre-approved vendors and products upon which the Library has standardized. These items are most commonly related to computer hardware, software, subscriptions and some furnishings.
  - b. Professional Services. Contracting of personal or consultant services involving technical, professional or specialized skills, qualification or expertise (e.g. consultants, speakers and lecturers, legal, architectural, accounting, auditing, banking, investment or insurance services, or other services that require the giving of an opinion, creativity, the preparation of a design, or technical expertise).
  - c. Preferred vendor arrangements. The primary example of such an arrangement in the Library is in the acquisition of library collection materials, recognized as a vital and specialized activity, and which by its inherent nature requires the establishment of relationships with vendors and suppliers and agencies on an ongoing basis similar to a Standing Purchase Order (e.g. Automated Release Plans or ARPs).
  - d. Recurring or Non-Competitive Expenditures. Expenditures that tend to be lower-value and regularly occurring, such as utilities, telecommunication services, professional development workshops and seminars, permits, fees, licenses, postage, advertisement, vehicle fuel, repairs and rental, supplies, travel expenses and computer peripherals.
4. The *Competitive Exception Request* must contain the following elements as they apply to the specific request:
- a. The intended purpose or use of the product and/or service;
  - b. A description and/or explanation of the unique feature(s) or characteristic(s) /specification(s) of the requested product or service that will serve as the basis for a sole source justification;
  - c. List of sources investigated to determine that no other source exists for similar products/services capable of meeting requirements;
  - d. If the product/service must be compatible with other equipment manufactures or services performed by the same vendor, reference to the previous order should be provided;
  - e. A description of the situation or requirement that applies if the exception is not based on a sole source situation.
5. The waiving of formal bidding requirements does not mitigate the need to ensure purchases are competitively priced and the terms and conditions of the purchase are in the best interest of the Library.

## Employee Purchase Cards

1. The Library offers an Employee Purchase Card program. Employees must complete an *Employee Purchase Card Application*, which is approved by the Director of Finance or CEO in his/her absence. An application submitted by the CEO requires approval by the Library Board Chair or designate.



2. Cardholders must sign an *Employee Purchase Card Agreement*, which states card limits, procedures and responsibilities to ensure a high standard of care is achieved. Agreements are renewed annually to remind cardholders of expectations.
3. The purchase cards are the property of the Greater Victoria Public Library Board and will be issued jointly in the name of the cardholder and the Library.
4. The cardholder is responsible for all expenses charged to the cards and transactions should be for library business purposes only. Any non-reimbursable charges (e.g. meal cost exceeds allowable meal per diem) will be paid to the Library immediately or deducted from the cardholder's next pay.
5. Purchase card expenditures will comply with established spending limits and authorities, approved budgets, and in accordance with Board policies. Any transactions allocated to expenses for which the cardholder does not have budget authority over, will require pre-approval by the appropriate budget authority.
6. Employee cardholders will undertake to protect the card and the card account number and realize that it is for their use only.
7. When using the card for making purchases on the Internet, the cardholder will take every reasonable precaution to ensure that they are transacting on a reputable and secure website and will refer to security guidelines for Internet purchases provided on the *Employee Purchase Card Agreement*.
8. Lost or stolen cards are to be reported immediately according to the procedure in the *Employee Purchase Card Agreement*.
9. When a card is surrendered (e.g. upon retirement or termination of employment) any outstanding personal transactions charged to the card will be deducted from the cardholder's next (or final) pay.
10. Transaction approval will involve the submission of a *Purchase Card Statement* by the cardholder every month. All purchases will be verified and matched with supporting receipts and documentation and assigned to an expense account.
11. The *Purchase Card Statement* will be signed and dated by the cardholder, confirming that all charges are correct and incurred for business purposes. The cardholder's supervisor (or in the case of the CEO, the Board Chair or designate) will sign and date the statement confirming that all purchases are appropriate, business related charges.
12. The Director of Finance or designate(s) will perform random and spot audits of transactions and credit card activities, at least on a quarterly basis, to ensure compliance with stated policies and procedures.
13. The Employee Purchase Card Program will be independently audited, with a scope and frequency commensurate with the risks posed by the program, and upon recommendation from the auditor.



