



POLICY NUMBER: 3-1200-5

REFERENCE:

Procurement and Disposal Policy

ADOPTED BY:

Council

CROSS-REFERENCE:

Environmental Purchasing Policy 3-1200-3

SUPERSEDES:

#3-1200-4

AMENDED DATE:

N/A

DEPARTMENT:

Finance

EFFECTIVE DATE:

December 10, 2019

Policy Statement

The objective of this policy is to set out the responsibilities and accountability associated with the efficient, economical, socially and environmentally responsible acquisition and disposition of goods and services. The intent of this policy is to ensure that the District of Ucluelet (DOU) receives best overall value in the most cost-effective manner, and that the methods used are open, fair, transparent, and non-discriminatory. This policy will also ensure we meet our obligations under Canada's competitive bidding laws and comply with the various trade agreements.

This policy applies to anyone who may be involved in purchasing activities on behalf of DOU, that use corporate funds for the acquisition of goods or services.

Definitions

Competition means a competitive process such as a Request for Offer (RFO), Request for Proposal (RFP), or Tender.

Competitive bid is a formal request to supply goods or services. The department responsible develops specifications for that need and issues a Request for Bid, (RFB). The RFB includes all the information a vendor should need in order to develop a bid submission.

District means "District of Ucluelet."

Expenditure means an expenditure made in respect of a purchase.

Purchase means the purchase of goods, equipment, or services.

Request for quotation is a formal request for quotes, in writing, to supply goods or services. Quotations are not opened in public. Total bid prices shall be made available for public review on request.

Request for expression of interest is an invitation for suppliers to express interest in a particular project, commodity or service, providing in general terms, ideas that will meet the requirements.



Request for proposals is a formal request for sealed proposals to supply goods or services that may or may not be fully defined or specified. Proposals are opened in public at a set time and place.

Sole Source means where there is a single supplier that clearly provides the best value to the District in the circumstances of a particular purchase or the circumstances in which the purchase is required are extraordinary or involve an emergency.

Telephone quotation is a formal request for quotes, verbal, to supply goods or services. Quotations are not opened in public. Total bid prices shall be summarized on the verbal quotation form and made available for public review on request.

Tender is a formal request for sealed bids to supply goods or services in response to an advertised invitation. Tenders are opened in public at a set time and place.

Principles

Purchasing activities are to be carried out in a manner that:

- Encourages competitive bidding, so that required goods or services are obtained in a timely manner, in the desired quantity, of the desired quality, and in the most cost-effective manner possible.
- Follows Canadian bidding laws and complies with trade agreements including the *Canadian Free Trade Agreement (CFTA)* and the *New West Partnership Trade Agreement (NWPTA)*, requiring open and non-discriminatory procurement where anticipated costs are at or above established threshold amounts for Municipalities.
- Meets the requirements of the *Community Charter*, including *Division 6 Sections 100-109*, regarding Conflict of Interest.
- Insures that decisions are based on demonstrable technical and operational considerations, and total cost of ownership.

In order to increase the District's awareness and use of environmentally sound and socially beneficial products and services, municipal staff is encouraged to review requirements to ensure that, wherever possible and economical, specifications provide for use of goods and services that are more environmentally and socially acceptable.

Standards of Conduct

Employees, officers, and other designates will conduct themselves in a manner that a reasonable and informed third party would conclude as being appropriate when expending District funds.

Where an employee, officer, or designate has been privy to confidential or sensitive information, it is their responsibility to ensure that it remains so. Such information must not be used for any personal gain or advantage. Information given in the course of any professional activity should be forthright and not intended to mislead or deceive others.

Employees, officers, and other designates shall maintain relationships with suppliers and third parties in a manner that contributes to and promotes fair competition in the market and protects



the interests and reputation of the District. Employees, officers, and other designates should not use their position to garner personal favours or advantages.

General

District staff will endeavour to determine if goods, equipment or services, including construction services, can be provided internally prior to commencing any external purchases.

In all circumstances, the District will comply with the spirit and intent of all applicable trade agreements and any other applicable legislation. Dividing a single purchase into two or more purchases or payments to circumvent policies, purchase card limits and/or levels of signing authority is prohibited under the NWPTA

Every competition must clearly state that the competition is subject to the terms of this Purchasing Policy.

