

Department: Finance and Accounting	Policy Number: F17-01325
Subject: Procurement of Goods Policy	Effective Date: 2002
Bylaw No: 1785	Revision Date: 17/03/14
	Version #: 2

1.0 Purpose

To provide a Corporate wide policy for the procedures and controls in the acquisition of goods and services.

Policy will be applicable to all departments of the Corporation of the Town of Espanola and where their operational and reporting structure permits, boards and services responsible to the Corporation.

2.0 Principles

- 2.1 To ensure fairness among bidders;
- 2.2. To ensure all goods and services are purchased on a competitive basis at lowest cost consistent with the quality required and availability;
- 2.3 To provide a level of service that meets the time frame requirements for each department;
- 2.4 To ensure openness, accountability and transparency while protecting the financial best interest of the Town of Espanola;
- 2.5 To monitor all purchases within current control resources;
- 2.6 To maximize savings to the taxpayers.

3.0 Objectives

To provide policy and procedure for methods of acquisition.

4.0 Responsibilities

4.1 CAO/Treasurer

The CAO/Treasurer has the overall responsibility for administering and maintaining the purchasing policy.

Municipal Council will have the responsibility by bylaw to establish review, amend and enact the purchasing policy.

4.2 Department Administration

Finance and Administration will be responsible for implementing and maintaining the proper accounting controls.

All other Department Managers shall, where authorization has been delegated to purchase, be responsible for ensuring that the principles and objectives of this policy are adhered to and be responsible for procurement activity and decisions within their Department.

5 Methods of procurement

5.1 Request for Proposals

A request for proposal shall be used where one or more of the criteria for issuing a request for tender cannot be met such as;

- a) owing to the nature of the requirement, suppliers are invited to propose a solution to a problem, requirement or objective and the selection of the supplier is based on the effectiveness of the proposed solution rather than on price alone; or
- b) it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement.

The proposal selected earns the highest score and meets the requirements specified in the competition, based on qualitative, technical and pricing considerations.

5.2 Request for Tender

The Request for Tender process shall be utilized for obtaining competitive bids based on precisely defined requirements for which a clear or single solution exists.

Tender documents are to be prepared, advertised, analyzed and evaluated by the originating department and a recommendation prepared for Council consideration.

If a consultant is engaged to issue a tender on behalf of the corporation the CAO/Treasurer and the appropriate department manager will ensure that the documentation and recommendation is prepared for Council consideration.

Initial opening of the documents for the above noted preparation and evaluation will be conducted by the Department Manager, CAO/Treasurer. All tendering review will be open to the parties submitting the tender.

5.3 Request for Quotation

A Request for Quotation will be utilized as in the Request for Proposal with the exception that bids will be solicited on an invitational basis from a pre-determined bidders list but may be supplemented with public advertising of the procurement opportunity.

Request for quotations will require a minimum of three sources as determined by the department manager.

Quotations will be analyzed, evaluated and reviewed by the originating department, reviewed by the CAO/Treasurer and where an amount exceeds \$25,000 with a recommendation to be forwarded to Council for approval.

Where the requirement of the originating department is such that time does not permit the use of a formal R.F.Q. the CAO/Treasurer may waive this requirement if in his/her discretion it is in the best financial interests of the corporation.

Support documentation will be required to support any discretionary exercise within the R.F.Q. provisions.

5.3.1 Request for Quotations (Department Managers) not exceeding \$25,000

Where the price of an acquisition is between \$10,000 and \$25,000 three written quotations will be required. Any deviation from the number of quotations required will be subject to documented rationale and approval from the CAO/Treasurer.

Where time requirements and cost effectiveness require a faster response, written price quotations may be waived by the Department Manager if prices can be confirmed by telephone and properly documented.

All copies of the written quotation will be received by the Administration department for documentation except where authorized by the CAO/Treasurer.

5.3.2 Purchases not exceeding \$10,000

Where the price of an acquisition is between \$1,000.00 and \$10,000.00 properly documented or noted telephone quotations will be required from three different sources. Any deviation from the number of quotations required will be subject to documented rationale and approval from the CAO/Treasurer.

5.4 Non-Competitive Procurement

5.4.1 Purchases not exceeding \$1,000

Where the value of the acquisition is less than \$1,000 competitive quotations need not be recorded.

5.4.2 Petty Cash Purchases not exceeding \$200.00

Cash purchases (petty cash) may be used by approved departments in accordance with established procedures and where the value is less than \$200.00. They are not to be grouped to achieve larger purchases.

5.4.3 Corporate Credit Cards

Where corporate credit cards are utilized, it is the Department Managers responsibility to ensure purchases are consistent with this policy as well as the Corporate Credit Card Policy F27-01287.

5.3 Vendor Selection

Notwithstanding section 5 and adhering to principle 2.2, the Town of Espanola reserves the right to deviate from the established policy if in the opinion of the Town of Espanola it is in the best financial interests of the municipality.

The municipality is therefore under no obligation to accept the lowest cost or any of the amounts as submitted and can request further submissions conforming to the provisions of section 5.

