



REPORT TO THE LIBRARY BOARD
MEETING DATE: THURSDAY, APRIL 23, 2009

Session:	Public Session
Subject:	LPL Procurement Policy
Prepared By:	Susanna Hubbard Krimmer, Barbara Jessop, Margaret Mitchell
Presented By:	Susanna Hubbard Krimmer, Margaret Mitchell
Purpose of Report:	For Decision: Approval <input checked="" type="checkbox"/>

Recommendation

It is recommended that the draft **London Public Library (LPL) Procurement Policy** (as found in Appendix 1 of this report) be approved by the Library Board.

Issue / Opportunity

The current *LPL Procurement Policy* was set as policy in 2001. The guiding principles and processes established by the policy were employed regularly during the period following in which significant procurement for goods and services was done as part of the construction/ refurbishment of LPL facilities system-wide and building of technology infrastructure.

The policy is being reviewed as part of the updating of all Library policies and practices under the auspices of the current *LPL Strategic Plan*.

Background & Review

As part of the policy review process, legislative requirements and best practices were researched and built into the recommended guiding assumptions and guiding principles, approved by the Library Board at its January 2009 meeting (Motion L09/04.2), and into the draft *LPL Procurement Policy*.

Mike Turner, Manager - Financial Services and Acting Deputy City Treasurer, City of London and John Freeman - Manager, Purchasing and Supply, City of London, provided peer review of the draft policy.

Next Steps

Upon approval of the draft policy by the Library Board, the policy will become effective immediately. The policy will be published on the LPL website in the “Business Opportunities” and “Policies” sections of the site.



LONDON PUBLIC LIBRARY POLICY

Title: Procurement Policy

Policy: Governance

Policy No.:

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PURPOSE: The purpose of this policy is to ensure that the procurement decisions of the London Public Library (LPL) are made using a consistent, open, transparent and fair process, meeting legislative requirements and obtaining the best value when purchasing goods to be delivered, installed or constructed or when contracting services.

SCOPE: This policy covers all the procurement of all goods and services by the London Public Library Board (the “Board”) (as defined in section 1 of the *Public Libraries Act*), CEO and all employees of the London Public Library on behalf of the Library including, but not limited to, the following:

- **Goods** including collections materials and collections processing supplies, computer hardware and software, furniture and equipment, office supplies, facility preventative maintenance and repair products (such as electrical and plumbing supplies), construction and building materials, etc.;
- **Professional and Consulting Services** including financial, strategic management, architectural, engineering, information technology, environmental, human resource management, security, etc.;
- **Construction and Facility Services** including construction, building cleaning, HVAC maintenance, landscaping and snow plowing/removal, etc.; and
- **Fleet Equipment** including all vehicles (such as trucks, vans, trailers and specialized vehicles), equipment for grounds maintenance, fire and security apparatus, etc.

DEFINITIONS:

“Best value” means: The optimal balance of quality, performance including delivery precision and cost determined in accordance with a pre-defined evaluation plan. Best value may include a time horizon that reflects the overall lifecycle (Total Cost Management) of a given asset.



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“Bid” means any written response from a bidder to any type of procurement process issued by the LPL, containing all information submitted in response to the requirements of the process.

“Bidder” means a person, company, organization, etc. that submits a bid in response to any type of procurement process.

“Contract” means any formal or deliberate written agreement for the purchase of goods, professional and consulting services, construction and facility services, and fleet equipment.

“Procurement” means the acquisition of goods and/or services required to provide the services and execute the operations of the Library.

“Supplier” means any individual or organization providing goods or services to the Library including but not limited to contractors, consultants, vendors, service organizations, etc.

POLICY STATEMENT:

It is the policy of the London Public Library that its procurement of goods and services be undertaken in a way that provides the best value for the Library in terms of optimal balance of quality, performance and cost; uses open, accountable, objective, fair, effective and efficient processes; complies with all applicable legislative requirements; and follows acceptable industry practices in its procedures and practices.

Assumptions

The LPL procurement policy and procedures is in support of and in accordance with the LPL’s *Vision, Mission, Values and Strategic Plan*.

LPL will optimize a balance of quality by encouraging the development of existing and potential suppliers to register to ISO 9001 Quality Standards.

