



MEMORANDUM

To: Newmarket Public Library Board

From: Todd Kyle

Date: December 9, 2014

Re: Procurement Policy

As part of ongoing policy review staff have revised the library's Procurement Policy. In doing so we have reviewed the Town of Newmarket's Procurement By-law and met with their Manager of Procurement Services to ensure consistency with the general principles of open and transparent procurement as well as with applicable laws.

The following is a summary of material changes made to the Policy:

- Language was added to ensure that the Library takes accessibility requirements into consideration when making purchases. This is consistent with the requirements under the AODA.
- Language was clarified such that when procuring goods from a vendor under a Town of Newmarket term contract, the Library is not obligated to seek quotes from other vendors.
- Language was added to strengthen the Library's ability to withhold payment in the event of unsatisfactory work, and to refuse future bids from contractors who have performed poorly.
- The threshold at which the Town's by-law takes effect has been lowered from \$250,000 to \$100,000. In this way, any procurement that requires a tender or RFP or that in any way is affected by trade law, will now be covered by the Town by-law. As has been our past practice, such procurements would in fact generally be handled through the Town's procurement staff.

The following motion is recommended:

THAT the Library Board approve the revised Procurement Policy as presented.



Draft for Review
PROCUREMENT POLICY

1) PURPOSE OF PROCUREMENT POLICY

The purpose of this policy is to set out guidelines for the Newmarket Public Library to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and service.

An open and honest process shall be maintained that is fair and impartial.

The Library will have consideration for protection of the environment and will allow prospective bids to offer a "Green Solution".

The purchasing policy will promote and maintain the integrity of the purchasing process and protect Board, vendors and staff involved in the process by providing clear direction and accountabilities.

This policy applies only to purchases under \$100,000 excluding taxes. For purchases above this level, the Town of Newmarket Procurement By-law shall apply.

The Library is committed to making its services and environment accessible to people with disabilities. As such, the Library shall incorporate accessibility criteria and features into purchasing specifications when procuring or acquiring goods, services, or facilities. The Library will document when it is not practicable to include accessibility criteria and features and make those reasons available upon request.

2) DEFINITIONS

For the purposes of this policy:

- a) **Bid** means offer or submission from a Supplier/Contract in response to a request.
- b) **CEO** means the Chief Executive Officer of the Corporation of the Town of Newmarket Public Library.
- c) **Contract** means any formal legal agreement for supply of goods, services, equipment or construction.
- d) **Department Head** means the staff member in charge of an area of Library service.
- e) **Designate** means a person authorized by the CEO for the purposes of this policy.
- f) **Emergency** means an event that occurs, which in the opinion of the CEO or designate, requires immediate repair or replacement of equipment, services or facilities in order to

maintain a required public service or to prevent danger to life, limb or property within the Newmarket Public Library.

- g) **Goods and Services** means all supplies, materials or equipment and related procurement services. This may include installation, training, inspection, maintenance and repairs and related procurement services, but does not include land purchases, sales and property leases.
- h) **Library** means the Corporation of the Town of Newmarket Public Library.
- i) **Procedures** means internal instructions or guidelines to staff and departments approved by the CEO.
- j) **Proposal** means an offer to supply goods or services on which end results are outlined but no detailed specifications given to the bidders as to the goods or how the work is to be performed.
- k) **Purchasing Card** means a card that can be used by authorized employees of the Library to purchase goods as outlined in this policy.
- l) **Purchase Order** means the legal document that is the Library's commitment to the supplier for the value of the goods or services ordered. It is also the supplier's authority to ship and charge for the goods specified on the order.
- m) **Quotation** means a request for prices on specific goods or services obtained formally through a Call for Quotations or informally from selected sources, which are submitted verbally, in writing, by email or transmitted by facsimile.
- n) **Request for Proposal (RFP)** means a request for proposals, which may or may not result in further negotiation, or the creation of contractual obligations between the parties, depending on the terms of the Request for Proposal
- o) **Requisition** means a written or electronically transmitted request on an approved form to procure goods or services.
- p) **Tender** means an offer in writing by way of a Call for Tender to execute certain specified work or to supply certain specified goods or services at a specific rate in response to the information contained in the call for tender.

3) **AUTHORITY**

The Library Board and the Town of Newmarket Council approve annual budgets composed of operating and capital segments.

i) **For Operating Budget Purchases**

Purchases totaling up to 50% of the prior year's budget for goods and/or services may be authorized in advance of budget approval under the authority of the

Municipal Act. Each purchase shall be authorized by the CEO or his/her designate. All purchases, whether before or after budget approval, shall follow the acquisition and approval process.

ii) For Capital Budget Purchases

Individual capital purchases (or leases) needed in advance of Council's budget approval may be purchased only in an "emergency" as defined herein; or if previously approved by the Library Board, by special request for consideration of an individual item by Council. Once that approval is given or once the annual budget is approved, individual capital purchases shall follow the acquisition and approval process.

Note: Reports to the Library Board, after budget approval, will only occur if the cost resulting from the request for tender or proposal is higher than the approved budgetary appropriation.