5.4 Exemptions

5.4.1 The purchase of goods and services listed in Schedule "A" to this Bylaw may be made provided that sufficient funds are available and identified in Council's approved budget. The purchase of goods and services in Schedule "A" may be made without following the procedures set out.

5.5 Irregularities

5.5.1 The process for administering irregularities contained in bids shall be set out in Schedule "B".

6.0 Procedures for procurement

6.1 Purchase Orders

The following procedures shall be observed for all the procurement of all materials and services.

6.1.1 Purchase orders will be generated through iCity for all items > \$1,000. Purchase orders will be initiated by the staff of each department and should include actual prices or close estimates.
All purchase orders should be coded to correct general ledger accounts and include the correct vendor number.

6.1.2 The department manager shall approve purchase orders up to \$25,000. All purchase orders above \$25,001 must be approved by the CAO/Treasurer in accordance with the resolution of council.

6.1.3 Materials received will be verified by matching the packing slip and the items received with the purchase order. If the shipment is complete, this will be matched with the invoice, signed and returned to the Municipal Office. Indicate "All materials received" on the copy.

6.2 Blanket Purchase Orders

Blanket Purchase Orders, may be issued if such a purchase order is desirable. Any such purchase order issued shall be limited as to the time and value per order.

Time Not to exceed a period of 12 months

Value Not to exceed a specific amount of \$1,000.00 per order.

6.2.1 Department Managers approval must be obtained for items over \$100.00 on blanket purchase orders.

6.2.2 Invoices for materials and supplies purchased under blanket purchase orders must be signed, coded to proper expense account or a notation made on the invoice as to what the material was used for, and delivered to the Department Manager.

6.3 Approved Vendors

Finance and Administration will, in cooperation with the user departments, compile a list of approved vendors from which no quotes will be required. Such vendors are such that they supply a specific contracted service, or product.

6.4 Single Source Items

When the Department Manager has selected a vendor as the single source of an item the acquisition may be made by a regular purchase order. Items exceeding \$25,000 will require the approval of Council.

6.5 Emergency purchases

Where an emergency exists requiring the immediate procurement of goods, services and construction, the CAO/Treasurer may authorize the purchase required by the most expedient and economical means.

6.5.1 During working hours the CAO/Treasurer or designate shall be contacted to approve the applicable purchase.

6.5.2 After working hours the Department Manager may arrange to make the applicable purchase and provide the relevant documentation and rationale in a timely manner to Finance and Administration for review of the CAO/Treasurer or designate

7.0 Purchase control

The Finance and Administration Department will maintain a system of controls and provide guidance and review of all purchasing policy activities. These controls shall ensure that:

7.1 The proper methods and procedures for procurement are used.

- 7.2** The purchase of goods and services cannot be divided into two or more parts to avoid the provisions of this policy or the purchasing procedure.
- 7.3** All purchases are made from approved vendors where applicable.
- 7.4** The procedures applicable to blanket purchase orders emergency purchases are being adhered to by all departments.
- 7.5** All deviations will be monitored and brought to the attention of the department manager with a copy of the CAO/Treasurer.

8.0 Addendum

Schedules "A", and "B" attached hereto shall form part of the Bylaw.

SCHEDULE "A"

To Bylaw No. 1785/04

The purchasing methods described in this bylaw do not apply to the following goods and services:

1. Training and Education
 - a) registration and tuition fees for conferences, conventions, courses and seminars
 - b) magazines, books and periodical unless the purchase of such magazines, books and periodicals are subject to value-added services
 - c) memberships
2. Refundable employee/councillor expenses
 - a) advances
 - b) meal allowances
 - c) travel and entertainment
 - d) miscellaneous – non travel
3. Employer's general expenses
 - a) payroll deductions remittances
 - b) medical
 - c) licenses, (vehicles, etc)
 - d) debenture payments, grants, tax remittances, petty cash
 - e) damage claims
4. Professional Services
 - a) legal fees and other professional services related to litigation or legal matters
 - b) utilities
 - c) advertising services required by the Town on or in but not limited to radio, television, newspaper and magazines
 - d) Engineering Services

SCHEDULE "B"

To Bylaw No. 1785/04

Irregularity	Response
Late Bids	Automatic rejection and not opened or read publicly.
Unsealed Envelope	Automatic rejection
Insufficient financial security (no bid security or agreement to bond or insufficient bid bond or agreement to bond)	Automatic rejection
All required sections of bid documents not completed	Automatic rejection, unless, in the consensual opinion of the agent, the Department Manager in charge and the CAO/Treasurer, the incomplete nature is trivial or insignificant
Bids received on documents other than those provided or specified by the Town	Automatic rejection
Bids containing minor obvious clerical errors	48 hours to correct and initial errors
Failure to execute agreement to Bond (surety's consent) or bonding company corporate seal or signature missing from agreement to bond	Automatic rejection
Failure to execute bid bond by Bidder and bonding company	Automatic rejection
a) Corporate seal of the Bidder and bonding company missing	48 hours to correct
Documents – execution	
a) corporate seal or signature missing; signatory's authority to bind the corporation or signature missing	48 hours to rectify situation