

Financial Management Policies

Section 1

Policy 2-6	Purchasing Policy	Created: 05/10/2023 Revised: 06/23/2023 Approved: 07/9/2023
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I. Purpose

It is of utmost importance that District staff treat the use of public funds in accordance with Policies approved by the District Board, Generally Accepted Accounting Principles (GAAP), and Oregon State Ethics Commission guidelines. The main purposes of this policy are:

- To ensure responsible use of District resources
- Ensure proper accounting of all purchases
- Establish authorizations necessary to utilize District resources
- Avoid conflicts of interest or potential conflicts of interest by establishing guideline for use of District resources
- Streamline the ability to acquire goods/services to maintain quality operations

II. Definitions

Auto Renewal Clause – any service contract or service subscription provision compelling the renewal of said contract or subscription without prior approval from the District and/or until affirmatively canceled or terminated.

Bid solicitation – a procurement tool for goods or services which most commonly includes a Request for Proposal, Invitation to Bid, or Request for Quote.

Budget – the adopted budget of the Library District and any supplemental approvals. This document is available at all times on the District website or through the Finance Department.

Competitive Bidding – the process by which an Oregon State government entity procures goods and/or services through a solicitation with preset selection criteria to any and all qualified bidders, generally with the intent of procuring the product or service that provides the best value to said government entity.

Competitive Sealed Bidding – the process by which an Oregon State government procures goods or services that exceed \$150,000 in value through an Invitation to Bid, and where said government entity awards the contract at issue to the lowest responsive and responsible bidder without any negotiation with the bidders. Public notice must be provided and invite offerors to submit bids by a specific submittal date.

Contract – any agreement, whether verbal or written, that creates a legal obligation between the Library District and an external organization.

Invoice – a document provided by a vendor requesting payment for products or services.

Procurement Card – a company credit card that is used solely for the purchase of items for the District.

Purchase Order – an agreement between the Library District and a vendor for delivery of goods and services at an agreed upon price. Purchase orders are considered to be legally binding contracts.

Purchasing Authority – ability to make purchasing decisions on behalf of the Library.

Record Retention – the act of retaining and safeguarding purchase records and/or documents for the required period of time based on record or document type.

Request for Proposal (RFP) – a common procurement tool used to solicit and acquire goods and/or services for the District.

Shop Local - the District's preference to purchase goods and/or services from vendors within the District boundaries whenever reasonably possible.

Supplier Diversity – a proactive purchasing program that encourages the use of minority-owned, women owned, veteran owned, and historically underutilized business (HUB zone) vendors whenever feasible.

Terms – expectations and obligations of vendors conducting business with the District.

Total Cost of Acquisition – total amount of a purchase that takes into account staff time necessary to make/inspect purchases, delivery costs, return rates, time of delivery, and other miscellaneous costs that can be attributed to purchases and that can be quantified.

Vendor – any provider of goods and/or services to the District.

III. Purchasing Guidelines

Some key guidelines for purchasing include:

Purchasing Authority/Budget

Only department heads and branch managers are authorized to initiate purchases. All purchases shall have been planned for during the budget process. While there will certainly be instances when a purchase may not have been planned, it still must have budget resources available before the process can move forward. The finance team will support department heads with monthly review of resources/spending, but it is still the responsibility of department heads and branch managers to ensure purchases are within budget or modifications are made for unexpected resource needs.

Vendor Choice

In general, purchases from a vendor that are under \$10,000 in a calendar year do not require any formal bid solicitation. Purchases that will exceed \$10,000 and are under \$150,000 shall have documentation that at least **three** quotes from different vendors were solicited for competitive proposals. These do not necessarily need to be formal RFPs, but written documentation of good faith efforts to get competitive pricing shall be maintained.

Bids that exceed \$150,000 shall be completed by a **competitive bidding process**, as outlined in ORS279B.055. In all cases, bids of this magnitude will require review of the Local Contract Review Board.

Purchasing Process

Once a vendor is identified and selected, the purchasing process will usually contain the following steps:

- Final negotiation of price and terms with vendor
- Purchasing decision (may require a formal Purchase Order – in such instances contact the Finance team before proceeding)
- Receipt/inspection of product and/or services
- Receipt of invoice from vendor
- Issuance of payment to vendor

To help ensure a smoother purchasing process, the following best practices shall always be followed:

- Research your product/services in advance and look for the best total cost of acquisition to be good stewards of public resources. This is especially important when looking at online purchases vs. using local vendors, where cost of delivery, time until delivery and other logistical concerns (inspection, assembly requirements, return rates, etc.) can add to the cost of the transaction
- Contact the finance team once the purchasing decision is made to ensure vendor is set up in the system. Try to get the legal name, address, phone number, email and a W-9 (if applicable). The finance team will assist you in retrieving this information.
- Confirm all products or services are properly received and/or delivered before accepting an invoice for payment. Invoices shall never be submitted to the finance team without proper confirmation that products or services were received and/or delivered satisfactorily.
- Ensure that invoices are mailed to the office or sent directly to finance@jcls.org for proper record retention.
- Provide the finance team with budget information (account codes) for all purchases.
- Bring all vendor requests for payments or other communications immediately to the attention of the finance team.

Contracting Authority

Only the Library Director and Local Contracting Board can sign contracts on behalf of the District. As purchase orders and auto renewal clauses can be construed as contracts, these agreements must be brought to the attention of the Library Director before a purchasing decision can be made. Please see Policy 2-2 “Contracting Rules & Procedures” and Policy 2-5 “Spending and Signing Authority” for more information.