4) PURCHASING GUIDELINES

- a) All purchases shall be made via purchase order or purchasing card except as noted in Section 13.
- b) Where possible goods should not be received by the person who placed the order or approves payment.
- c) All purchases must be within previously approved budget levels.
- d) Payment of accounts is reviewed on a monthly basis by the Library Board.
- e) Payments made by purchasing card are subject to prescribed limits and authorized by the CEO or designate, and are reviewed by the Library Board on a monthly basis.
- f) The Department Heads shall be responsible to keep the CEO or designate apprised of all recommended purchases. The CEO or designate shall review all specifications, terms and conditions and have the authority to recommend changes and provide comment.
- g) All purchases must be authorized by the CEO or designate or be within previously authorized purchasing card and Budget limits given to management staff.
- h) Exceptions to the number of quotations below should only be made in the case of goods and services purchased under a Town of Newmarket term contract, emergency purchases or where sources are limited.
- i) The lowest bids will not necessarily be accepted.

Purchases under \$1,000

May be made by purchasing card or by purchase order or requisition if in Budget.

Purchases from \$1,000 to \$2,500 excluding taxes

Individual purchases not covered by a contract purchase order, service contract or recent competitive quotation process require three verbal quotations.

Purchases from \$2,500 to \$25,000 excluding taxes Individual purchases not covered by a contract purchase order, service contract or recent competitive quotation process require three informal written quotations.

Purchases from \$25,000 to \$100,000 excluding taxes Individual purchases not covered by a contract purchase order, service contract or recent competitive quotation process require three formal written quotations.

Purchases in excess of \$100,000 excluding taxes

For all such purchases, the Town of Newmarket Procurement By-Law shall apply except that the approval of the Library Board shall be required to issue the RFP or tender.

Emergency Purchases

- a) When an emergency occurs, the CEO has the authority to issue a purchase order, upon receiving a written or verbal request from the Department Head concerned, for the goods or services required.
- b) After the emergency is over, any expenditure over and above this policy's authorization shall be reported according to the requirements of this policy.

5) CO-OPERATIVE BIDS

- a) The CEO shall have the authority to join or participate in co-operative purchasing and bulk buying of goods, subject to the conditions in this by-law, where it is in the best interests of the Library.

6) PROPOSALS

- a) Requests for proposals may be called when the requirements for goods or services needed cannot be definitely specified. In these cases a proposal call will be made to obtain specific offers from bidders to fulfill the requirements for the goods or services at a particular price.
- b) Requests for proposals may include requests for initial expressions of interest from consultants and the subsequent submission of detailed proposals.

7) ADVERTISING

At the discretion of the CEO, advertising for quotations or proposals estimated to total \$25,000 to \$100,000 excluding taxes and freight, shall be placed in at least one local or area newspaper and shall also be posted on the Library's website to ensure access to all vendors across the country. Purchases of a lesser amount may also be posted on the Library's website at the discretion of the CEO.

8) CONFLICT OF INTEREST

- a) The CEO shall not open and consider any bid, or otherwise acquire any goods or services from an elected official, officer or employee of the Library unless the elected official, officer or employee obtains approval from the Board prior to the close of the bid or the acquisition of the goods or services.
- b) No elected official, officer or employee of the Library shall allow contact with a person or any officer employee or agent of the person who has submitted a bid to the Library unless the bid call has been awarded or the contact is for the purpose of receiving a complaint or of clarifying bid details.

9) PERSONAL PURCHASES

A Board member or employee of the Library may purchase goods or services for personal use through the Library with pre-approval of the C.E.O. However, unless impossible, any such purchase shall be invoiced to the individual and not to any Library account and the Library will not assume any liability in this case.

10) DISPOSAL OF SURPLUS

The Library has established a policy governing the acquisition, control and disposition of Library equipment.

Step One - The CEO or designate shall offer surplus property first to the Town of Newmarket procurement department through written notification.

Step Two - Any item not required by the Town, the CEO will dispose, recycle or sell in the most economically and environmentally attractive method.

11) PAYMENT

- a) The Board shall honour and pay for all goods and services covered by a Purchase Order Contract, Progress Certificate on Construction or other authorized purchase methods available to the Library, if satisfactorily performed in the sole discretion of the Library.
- b) No prepayment of all or part of any goods, services or equipment shall be made, unless provision for it is included in the Purchasing agreement as evidenced by a tender, purchase order, or other form of purchasing contract.
- c) Purchases may be made by cash for goods that are picked up by an authorized requisitioner provided that they do not exceed previously authorized budget limits and/or pre-authorized purchase requisition.

12) LEGAL CLAIMS

No tender, proposal or quotation will be accepted from any company inclusive of its subcontractor, which has a claim or instituted a legal proceeding against the Library or against whom the Library has a claim or instituted a legal proceeding with respect to any previous contract, without prior approval by the Board.

13) PURCHASE ORDER NOT REQUIRED

A purchase order is not required for the following items or class of items unless specifically requested by the Requisitioner:

- a) Petty Cash Items;
- b) Training, Education, and Conferences;
- c) Refundable Employee Expenses or reimbursement of pre-approved cash purchases (see Clause 11c as well as the Personal Expense Reimbursement Policy);
- d) Items \$1,000.00 and under as outlined in clause 4;
- e) Goods and Services under term contract to the Town of Newmarket;

- f) Utilities;
- g) Freight Charges;
- h) Purchasing card purchases.

14) CONTRACTOR PERFORMANCE

The Library reserves the right to reject bids from contractors or suppliers whose performance has in the Library's sole discretion failed to satisfy the Library's requirements under a previous contract or purchase agreement.

15) ADMINISTRATION

The CEO will bring forward from time to time, amendments to this Policy to update, whether adding new clauses or adjusting those currently in force. This will be subject to complete review and will be submitted to the Board for approval.

Related Policies:

Corporation of the Town of Newmarket Procurement By-law 2014-27