



REPORT TO THE LIBRARY BOARD

MEETING DATE: JANUARY 22, 2009

Session:	Public Session
Subject:	LPL Procurement Policy: Assumptions and Guiding Principles
Prepared By:	Susanna Hubbard Krimmer, Margaret Mitchell, Barbara Jessop
Presented By:	Susanna Hubbard Krimmer
Purpose of Report:	For Approval

Recommendation:

It is recommended that the **London Public Library (LPL) Procurement Policy: Assumptions and Guiding Principles** be approved by the Library Board.

Following this approval, staff will draft a recommended policy and processes to bring to the Board for approval at its meeting of March 2009.

ISSUE / OPPORTUNITY

The purpose of this report is to aid the Library Board in setting appropriate policy to govern London Public Library procurement of goods and services. Procurement opportunities include 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, plumbing, supplies), construction and building materials, etc.;
- **Professional and Consulting Services** including financial, strategic management, architectural, engineering, security, etc.;
- **Technical Services** including building cleaning, HVAC maintenance, landscaping and snow plowing/removal, etc.; and
- **Fleet Equipment** including all trucks, vans, trailers, etc.

The current *LPL Procurement Policy* was set as policy in 2001. [See: **Appendix 1**] 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

In-depth research has been done and includes investigation of the following requirements and best practices:

- Legislative requirements, including the Ontario Public Library Act, 1990, Municipal Act, 2001, Municipal Conflict of Interest Act, 1990, and Municipal Freedom of Information and Protection of Privacy Act, 1990;
- Local public policy context, including the policies of The City of London, The University of Western Ontario, Thames Valley District School Board and London District Catholic School Board;
- Public Library context with the policies and processes of 15 libraries consulted including those of large systems that procure a broad range of goods and services; and
- Purchasing Management Association of Canada *Constitution, Rules, By-Laws and Professional Code of Ethics* [See **Appendix 2: Excerpts from PMAC Code of Ethics**].

ASSUMPTIONS AND GUIDING PRINCIPLES

Assumptions

- The procurement policy provides direction for the expenditure of funds to complete the programs approved by the Library Board in the annual Operating and Capital Budgets.
- The policy ensures that all procurement of goods and services provide the best value for the Library in terms of optimal balance of quality, performance and costs and that processes are compliant with legislative requirements and follow best industry practices.
- The procurement policy and processes will provide the most cost effective and cost efficient methods to procure all goods and services.
- The procurement policy will be consistent with the *Code of Ethics* of the Purchasing Management Association of Canada.
- LPL will endeavour to procure goods and services from responsible producers 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.
- 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*, and in accordance with its *Vision, Mission*, and

Strategic Plan. All purchases are to be made in compliance of all relevant statutes and regulations. [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 those of the City of London.

Guiding Principles

Procurement Processes

- LPL will make procurement decisions using an open, accountable, objective, fair, effective and efficient process and by adopting standard approaches to:
 - Select the appropriate type of procurement process to be used;
 - Communicate with vendors throughout the process;
 - Evaluate proposals;
 - Deal with vendor queries and complaints;
 - Provide unsuccessful vendors with feedback;
 - Maintain records of the procurement process; and
 - Maintain records on vendor performance under contracts.
- LPL will primarily use number of competitive public procurement processes.
 - Depending on the procurement process being used, LPL may use criteria, other than price, such as indirect costs, overhead costs, experience, quality, to make procurement decisions.
 - An exception to use of a competitive process would be use by LPL of a sole source provider where the specifications are so specific, or for reasons of compatibility, the purchase is limited to one known source of supply or in emergencies where goods and/or services are required with critical time lines.
- LPL encourages innovation and the use of technology that meet Library specifications and industry standards in order to ensure the utilization of the most efficient and effective operations and practices.