LPL will endeavour to utilize the most cost effective and cost efficient methods to procure all goods and services.

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LPL practices will be guided by the *Code of Ethics* of the Purchasing Management Association of Canada.

LPL will endeavour to procure goods and services from responsible suppliers who abide by ethical standards and norms.

LPL will endeavour, where cost effective, to procure goods and services with due regard to the preservation of the natural environment and, where feasible, encourage suppliers to supply “green” products and encourage the development of supplier relationships with ISO 14001 Registered Organizations.

When planning purchases, the standardization of equipment/furnishing will be facilitated wherever possible.

All purchases will be made in compliance with all relevant statutes and regulations. LPL procurement policies, processes and procedures will be developed and implemented under the authority of the *Municipal Act*, *Municipal Conflict of Interest Act* and the *Public Libraries Act*, [The purchase of collections materials is made in compliance with the *Book Importation Regulations (SOR/99-324)* *Canadian Copyright Act*.]

LPL procurement policy and practices will be consistent with the principles of the City of London’s Purchasing and Materials Management Policy.

Guiding Principles

LPL will make procurement decisions using an open, accountable, objective, fair, effective and efficient process and by adopting standard approaches to:

- Selecting the appropriate type of procurement process to be used;

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- Conducting the procurement process including the structure, format and general content of procurement documents;
- Communicating with bidders throughout the process;
- Evaluating submissions;
- Dealing with bidders' queries and complaints;
- Providing unsuccessful bidders with feedback, upon request;
- Awarding the contract;
- Maintaining records of the procurement process; and
- Maintaining records on the successful bidder's performance under contracts.

Accountability

The CEO and authorized Directors/Managers will act for the London Public Library in the procurement of goods and services.

The Library Board empowers the CEO to establish procurement procedures required to enact the policy and processes. Detailed purchasing procedures will be developed.

The Library reserves the right to reject any and all submissions in a procurement process.

The Library may, in its absolute discretion, reject a quote, tender or proposal submission by a bidder if the bidder, or any officer or director of the bidder is or has been engaged, either directly or indirectly through another corporation in a legal action against the Library, its appointed officers and employees in relation to any other contract or service or any matter arising from the Library's exercise of its power, duties or functions. In determining whether or not to reject a quotation,



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tender, or proposal under this clause, the Library will consider whether the litigation is likely to affect the bidder's ability to work with the Library, its consultants and representatives, and whether the Library's experience with the bidder indicates that the Library is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the bidder.

The exercise of authority to award a contract is subject to the identification and availability of sufficient funds within the approved London Public Library budget.

The CEO is authorized to execute formal agreements and contracts on behalf of the LPL and may delegate this authority depending on the scope, value and impact of contracts or purchases.

All LPL employees shall comply with the procurement policy, processes and corresponding procedures to ensure that employees who are responsible for the requisitioning and purchasing of goods and/or services are accountable for and competent in their decisions and actions.

Conflict of Interest

No member of the Library Board or employee involved in the procurement of goods and services shall have any pecuniary interest either direct or indirect in any contract, tender, proposal, or quotation for the supply of such goods or services to the Library.

[London Public Library Board trustees are subject to the requirements of the Municipal Conflict of Interest Act (RSO 1990, c.M.50).]

Gifts and Benefits

LPL employees or Board members shall not accept gifts, hospitality or other benefits either directly or indirectly from any potential or existing supplier of goods and services.

SPENDING AUTHORITY:



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The Library Board will approve all purchase packages greater than \$50,000 in value regardless of the type of procurement process undertaken.

The CEO is authorized to approve, or delegate the approval of, all purchase packages up to \$50,000 in value.

Where in the opinion of the CEO, or designate, and Director, Financial Services an emergency has occurred, the CEO or designate and/or Director may initiate a requisition/ purchase order in excess of the preauthorized expenditure limit to a maximum of \$100,000. Any PO issued under such circumstances together with a source of financing shall be reported to the Library Board Executive immediately and also to the next full meeting of the Board.