## Authorizations

### Budgeted Expenditures

1. Established Annual Operating Budgets, approved by the member municipalities by May 1<sup>st</sup>, and reserve fund budgets approved by the Library Board are the source of authority for all expenditures. The Library Operating Agreement sets out parameters for the Annual Operating Budget, including approval and appropriate use.
2. Budget Amendments – Individual lines within the budget may be amended (i.e. reallocated) within the following limits:

Approval requirement	Criteria	Range
CEO and Director, Finance	Within same budget category <sup>1</sup>	Up to \$100,000
Finance Committee	From one budget category to another	Up to \$100,000
Finance Committee		\$100,000 up to 2% of operating budget
Board and Councils		Greater than 2% of operating budget <sup>2</sup>

3. The CEO authorizes certain staff members, as Budget Authorities, to make commitments and approve expenditures in accordance with approved budgets, this policy and other Board policies.
4. Budget Authority responsibilities and conditions for delegation of authority are outlined in the Budget Authority Guidelines.

### Contracts

1. Contracts are formal, legally binding and enforceable agreements between the Greater Victoria Public Library (legal name “Greater Victoria Public Library Board”) and a third party.
2. Contracts will be in one of three formats:
  - a. *Purchase Order* detailing the requirements of goods and/or services;
  - b. *General Service Agreement* (standardized GSA), if for services only;
  - c. *Contract* detailing the requirements of goods and/or services. This can be in any format (e.g. letter, Memo of Understanding) as long as both parties sign and date the document indicating agreement. Invoices are not considered to be a contract as defined in this section.

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<sup>1</sup> There are six budget categories: Library materials, Salaries and benefits, Supplies and services, Building occupancy, Other expenses and Assets.

<sup>2</sup> In accordance with the Library Operating Agreement. 2% of operating budget represents approximately \$320,000 at time of policy revision in 2013.



3. This policy does not apply to any contracts or agreements between member municipalities, such as the Library Operating Agreement, or other similar or related agreements that may involve library services, deeds, conveyances, mortgages, and other documents for the transfer or assignment of real and personal property, major long-term contracts or agreements including debentures.
4. If and RFP or RFT process was conducted, the contract will be based on the standard terms and conditions as set out in the RFP or RFT documents. These documents, any subsequent written amendment(s), the offer and the notice in writing of acceptance of the offer will constitute the agreement and form the basis of the final contract between the Library and the successful supplier.
5. A General Service Agreement is recommended for all services, as it includes standard clauses on terms and conditions, insurance, privacy and intellectual property.
6. Where applicable, the contractor’s health and safety policy will also form part of the contract.
7. Contract signing authorities, limits are summarized as follows:

Groups	Authorities
Group A	Library Board, documented in meeting minutes
Group B	CEO Director, Strategic Development Director, Finance Director, Public Services Director, Technology Director, Human Resources Director, Communications & Community Development

Type of contract	Limit	Authorized by	Contract Format
Any	Greater than \$250,000	Group A	Contract or General Service Agreement (GSA)
Any contract meeting one or more of the criteria under Contracts, section 8	n/a	Group A	Contract or General Service Agreement (GSA)
Employment offers and agreements for exempt employees, other than CEO	n/a	CEO (or designate) and Director, Human Resources (or designate)	Standard formats approved by CEO and Director, Human Resources
Employment offers and agreements for CUPE 410 employees	n/a	CEO, delegated to Director, Human Resources **	Standard formats approved by CEO and Director, Human Resources and in accordance with CUPE 410 requirements
Goods and/or services other than above	Less than \$5,000	Any 2 of Group B	Optional
	\$5,000 to \$100,000	Any 1 of Group B and Director, Finance (or designate)	Purchase Order, contract or General Service Agreement
	\$100,000 to \$250,000	Any 1 of Group B and Director, Finance (or designate); reviewed by CEO (or designate)	Purchase Order, contract or General Service Agreement

\*\* Where the CEO delegates to a Director, the CEO or designate will authorize in the Director’s absence.