Accountability

- The CEO and authorized Directors/Managers will act for the London Public Library in the procurement of goods and services. The purchase of the goods or contracting of services shall be in accordance with the approval authority provisions of the Library Board.
- The Library Board empowers the CEO and authorized Directors/Managers to establish procurement procedures required to enact the policy and processes. This is done through the Board CEO linkage policy.
- All employees shall comply with the procurement policy, processes and corresponding procedures to ensure that staff who are responsible for the requisitioning and purchasing of goods and/or services are accountable for and competent in their decisions and actions.

- LPL shall adopt and implement a system of materials management and inventory control methods so as to ensure audit control and to maintain an adequate level of commodities to support and supply library operations.

NEXT STEPS

Following approval of the **London Public Library (LPL) Procurement Policy: Assumptions and Guiding Principles**, staff will create a recommended draft policy, along with processes and approval authority provisions, to bring to the Board for approval at its meeting of March 2009. Staff will also seek peer review in the development in the draft policy and processes.

APPENDIX 1

LONDON PUBLIC LIBRARY STATEMENT OF POLICY

Authority Level: Board Level

Policy #: FS-13

Date Passed: January 10, 2001

PROCUREMENT POLICY

GUIDING PRINCIPLES

The following guiding principles are articulated to ensure that the procurement of goods and services undertaken by the London Public Library are open and consistent. Any procurement of any goods or services therefore must:

- be consistent with the corporate values and interests of the Library
- result in the most suitable product or service being selected at the best possible price
- respect the Library's reputation
- be undertaken in an open, honest and fair manner, respecting the interests of both parties
- be defined by a contract or letter of intent stipulating the nature of the services or goods to be provided
- consistent with any legislative requirements governing public library activities
- provide for open accountability for the selection of any vendor, service providers or partners

PROCUREMENT PROCESSES

The procurement processes proposed for use by the London Public Library are consistent with the guiding principles. They are summarized in Chart 1.

These standard processes apply to the procurement of all goods and services.

Board Minutes: L01/03.2

APPENDIX A: Chart 1

APPENDIX 1 Last Revised: 18/Dec/00

London Public Library Standard Procurement Processes

Process	Definition and Application	Decision-Making Process
Tender	A process to solicit bids on a specifically described product or service, when the lowest price will be the determining factor. Publicly advertised	<ul style="list-style-type: none"> ◦ Administration prepares, receives, evaluates responses and recommends to Board ◦ CEO or designate approves contracts \$60,000 or less that are within the approved budget ◦ Board approves contracts over \$60,000 in the approved budget
Request for Qualification	A process undertaken as an initial step towards very large tenders, when there is a need to narrow the field of formal tender responses to only those firms who, financially and through previous experience would be able to perform the work or supply the service or product. Such tenders might include: major capital projects, or contracts related to collections. Information is solicited on the length of time the firm has been in business, its financial stability, experience in related projects and references. Publicly advertised.	<ul style="list-style-type: none"> ◦ Administration prepares, receives, evaluates responses, recommends a list of qualified firms ◦ Board approves list of qualified firms
Request for Proposal	A process undertaken when the selection of the product or service required is not completely determined by price alone. Response evaluation will include such factors as: methodology used, range of suitable products or experience. Publicly advertised.	<ul style="list-style-type: none"> ◦ Administration prepares, receives, evaluates responses and recommends to Board ◦ CEO or designate approves contracts \$60,000 or less that are within the approved budget ◦ Board approves contracts over \$60,000 in the approved budget
Emergency Procurement	A process undertaken when service or product is required immediately in order to protect life and property, prevent substantial economic loss, and/or prevent the interruption of essential services.	<ul style="list-style-type: none"> ◦ Administration identifies emergency and required service or product ◦ Two or three quotes are solicited from selected vendors, when possible ◦ CEO or designate approves purchase ◦ Board ratifies purchase at next

