

Municipal Purchasing Policy

Policy No. **13-002**

has been renumbered

Municipal Purchasing Policy

Policy No. **P-35-2009**

CRuegg

Title: MUNICIPAL PURCHASING POLICY	
Resolution: 152.2008 , 130-2009	Revised: May 2009
Special Notes/Cross Reference: MGA, FOIP, Agreement on Internal Trade, TILMA	Next Review Date: January 1, 2011

POLICY STATEMENT : There shall be a prescribed method in which purchasing of goods and services shall be undertaken.

PURPOSE : In order to ensure compliance with Section 248 of the MGA, AIT, TILMA, FOIP and other legislation.
To designate levels of signing authority for purchases.
To maintain financial flexibility, viability, and efficiency
To provide for openness, transparency and accountability in purchasing.

GUIDELINES / PROCEDURES / RESPONSIBILITIES:

The guidelines are applicable to the acquisition of all goods or services under the control of the Town of Westlock personnel. All applicable legislation is to be observed. All purchasing should be conducted in accordance with the guidelines identified within this document. Purchases for Town staff's personal requirements should not be made under any circumstances.

Purchase Order (PO) – serially controlled form in the format prescribed by the Town of Westlock (Schedule 1).

Purchase Order Control Form – the form used to record the issuance and return of purchase order books (Schedule 2).

The following dollar values must be advertised through an Agreement of Internal Trade (AIT) approved system:

- \$100,000 or greater, in the case of goods or services
- \$250,000 or greater, in the case of construction

The following dollar values must be advertised through a Trade, Investment and Labour Mobility Agreement (TILMA) approved system:

- \$75,000 or greater, in the case of goods or services
- \$100,000 or greater, in the case of construction

Payments for goods or services will be made when the Town is satisfied that the good(s)/services provided meet the specifications.

All purchases are to be governed by the objective of satisfying the following criteria.

1. ECONOMY Purchasers should strive to achieve maximum economy in the acquisition of good and services, having regard for price, suitability, quality, safety requirements, performance, transportation costs, availability of service if required, compatibility with existing goods or services and to consider the complete life cycle cost.

2. EFFICIENCY Purchasing should be conducted in a manner, which seeks to maximize the efficiency of the procurement process, ensuring that all applicable policies and guidelines are satisfied while minimizing the administrative effort or overhead associated with the procurement process.

3. EQUITY Purchasing activities should be conducted in manner which affords equal opportunity to potential supplies, while satisfying all policies and procedures. If a local source of supply can be found and can render the Town of Westlock as good a value as can be located elsewhere, it should be supported.

4. ENVIRONMENT Purchasing should make a contribution to the protection of our natural environment by identifying material suitable for recycling or reuse and examining alternative and innovative disposal solution. Life cycle costing for purchased good or services should include the environmental effects of a product, such as landfill cost, potential legal penalties and degradation in air or water quality.

5. ETHICS To ensure the integrity of the purchasing process, every customer, employee and supplier is entitled to the same level of honesty, courtesy and fairness. If there is any doubt that what is being done or asked to be done that might bring the integrity of the process into the question, the process should be suspended until the issue is resolved. Town personnel must refrain from soliciting and should exercise caution when accepting gifts, favours, or services from present or potential suppliers that might influence or appear to influence purchasing decision. Town personnel should exercise caution in all dealings with supplier or potential supplier of goods or services and should avoid becoming obligated to any supplier to engage in Town transaction from which personal benefit may be directly or indirectly derived, whether financial or familial. A potential supplier will not be disqualified due to the existence of an actual or perceived relationship as long as the nature of the actual or perceived relationship is identified and acknowledged at the outset and does not constitute a conflict or interest of the Town of Westlock personnel involved. An additional person may be required to provide an objective opinion.

In some cases the Town purchases certain services and goods through one company, without obtaining prices from several sources. This arrangement is established due to the uniqueness, quality and or type of service or goods provided by the contractor company. Periodically, the Town will review these arrangements to ensure quality service(s)/good(s) are being provided

Town of WESTLOCK

POLICY No. P-35-2009

and the Town is receiving the competitive pricing. This arrangement of selective purchasing is required to ensure, Town business is conducted efficiently and effectively.

Departments

Individual departments are responsible for :
Identifying specific needs for goods and services
Acquiring all goods or services in compliance with established guidelines.

Acquisition by Purchase Order

A Purchase Order initiates the contractual obligation between the Town of Westlock and the supplier of goods or services to which it is addressed.

The Purchase Order authorizes the supplier to supply the specified goods and /or services, subject to the terms and conditions that are specified on the Purchase Order or any attachment. The Purchase Order also establishes the Town of Westlock's obligation to pay the supplier for the specified goods and /or service.

To ensure the integrity of the purchasing process, the following conditions should be met prior to placement of order:

The Purchase Order should be completed in full by an individual with delegated purchasing authority and is to be signed by person authorized to allocate budget dollars being spent.

Smaller dollar purchases under \$25.00 are to be made through Petty Cash, or with Town Credit Card.

