

Municipal District of Acadia No. 34:

POLICY NO. : 1603

Title: Procurement and Purchasing Policy

Subject Area: Corporate Services

Approval Date: 14 February 2017 **Revision Date(s):**

Policy Statement:

All employees will obtain appropriate authorization and use appropriate processes when purchasing goods or services.

Purpose:

The purpose of the Purchasing Policy is to provide guidance to all MD of Acadia employees and council with respect to purchasing functions.

Scope:

The Purchasing Policy applies to the purchase of Goods and Services by any municipal employee or Council Member on behalf of the MD of Acadia. The policy governs the acquisition of Goods and Services, by purchase or lease, with municipal funds from all sources including operating and capital funds as well as all other funds held in trust or at its disposal. Values referred to in this policy do not include GST unless otherwise noted.

The CAO will provide the administrative direction to carry out the policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability and ethics.

Principles:

A. Purchasing Authorization

\$0 - \$1,000 – A Supervisor shall review and authorize any purchase approved in the Budget with a total value of \$1,000 or under.

\$1,000 - \$75,000 – The CAO shall review and authorize any purchase approved in the Budget for between \$1,000 and \$75,000.

Great than \$75,000 – Council shall require the CAO to conduct a full RFP process in line with TILMA/NWPA regulations.

B. Non-Budgeted Purchases

Council shall review and authorize any purchase not approved in the annual budget that has the potential to affect the direction or financial results (\$10,000 or greater) of the municipality.

C. Emergency Purchases

Emergency situations occasionally arise within municipal operations. In emergency situations it is up to the judgement of the highest authority personnel on hand to make a responsible decision regarding obtaining required Goods and Services. Any purchases made outside of normal purchasing procedures must be reported to the CAO and to Council as soon as is reasonably possible.

D. Barter Transactions

- a) Barter Transactions are generally discouraged, but may be appropriate in special circumstances. They must be approved by the CAO in addition to whatever approvals are required based upon the values involved.
- b) Barter transactions are accounted for at the amounts that would have been paid if they were accounted as routine transactions in the ordinary course of business. Authorizations for barter transactions shall follow the same process as for a standard purchase, at the normal commercial value of the exchange. GST as well as any other taxes must be accounted for as for a standard purchase.

E. Purchasing Process

\$0 - \$15,000 – Verbal or written quotations from one or more vendors.

\$15,000 - \$75,000 – Three written quotations or proposals where practical and advantageous to the municipality. The CAO is responsible for the methods and structure of proposals.

>\$75,000 – TILMA/NWPA procedures and exceptions apply for Goods and Services (>\$75,000) and Construction (>\$200,000).

F. Sole Source

Municipal Employees must obtain approval of sole source acquisitions from the CAO and/or Council. The municipality identifies such reasonable instances as:

- a) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source.
- b) Where an item is purchased for testing or trial use.
- c) Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the municipality.
- d) Where the supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government.
- e) Where the acquisition is of a highly specialized nature and/or is available from only one supplier.

G. Procurement Preferences

Purchasing from a local business is preferred where Goods and Services of an acceptable, equivalent quality are readily available at a competitive price. Preference will also be given to goods made in Canada. The acceptable difference in cost for local or Canadian made products will be determined on a 'case-by-case' basis by the CAO and/or Council but is generally not to exceed 15% of the lowest cost option.

H. Prohibitions

- The division of purchases to avoid the requirements of this policy by any method, including corporate credit cards.
- Purchase by any employee or member of Council of any Goods and Services for personal use.
- An employee shall not accept a gift, favour or service from any individual, organization or corporation, other than: the normal exchange of gifts between friends; the normal exchange of hospitality between persons doing business together; or the normal presentation of gifts to persons participating in public functions.
- Purchases by the municipality from any member of Council or employee or their immediate families or other source except when the purchase is at competitive prices and the supplier is a dealer in those goods and services and which purchase is incidental or in the ordinary course of the business of the supplier.

Definitions:

Barter means an exchange of goods or services between two or more parties where no money changes hands.

Best Value means the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria.

Best Value may include the useful life of an asset and track record.

Bid means an offer to buy or sell goods or services by a vendor or purchaser.

Budget means a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by Municipal Council.

Contract means an agreement between two or more parties, written or verbal, comprising of an offer, acceptance, and consideration.

Contractor means a person or a business that follows an independent trade, business, or profession in which they provide goods or services to the public.

Emergency Purchases are situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.

Exclusive rights means an arrangement with a Supplier whereby the purchaser undertakes to obtain related supplies or services only with that Supplier.

Goods and Services includes supplies, materials and equipment of every kind required to carry out the operations of the Municipality. Services include contractors, consultants and other non-material requirements.

Invitation to Tender means a request for Bids for prices on specific goods and/or services from a Supplier submitted in writing.

Local Business includes any business located within the MD of Acadia.

Municipality refers to the corporation of the Municipal District of Acadia No. 34

Request for Proposal means a request for Bids as to how the Supplier would address the need identified in the Request for Proposal document.

Request for Quotation means a request for Bids for prices on specific goods and/or services from a Supplier submitted verbally or in writing.

Sole Source means purchasing when there is only one available Supplier of a required product or service that meets the needs of the Municipality. Negotiation is used to complete the terms and conditions of this type of purchase.

Supplier means any person or company that supplies goods or services to the Municipality; also known as a contractor, seller, subcontractor, or vendor.

Roles and Responsibilities:

All employees are responsible for:

- a) Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them, as a publicly funded institution.
- b) Obtaining the Best Value for money by achieving fulfillment of specified needs including quality, health & safety standards, productivity and service life.
- c) Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
- d) Meeting the legal and ethical obligations in the acquisition of Goods and Services by purchase, lease or Barter.
- e) Using appropriate purchasing techniques including negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying processes.
- f) Securing expense authorization prior to any purchase except Emergency Purchases. All related documentation shall be retained for review and auditing.
- g) Using purchasing contracts when the municipality gains an advantage by doing so.
- h) Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
- i) Obtaining appropriate authorization for all purchasing contracts.

Managers are responsible for:

- a) Ensuring all purchasing is performed in accordance with this policy.
- b) Delegating expense authorization to the appropriate levels.

- e) Coordinating administration and the continuous review of the department's use of goods and/or services to ensure the municipality is receiving the best quality, quantity, service, price, etc.

The Chief Administrative Officer is responsible for:

- a) Approval of all purchasing contracts on behalf of the municipality.
- b) Ensuring that no payments are made without the appropriate authorization.
- c) Providing training and documentation on how to utilize the Purchasing Policy efficiently and effectively.
- d) Communication regarding all developments in the field of purchasing by all government agencies
- e) The financial management of the municipality.

**Approved by Council:
14 February 2017**

Chief Administrative Officer