To obtain better value through larger scale purchases, the District may, with the approval of the Chief Administrative Officer, access other public agencies' agreements when appropriate.

The District may enter into an agreement with a supplier for goods, equipment, or services only if that gives the District the best value in connection with quality, service, and price, as compared to the value given by other suppliers.

Before a purchase is committed to, it must be authorized through the appropriate approval and method process in this policy.

Authority, Responsibility and Limits:

The Chief Administrative Officer has overall responsibility to ensure compliance with this policy.

Department Heads are responsible for ensuring that this policy is followed within their areas of control. In this regard, Department Heads shall ensure that:

- Expenditures comply with the District's Financial Plan.
- Sufficient analysis and discussion has taken place.
- The risk of fraud, embezzlement and error is minimized.

Department Heads may delegate purchasing authority to employees in their department, subject to the limits set out below. The Finance Department must be advised in writing of all delegations of purchasing authority.

Purchasing approval limits are:

Council	over \$100,000
Chief Administrative Officer	up to \$100,000
Chief Financial Officer	up to \$75,000
Department Head	up to \$25,000
Supervisor/Foreman	up to \$10,000



Notwithstanding these approval limits, the Chief Administrative Officer may direct staff to submit any contract or agreement to Council for approval.

Purchasing Methods and Limits:

1. Direct Acquisition

Goods or services up to a cost of \$2,000 may be purchased directly from a supplier, although telephone or written quotations are recommended.

2. Telephone Quotations

Telephone quotations from at least three suppliers are required for the purchase of goods or services with a cost from \$2,001 to \$10,000. Prices are to be summarized on the verbal quotation form. Written quotations are also recommended.

3. Written Quotations

Written quotations from at least three suppliers are required for the purchase of goods or services with a cost from \$10,001 to \$25,000. Competitive bid, tenders, requests for proposals or request for expression of interest may also be used.

4. Competitive Bid

Competitive bid from at least three suppliers are required for the purchase of goods or services with a cost from \$25,001 to \$75,000. Tenders, requests for proposals or requests for quotations may also be used.

5. Tenders or Requests for Proposals

Formal tenders or requests for proposals (RFP) must be used for purchases of goods or services with a cost greater than \$75,000 and construction projects greater than \$200,000.

In compliance with the New West Partnership Trade Agreement all procurements of goods, services or construction projects over \$75,000 shall be advertised nationally using the Province of British Columbia's BC Bid service (<http://www.bcbid.gov.bc.ca>).

Purchase Options:

1. Petty Cash

Petty cash may be used for purchases under \$100 where the District does not have an account with the supplier or where the purchase is less than the supplier's minimum amount for sales on account.

2. Purchasing or Credit Card

A purchasing or credit card may be used for purchases under \$2,000 per transaction. This limitation does not apply to expenses associated with an approved conference or course, e.g. registration fees, airfares, accommodation, etc., or approved online purchases.



3. Purchase Order

Purchase orders must be issued for all purchases of goods or services over \$2,000 other than for purchases by petty cash. Purchase orders are not required for circumstances in which a cheque requisition or travel expense form will be used. Examples of this situation include fee refunds to a member of the public, registration fees for a conference, statutory fees such as Land Titles, and employee travel expenses. Purchase orders are not required for utility accounts, or costs relating to legal actions.

4. Authorization of Purchase Orders

Purchases over \$10,000 must be submitted for authorization by the Chief Financial Officer prior to releasing the purchase order number to the supplier of goods, services or contractor.

5. Open Purchase Order

Where greater efficiency will result via purchasing goods or services from one supplier for all or part of a calendar year an "Open Purchase Order" may be issued. Quotation and tendering limits apply to the estimated overall value of the open purchase order. Open purchase orders must be reissued for each calendar year.

Competitions that Exceed Budget:

A competition cannot be awarded if it exceeds the Council approved budget.

The Head of the applicable Department, who jointly with the Chief Financial Officer and the Chief Administrative Officer, will determine whether to reject the bid or seek Council approval to shift or increase the budget.