Purchases having an estimated yearly collective acquisition cost of under \$1000 are to be made under the discretion of the Department Head.

A minimum of two verbal bids must be received and documented for purchase having an estimated yearly collective acquisition cost of \$1000 - \$2,500.

A minimum of three written quotes must be received and reviewed for purchases having an estimate yearly collective cost of \$2,500 - \$50,000.

Purchases over \$50,000 will be required to follow the formal tender process with a minimum of three bids.

Purchases over \$100,000 for goods and services and \$250,000 for construction fall under the Agreement of Internal Trade and must follow those requirements as outlined, and preferably with a pre-qualification requirement.

Appropriate documentation should be created by the originator and maintained by the Accounts Payable Department. All such documentation should bear sufficient information to permit

Town of WESTLOCK

POLICY No. P-35-2009

identification of the documentation with the purchase activity or transaction(s) with which it is associated. Documentation must be clear.

Obtain written confirmation or significant information, agreements and discussion, such as confirmation of an unusually low price.

All prospective suppliers will be given fair and equal access to pertinent information and no supplier should be given access to information that is not being made available to all other prospective supplier(s)

Except in those circumstances where there is no competitive market for the required goods or services, the negotiation or establishment of ongoing contracts or agreements should be subject to the competitive process.

Renewal of any pre-existing contract, without recourse to the competitive process shall require approval of the Town Manager.

In the instances where no competitive market for the required good or services exists, appropriate documentation of that situation should be created and appropriate approvals obtained prior to the procurement of those good or services.

The prior success of any particular supplier cannot be the sole determining factor in the selection of a supplier of goods or services. As long as a competitive market exists, other prospective suppliers will be given an equal opportunity of offering goods or services to meet the requirements of the Town of Westlock.

Deviating from any of these guidelines requires the approval of the Town Manager, the Department Head and the consideration of potential legal implications.

The Town cannot buy from a supplier to sell to staff because of administrative costs and tax implications.

All personnel, having the responsibility for purchasing activities, are expected to adopt aggressive negotiation practices, consistent with legal and ethical standards, to ensure that the Town of Westlock acquires maximum benefit in all purchasing activities.

Completion of Purchasing Documents

Except in extraordinary circumstances, the purchase order is to be completed and approved prior to the placement of the order with the selected supplier.

Once a Buyer has met minimum requirements to determine supplier and has received authorization from the Department Head, the Purchase Order is to be completed and processed as follows.

Writing on all three copies must be legible

Pricing or price estimate for goods/services must appear on PO

Town of WESTLOCK

POLICY No. P-35-2009

Name and phone number of person accepting PO must appear on PO
GL code and Department must be completed

Town Manager or Department Head must sign PO
Pick up date or expected delivery date to be complete
The name of the Buyer should also be on the PO

The white copy is for the supplier if requested.
The yellow copy is forwarded to Accounts Payable department.
The pink copy is for the originator.

Attached to the yellow copy should be notes on verbal bids, or any documentation reviewed prior to placing the order.

Routing of receiving packing slips

Receiving or packing slips should be checked carefully at the time of delivery and any discrepancies noted.

The receiver will sign and date the packing slip(s) as verified, attach freight bill of lading, and forward to Accounts Payable to match against the Purchase Order issued.

Invoice Routing

To facilitate exercising control over the receipt of invoices, all suppliers should be instructed to forward invoices to Town of Westlock Accounts Payable.

Accounts payable will only process payments that match Purchase Order, have been duly authorized and have back – up detail confirming receipt of goods and/or services.

Tendering Process

Tenders

- The “tender” process should be used when price is the main award factor, providing all specifications terms and conditions have been satisfied. There is to be no negotiation after closing.
- All tenders must include the date and time of the competition closing.
- All tenders must indicate that submissions are to be sealed and delivered to the address specified, with the content clearly noted.
- All tenders are to be dated and time stamped upon receipt at the location specified and are to remain unopened until the closing time for that competition has passed.
- Any submissions which are received after the closing date and time are to be returned unopened to the originator. Such submissions may be opened solely to determine the return address of the submission.
- It is the responsibility of the vendor to ensure their bid has been received into competition without exception.

Town of WESTLOCK

POLICY No. P-35-2009

- Electronic transmission tenders will not be accepted unless otherwise stated. Electronic tenders will only be accepted in the format acceptable to Town software systems.
- All tenders shall be subject to public opening. The time, location and conditions of the public opening shall be made know in advance and shall be contained in the competition documentation provided potential suppliers.
- Only the name of the supplier and the total cost or price in the submission are to be released during a public opening and thereafter.
- The lowest or any tender will not necessarily be accepted.
- Requirements for tenders awarded are; any one or combination of the following,
 - 10% of total cost certified cheque
 - Irrevocable letter of credit
 - Letter of guarantee
 - Performance bond
 - Labour bond
 - Material bond
 - Or other requirement specific to the tender

The following criteria shall be considered when a tender decision is made:

- Price
- Capability to perform work
- Past experience with bidder
- Result of reference check
- Information relating to financial state of bidder
- Length of construction period
- Specific time for construction
- Availability
- Brands
- Warranties
- Expertise in product/service area
- Quality
- Support and service availability
- Resale value of goods or equipment

The tender will be an irrevocable bid by the vendor.