8. Contracts will be authorized by the Library Board (Group A) if one or more of the following criteria applies:
  - a. Any contract or agreement which in the opinion of the CEO or designate exposes the Library to an uncertain and potentially significant liability;
  - b. Any contract or agreement which in the opinion of the CEO or designate is precedent-setting or involves sensitive issues;
  - c. Any lease, license or other agreement for the use or occupation of Library or member municipality real property by third parties or the real property of third parties by the Library or member municipality where the term is or may be in excess of five years (including therein any periods of renewal or extension provided for in the lease, license, or agreement) or the annual rental or other annual payment related thereto exceeds \$250,000;
  - d. Any actions which under the Library Act require the prior approval of a government legislated body (e.g. Minister of Education, Minister of Finance);
  - e. Any contract or agreement which a Board Committee requests be brought before the Board for approval.
9. Contracts exceeding \$50,000, excluding employment contracts, will be considered for review by legal counsel, based on the recommendation of the CEO.
10. Purchase orders may be issued in other situations in order to document specific details and specifications of purchases.
11. Where the ongoing regular supply of goods and services from a single source are deemed necessary, a Standing Purchase Order may be issued. Standing Purchase Orders will be established in accordance with the “Principles” of this policy and reviewed every five (5) years, to ensure compliance with this policy and to ensure that the Library is receiving the best value.
12. Designated individuals have the responsibility to exercise their signing authority in a prudent manner. Depending on the nature of the agreement to be signed, this responsibility will include an assessment of some or all of the following:
  - a. The ability to meet the terms specified in the agreement;
  - b. Compliance with all related legislation, regulatory requirements and Library policies that may be impacted by the agreement (e.g. labour legislation, intellectual property requirements, approvals or waivers that may be required from individuals other than those signing the agreement);
  - c. The financial impact of the agreement on the Library, considering the total cost of the product or service purchased, including tangible and intangible costs as outlined in this policy under Principals, item 1, such as acquisition, disposal, training, maintenance, residual value, and capacity of vendor;
  - d. Whether legal advice should be obtained prior to signing the agreement;



- e. The need to consult with key internal stakeholders on other considerations including, but not limited to, technology infrastructure and support, privacy, staff resourcing, public services, insurance, communications, and facilities.

13. The CEO may remove a vendor’s name from consideration for contracts under this policy on the basis of poor performance or non-performance on a Library contract. The basis of such decisions will be fully documented.

14. Contract process will be reviewed once every three (3) years.

**Bank Signatories - Disbursements (e.g. Cheques, electronic fund transfers)**

Groups	Authorities
<i>In accordance with banking agreement.</i>	
Group A	Board Chair Board Vice-Chair
Group B	CEO Director, Strategic Development Director, Finance

Type of disbursement	Limit per disbursement	Authorized by	Under authority of
Cheques and Telpay	Up to \$250,000	Any 2 from Group B	Approved Budget and Board Policies
Cheques and Telpay	Greater than \$250,000	Any 1 from Group A and Any 1 from Group B	
Employee Purchase Cards	Card limits	Transactions: Cardholder and Budget Authority or Supervisor Payments: CEO, delegated to Director, Finance	
Direct deposit of routine salary/wages and payroll withholding taxes	n/a	CEO, delegated to Director, Finance**	
Non-routine payroll payments to employees other than exempt employees	n/a	CEO, delegated jointly to Director, Finance and Director, Human Resources**	
Non-routine payroll payments to exempt employees	n/a	Any 2 from Group A	
Pre-authorized electronic fund transfers (e.g. tax remittances, lease payments)	n/a	CEO, delegated to Director, Finance **	
Fund transfers between Library bank accounts	n/a		
Fund transfers between Library bank and investment accounts	n/a		
			Umbrella agreement with financial institution and provincial government
			Standing agreements between the Library Board, CUPE 410 and employment contracts with exempt employees
			Standing agreements between the Library Board, CUPE 410
			Subject to terms of employment contracts



\*\* Where the CEO delegates to a Director, the CEO or designate will authorize in the Director's absence.

## Procedures

- Budget Authority Guidelines
- Tendering Procedures

## Forms and templates

- Competitive Exception Request form
- Standing Items List
- Employee Purchase Card Application
- Employee Purchase Card Agreement
- General Service Agreement

<b>Amended by the Greater Victoria Public Library Board:</b>	<b>October 28, 2014</b>
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