The purchase of goods and/or service in excess of \$100.00 including taxes shall not be authorized unless:

- a) The required goods and/or services have been requisitioned in accordance with the Policy and prescribed procedure;
- b) A method of purchase under this Policy has been used as detailed in Appendix A attached;
- c) The form and content of all documents forming any part of the purchase contract including quotation, tender or proposal documents, terms and conditions, insurance etc. have been reviewed by either the CEO, Director of Quality Assurance, or the Director of Financial Services.
- d) The purchase has been approved by the appropriate level of authority as detailed in Appendix A.
- e) The purchase order must be issued once the commitment has been made. Any "after the fact" invoices will require documentation with CEO approval in order for the invoice to be processed
- f) Levels of spending authority are detailed in Appendix A. Exceptions to this policy are listed in Appendix B.



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COMMITMENT AUTHORITY:

In the case of multi-year supply and/or service contracts/leases, the expenditure limits shall apply to the estimated annual expenditure under the contract.

TYPES OF PROCUREMENT PROCESSES:

See Schedule 1 attached.

INQUIRIES:

Barbara Jessop, Director, Financial Services

Susanna Hubbard Krimmer, CEO

KEYWORDS :

buying

RELATED DOCUMENTS :

Fund Financial Management Policy. February 21, 2007

DOCUMENT CONTROL:

Procurement Policy, FS-13: passed June 8, 1993 (Board Motion L93/76.3)
updated Jan. 10, 2001 (Board Motion L01/03.2)



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Schedule 1 London Public Library Procurement Policy: Types of Procurement with Application and Authority		
Type of Procurement	Definition and Application	Authority
Request for Quotation	<p>An informal request for prices, in writing, for goods and services where the cost does not warrant the time and level of effort required for a formal tender process and where</p> <ul style="list-style-type: none"> • The requirement(s) can be fully defined; and • The value of the purchase package is less than \$10,000; and • Maximum value for the Library can be achieved by an award selection made on the basis of the lowest bid that meets specifications. 	<p>Director or Manager approves within assigned area of accountability and approved budgets</p>
Request for Tender	<p>A formal bid solicitation where</p> <ul style="list-style-type: none"> • The requirement(s) can be fully defined; and • The value of the purchase package is \$10,000 or more; and • Maximum value for the Library can be achieved by an award selection made on the basis of the lowest bid that meets requirement(s) of the tender. 	<p>CEO or designate approves contracts of up to \$50,000</p> <p>Contracts over \$50,000: Administration handles process and makes a recommendation to the Board; Library Board approves</p>
Request for Proposal	<p>A formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet the needs of the Library. It is used when a bidder is invited to propose a solution to a problem, requirement or objective and where</p> <ul style="list-style-type: none"> • The need is best described in a general performance specification; and • Innovative solutions are sought; and • Maximum value can be calculated using detailed requirement(s) that permit the evaluation of proposals against clearly stated criteria and specifications. <p>Maximum value for the Library can be achieved by an award selection not made solely on the basis of the lowest dollar value that meets requirement(s) of the proposal.</p>	<p>CEO or designate approves contracts of up to \$50,000</p> <p>Contracts over \$50,000: Administration handles process and makes a recommendation to the Board; Library Board approves</p>



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Schedule 1 London Public Library Procurement Policy: Types of Procurement with Application and Authority		
Type of Procurement	Definition and Application	Authority
Sole Source	<p>A sole purchase occurs when there is only one available supplier of a required product or service that meets the need(s) of the Library. It may occur in the following situations:</p> <ul style="list-style-type: none"> • The specifications of a product or service are so specific that its purchase is limited to only one source of supply; • Competition is precluded due to the application of legislation or because of patent rights, copyrights, technical secrets or controls of raw material; • The required goods and services are reasonably available from only one source by reason of the scarcity of supply in the market; • There is an absence of competition for technical or other reason; • The requirement is for a utility for which a monopoly exists; • The required goods and services are to be supplied by a particular vendor or supplier having special knowledge, skills, expertise or experience; or • The nature of the requirements is such that it would not be in the public interest to solicit competitive bids as in the case of confidential matters. 	<p>CEO or designate approves contract values of up to \$50,000</p> <p>Contract values over \$50,000: Administration handles process and makes a recommendation to the Board; Library Board approves</p>
Direct Negotiation	<p>Unless otherwise provided in accordance with this policy, goods and services may be purchased using the "Direct Negotiation" method, only if one of the following conditions applies:</p> <ul style="list-style-type: none"> • There is a need for compatibility with goods and services previously acquired and there are no reasonable alternatives or substitutes; or • An attempt to purchase the required goods and services has been made in good faith using another method and has failed to identify a successful supplier and it is not reasonable that a further attempt be made using a method other than direct negotiation; or • The total cost of the lowest bid is in excess of the funds allocated in the budget and that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the bid solicitation. 	<p>CEO or designate approves contract values of up to \$50,000</p> <p>Contract values over \$50,000: Administration handles process and makes a recommendation to the Board; Library Board approves</p>