<p>Sole Source Provider</p>	<p>A process where:</p> <p>a) the specifications of the product or service are so specific (or that for reasons of compatibility) that its purchase is limited to only one known source of supply</p> <p>b) the service required is highly confidential and might be compromised if opened to public competition (legal, property, financial matters)</p> <p>c) the time line is extremely urgent or essential (See Emergency Procurement)</p> <p>d) the relationship is initiated by the business, in which case the proposal shall be considered the intellectual property of the business</p>	<ul style="list-style-type: none"> ◦ CEO or designate approves contracts \$60,000 or less that are within the approved budget ◦ Board approves contracts over \$60,000 in the approved budget or and all contracts outside the approved budget.
<p>Business Opportunities</p>	<p>Opportunities arise or are sought out for corporate sponsorship to support the Library's facilities, services and programs. Quid pro quo relationships recognize the mutual benefit for both the Library and the donor/partner. These relationships may require acknowledgment of limited exclusivity for defined partners and/or alliances for a defined period of time.</p>	<ul style="list-style-type: none"> ◦ Administration is responsible for identifying, and with CEO approval, developing and negotiating a quid pro quo relationship, governed by the principle of reasonable limits to exclusivity ◦ CEO approves all decisions of \$60,000 or less. ◦ Board approves all contracts greater than \$60,000

APPENDIX B: EXCERPT FROM THE PMAC CODE OF ETHICS

Reprinted from: www.pmac.ca/about/ethics.asp

3. VALUES AND NORMS OF ETHICAL BEHAVIOUR

A) Values

Members will operate and conduct their decisions and actions based on the following values:

1. Honesty/Integrity

Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the organizations in which they are employed;

2. Professionalism

Fostering the highest standards of professional competence amongst those for whom they are responsible;

3. Responsible Management

Optimizing the use of resources for which they are responsible so as to provide the maximum benefit to their employers;

4. Serving the Public Interest

Not using their authority of office for personal benefit, rejecting and denouncing any business practice that is improper;

5. Conformity to the Laws in Terms of:

- a) The laws of the country in which they practice;
- b) The Institute's or Corporation's Rules and Regulations
- c) Contractual obligations.

B) Norms of Ethical Behaviour

1. To consider first, the interest of one's organization in all transactions and to carry out and believe in its established policies.
2. To be receptive to competent counsel from one's colleagues and be guided by such counsel without impairing the responsibility of one's office.
3. To buy without prejudice, seeking to obtain the maximum value for each dollar of expenditure.
4. To strive for increased knowledge of the materials and processes of manufacture, and to establish practical procedures for the performance of one's responsibilities.
5. To participate in professional development programs so that one's purchasing knowledge and performance are enhanced.
6. To subscribe to and work for honesty in buying and selling and to denounce all forms of improper business practice.
7. To accord a prompt and courteous reception to all who call on a legitimate business mission.
8. To abide by and to encourage others to practice the Professional Code of Ethics of the Purchasing Management Association of Canada and its affiliated Institutes and Corporation.
9. To counsel and assist fellow purchasers in the performance of their duties.
10. To co-operate with all organizations and individuals engaged in activities that enhance the development and standing of purchasing and materials management.

4. RULES OF CONDUCT

In applying these rules of conduct, members should follow guidance set out below:

A) Declaration of Interest.

Any personal interest which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in any matter relevant to his or her duties should be immediately declared to his or her employer.

B) Confidentiality and Accuracy of Information.

The confidentiality of information received in the course of duty must be respected and should not be used for personal gain; information given in the course of duty should be true and fair and not designed to mislead.

C) Fair Competition.

While considering the advantages to the member's employer of maintaining a continuing relationship with a supplier, any arrangement which might prevent the effective operation of fair competition should be avoided.

D) Business Gifts and Hospitality.

To preserve the image and integrity of the member, the employer and the profession, business gifts other than items of small intrinsic value should not be accepted. Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of gifts or hospitality accepted should not be allowed whereby the recipient might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts.

E) Discrimination and Harassment.

No member shall knowingly participate in acts of discrimination or harassment towards any person that he or she has business relations with.

F) Environmental Issues.

Members shall recognize their responsibility to environmental issues consistent with their corporate goals or missions.

G) Interpretation.

When in doubt on the interpretation of these rules of conduct, members should refer to the Ethics Committee of their Institute or Corporation.