Used Goods or Equipment:

To ensure maximum value to the District's purchasing dollars, the purchasing function and performance must be optimized. To this end, the District may consider the purchase of used goods or equipment where a positive business case can be shown.

Sustainable Purchasing Guidelines:

The District considers the environmental, social and economic value of the goods and services being purchased with the intent to shift spending away from goods and services that negatively impact the environment and society towards, products and services that are more environmentally sound and socially beneficial. Wherever possible, procurement decisions will be made to achieve the District's societal and environmental goals.

At a minimum, the expectation is that all organizations conducting business with the District will meet or exceed environmental standards, laws, and regulations. Best practices for environmental purchasing are outlined in District Policy 3-1200-3 Environmental Purchasing. It is also expected that organizations conducting business with the District will ensure safe and healthy places of work where human and civil rights are respected.



Specifications and Evaluation Criteria:

User departments are responsible for preparing specifications that can be easily interpreted by qualified suppliers. In addition, unless it can be demonstrated that there are valid technical, operational or financial reasons for not doing so, specifications must be prepared that can be fulfilled by more than one product or manufacturer.

Where price and quality are not the only considerations, departments must describe in advance the criteria and method of evaluation that will be used to determine the relative merits of quotations, tenders or proposals. Where appropriate, procurement evaluations can be set to a maximum of 5% for environmental criteria and/or 5% for social criteria. Suppliers will be responsible for summarizing how their product or service will meet the environmental or social goals of the project.

Lowest Cost Purchase:

Where a recommended purchase is not the least cost, a report justifying the selection shall be submitted for the approval of the appropriate Department Head or the Chief Administrative Officer, depending on the level of purchasing authority described earlier in this policy.

Sole Source Purchases:

Sole source purchases generally occur when:

- There is only one available supplier of a product or service that meets the District's needs.
- To ensure compatibility with existing products, facilities or services, to recognize exclusive rights or to maintain specialized products that must be maintained by the manufacturer or its representative.
- During an emergency or circumstances in which delay would be injurious to the public interest.

The terms and conditions for the purchase are completed through negotiation.

Exemptions to the competitive quotation/bidding process may be approved by the Chief Administrative Officer or the Chief Financial Officer in the following circumstances:

1. The compatibility of an item with existing equipment, facilities or services is a paramount consideration.
2. The good or service is required to cope with an emergency.
3. An item is purchased for testing and trial use.
4. An item is currently rented with a rental contract that has a purchase option and the purchase option is beneficial to the District.
5. An item is offered for sale by tender, auction or negotiation and purchasing the item is clearly in the best interest of the District.
6. Insurance and Legal costs.



Alberni-Clayoquot Region Joint Purchasing Group:

The District will participate in the joint procurement of commonly used goods and services where it is in the District's best interest to do so.

Emergency Purchases:

Emergency purchases may be required to restore or maintain acceptable levels of community services or to prevent further damage, serious delays or injury.

In an emergency the preparation, documentation and analysis set out in the usual purchasing procedures may not be possible. Oral authorization to bypass normal purchasing procedures, including Sole Source purchasing, is acceptable. All normal purchasing documentation and reporting, complete with signed authorizations, as required, is to be completed as soon as possible after the emergency.

State of Emergency

In the event of an activation of the District's Emergency Operations Centre or if a State of Local Emergency is declared by District Council, the Federal, Provincial or Regional Governments for the District of Ucluelet for the purposes of this policy, the following shall apply:

- a) The Director of the EOC shall have the authority of the Chief Administrative Officer.
- b) The Finance Section Chief has authority to adjust spending limits that they consider appropriate based on the nature of the emergency.

Documentation and procedures provided by Emergency Management BC shall be followed to ensure Disaster Financial Assistance eligibility is maintained.

Purchasing or Credit Cards:

Purchasing or credit cards reduce operating costs associated with low value, non-repetitive purchases of goods or services. If this method of purchasing is available, each Department Head shall submit requests for purchasing or credit cards to the Chief Financial Officer.

Credit limits and designated areas of acceptable use for each card will be related to departmental needs and determined individually after consultation between the Department Head and the Chief Financial Officer.