To assist the Town of Westlock in having a good defence in case of a “legal” challenge to a tender procedure, including the following clause, in advertising and tender packages will assist.

“The Town of Westlock reserves the right to accept or reject any or all tenders and to waive irregularities and informalities at it’s discretion. The Town of Westlock reserves the right to accept a tender other than the lowest tender.”

Without limiting the generality of the foregoing, the Town of Westlock may consider any other factor besides price and capability to perform the work that it deems in its sole discretion to be relevant to its decision, including but not limited to the following:

1. Any past experience with the Bidder, or lack thereof:
2. The result of any reference check done by the Town of Westlock
3. Information relating to the financial state of the bidder, however obtained.

The Administration will determine if the Tender is to be by open or invitational tender, depending on Department circumstance and pertinent Legislation and the Internal Trade Agreement.

If the Town of Westlock wishes to rely on selection criteria other than price, that criteria should be specified.

Detailed criteria for tender submission will be prepared by the pertinent Department Head or his/her designate.

Request For Quotations

The Request for Quotations process is normally used where cost and other factors are considered in the award. Specifications may not be conclusive and an element of review is required to ascertain lowest net cost and appropriate quality prior to award. Quotations are open to review with the vendor. Electronic submissions will be accepted.

If a closing date and time is provided for "RFQ", submissions after this date (and time) will not be accepted.

Request For Proposals

The "Request for Proposals" process may be used as an alternative to the tender process, normally for the provision of services or completion of a given project. This method provides the vendor with an opportunity to bid on work or service using their unique skills.

Specifications are general in nature. The selection of the successful supplier is based on the Town of Westlock's appreciation of the proposal and the suppliers' ability to complete the project or provide the service. Electronic submissions will be accepted.

If a closing date (and time) is provided for "RFP", submissions after this date (and time) will not be accepted.

1. Levels of Expenditures

- \$ 0 - \$1000 : No purchase order required.
- \$ 1000 - \$2,500 : Purchase order required with a minimum of 2 supplier quotes may be acquired verbally (documented telephone solicitation is acceptable)
- \$2,500 plus : Purchase order required accompanied where possible by a minimum of three (3) supplier bids or quotes in written form.

2. Designation of Purchasing Signing Authority

At the discretion of the Town Manager, purchasing signing authority will be designated to employees responsible for the procurement of goods and services directly related to their area(s) of responsibility.

These individuals will have authority for signing of purchase orders for goods or services as approved within the budget up to a limit of \$5,000.00 or to such other amount less than \$5,000.00 so designated by the Town Manager.

The level of signing authority will be noted on the purchaser order control form.

Signing of all purchase orders must be in accordance with budget allocations and or Council approved capital purchases.

Level	Approval Authority	Delegation
\$1000 or less	Town Manager Dept. Heads	Yes at discretion of Approval Authority
More than \$1000 but less than \$2,500	Town Manager Dept Heads	Yes at discretion of Approval Authority
\$2,500 and but less than \$25,000	Town Manager	Dept Head
\$25,000 –or higher	Town Manager	No

The following employees will be assigned Purchase Orders:

- Director of Public Works
- Director of Planning and Development
- Director of Legislative and Corporate Services
- Director of Community Services
- Economic Development/Tourism Coordinator
- Environmental Services Supervisor
- Maintenance
- Mechanic

All purchases in excess of \$5,000 will require the signature of the Town Manager, or designate in the absence, and the Mayor or the Mayor’s designate.

Purchasing Locally

Assuming that quality, service and dependability are equal, goods and services are to be purchased locally (i.e. within the boundaries of the Westlock County), providing that the supplier is within:

- a) 10% of purchase values of \$1,000 or less
- b) 5% of purchase values \$1,000.00 - \$5000

Provision to remove or amend purchasing authority of any individual

Emergency Situation

A situation in which the municipality must expend money in order to protect people or property and which there is inadequate time for Council to give its prior authorization for the expenditure.

Written quotes will not be required; however, it must be indicated on the purchase order that the immediate purchase was necessitated by an emergent situation. Within a reasonable time after making the emergency expenditure, a brief written description of the emergency circumstances must be attached to the purchase order.

Report to contain, nature of the threat posed by the emergency, the reasons the delegated officer believed there was inadequate time for Council to give prior authorization, the nature and amounts of each expenditure.

Amounts legally required to be paid

Town Manager is to verify and authorize beforehand the payment. There must be a written legal opinion or Order of a Court or quasijudicial tribunal. Town Manager is to report to Council the following; nature of the legal obligation, method of verifying that obligation exists, nature and amount of expenditure.



Darrell Garceau, Town Manager



Bruce Lennon, Mayor