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Type of Procurement	Definition and Application	Authority
Joint	Where the CEO determines that it is appropriate, feasible and advantageous to the Library, the Library will participate in a joint procurement process. The primary objectives of Joint Procurement are to take advantage of lower prices, reduced advertising costs and other economies associated with combining the procurement of services, materials, supplies and equipment through the joint competitive bidding process. Two or more local contracting agencies agree to jointly seek bids with respect to certain categories of purchases. The agencies identify in advance their respective specifications for services or goods to be bid. Contracts may be with the group or with participating agencies.	CEO
Consortium	Where the CEO determines that it is appropriate, feasible and advantageous to the Library, the Library will participate in a purchasing consortium in order to leverage more value-added pricing from external suppliers than could be obtained if each organization purchased independently. The primary objective of Consortium Purchasing is to establish group purchase contracts for the financial benefit of its members by consolidated volume purchasing. An Agency represents a collective group of members to prepare formal bid specifications; advertise for, receive and evaluate bids on behalf of the collective; negotiate and award a master contract to the vendor providing for the collective needs and for the prices to be extended to participating members; notify the members of the contract awarded; and manage the execution of the contract. The Agency may be made up of all or some members of the collective acting on behalf of the group.	CEO
Emergency	Emergency procurement occurs when a situation creates an immediate and serious need which may not be reasonably met by any other procedure. Emergency procurement shall be used where there is: <ul style="list-style-type: none"> • Imminent or actual danger to the life, health or safety of the public, an official or an employee while acting on the Library's behalf; 	Where in the opinion of the CEO, or designate, and Director, Financial Services an emergency has occurred, the CEO or



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	<ul style="list-style-type: none"> • Imminent or actual danger of injury to or destruction of real or personal property belonging to the Library; • An unexpected interruption of an essential public service or operation; • A spill of a pollutant as contemplated by the Environmental Protection Act RSO,1990, Chapter E.19; and/or • Mandate of a non-compliance order. 	<p>designate and/or Director may initiate a requisition/ purchase order in excess of the preauthorized expenditure limit to a maximum of \$100,000.</p> <p>Any PO issued under such circumstances together with a source of financing shall be reported to the Library Board Executive immediately and also to the next full meeting of the Board.</p>



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Appendix A London Public Library Procurement Policy: SPENDING AUTHORITY		
Dollar Value	Authority	Examples of Procurement Process
0 – \$1,000	Director, Manager, Supervisor within departmental budget	Cheque requisition Purchase order
\$1,001 – \$10,000	Director, Manager, Supervisor within departmental budget	Request for Quotation Purchase order
\$10,001 – \$20,000	CEO or designate	Request for Formal Quotation Purchase Order
\$20,001 – \$50,000	CEO or designate	Request for Tender
\$50,001 and over	CEO or designate	Request for Tender
To a maximum of \$100,000	CEO, or designate, and Director of Financial Services	Direct (Emergency) purchase

Note: Splitting purchases to circumvent the above processes is not permitted.



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Appendix B London Public Library Procurement Policy: Exclusions

This policy includes the purchase of all goods and services except for the following:

- Personnel services (wages, salaries and benefits);
- Training and education (conferences, registrations, courses, seminars, workshops, professional memberships etc.);
- General expenses (licenses, real estate including land, buildings, items of a confidential nature, professional and special services including appraisal, medical etc., freight charges etc.);
- Utilities (water, sewage, gas, electricity, postage);
- Refundable employee expenses (travel, mileage, accommodation etc.); and
- Petty cash items less than \$100.