The holder of a purchasing or credit card is responsible for documenting all charges on the card as directed by the Finance Department. In the event of loss or destruction of a purchasing or credit card the cardholder must notify the Finance Department immediately. Upon termination of employment a purchasing or credit card must be returned to the Finance Department.

A purchasing or credit card shall not be used by anyone other than the person whose name appears on the card. A purchasing or credit card shall not be used for personal purposes. Cash advances are not permitted on a purchasing or credit card.



Disposal of Surplus Assets:

Surplus assets shall be disposed using the following priority:

1. As a trade-in for a new piece of equipment.
2. Offering it to other civic departments.
3. Advertising it for sale on the District's web site.
4. Advertising it for sale at public auction.
5. Donating it, without competition, to any non-profit organization, subject to the approval of the Chief Administrative Officer.

Surplus equipment with a market value less than the costs of disposition may be disposed of by the least-cost method available, taking into account any environmental implications of the disposal.

The Finance Department shall be provided with a written description of all assets transferred between departments, or disposed of by donation, trade-in, sale or discard.

Appeals:

The appeal process allows those who feel the purchasing process was flawed to discuss the matter and seek redress.

An aggrieved proponent must advise the Chief Administrative Officer in writing within five business days of the event causing the issue, stating the nature and basis of their appeal.

The Chief Administrative Officer, within five days, shall convene a meeting of the proponent and the appropriate municipal staff to attempt to resolve the proponent's concerns. Within five business days of this meeting, the Chief Administrative Officer will advise the proponent in writing of the administrative decision on their appeal.

If the proponent's concerns are not satisfied then, within a further five days, the proponent may request that the Municipal Council hear their appeal.

Council must hear the issue at the next regularly scheduled meeting. Both municipal staff and the proponent may make presentations on the matter. The Corporate Administrator shall provide the proponent with Council's decision, in writing, within five days. The decision of Council shall be considered final.

Prohibitions:

The following activities are prohibited:

1. The division of purchases or contracts to bypass the approval and purchasing limits in this policy.
2. Purchases by the District of any goods or services for personal use by or on behalf of any member of Council, employee or member of their immediate families.



3. Acceptance of personal gifts or gratuities from any current or potential suppliers of goods or services.

In addition, new capital expenditures shall not be made prior to adoption of the current year's Financial Plan unless authorized in writing by the Chief Administrative Officer who may refer the item to Council for approval.

Unauthorized Purchases:

Unauthorized purchases are the personal financial responsibility of the individual making the commitment and the District reserves the right to recover all costs from the employee and consider appropriate disciplinary action.

Freedom of Information:

Freedom of Information ("FOI") and Protection of Privacy legislation applies to all purchasing records. Any such records may be the subject of an FOI request and may be released to a third party by the District's Manager of Corporate Services.

Attachments:The attached documents form part of the Purchasing and Disposal Policy.

- Verbal Quotation Form
- Reference Guide to Purchasing, Procurement and Disposal Policy

Mayco Noël
Mayor, District of Ucluelet

Reference Guide to Purchasing, Procurement and Disposal Policy

Dollar Thresholds	Competitive Process	Approver	Purchasing Method	Form of Contract
\$0-\$2,000	Optional	Dept Head or designate	Corp credit card, procurement card, or on account Purchase Order with Corp credit card, procurement card, or on account	N/A
\$2,001-\$10,000	Informal - 3 telephone or email quotes	Dept Head or designate	Purchase Order with Corp credit card, procurement card, or on account	Purchase Order
\$10,001-\$25,000	3 written quotes. Competitive bid, tender, or RFX may be used	Dept Head or designate	Purchase Order + service contract if applicable	Purchase Order
\$25,001-\$75,000	Competitive bid from 3 suppliers Tender, RFX doc may also be used	CFO or CAO	Purchase Order + service contract if applicable	Purchase Order + service contract if applicable
\$75,001 + for goods & services	Formal tender or request for proposal	CAO up to \$100,000, Council over \$100,000	Purchase Order + service contract if applicable	Purchase Order + service contract if applicable
\$200,000 + for construction	Formal tender or request for proposal	Council	Purchase Order + service contract if applicable	Purchase Order + service contract if applicable