



Policy Manual

POLICY TITLE: Purchasing Policy		POLICY # A03G-01	
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ISSUED BY:	Director of Administrative Services	APPROVED BY:	Council
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PURPOSE

1. Define the terms of Council's delegation of authority to purchase goods and services on behalf of the District.
2. Communicate the duty of care expected of Managers and Authorized Staff and the statutory implications and legal responsibilities that are associated with this delegation of authority.
3. Establish procedures for making expenditures for an emergency that was not contemplated in the District's Financial Plan (Reference S. 333 (3) and (4) of the Act).

POLICY

1.0 OBJECTIVES

- 1.1 To conduct District business efficiently, effectively and economically when authorizing:
 - a. expenditures that are included in the current year of the Financial Plan in accordance with the Act;
 - b. expenditures that are within the monetary thresholds established by Council.
- 1.2 To ensure that Managers and Authorized Staff understand their role and responsibilities with respect to timely, accurate and complete processing of documentation of all contracts and transactions through compliance with the internal controls established by the Director of Financial Services.
- 1.3 To ensure that the authorization of expenditures is exercised prudently by:
 - a. Endeavoring to obtain the best price for specified goods and services;
 - b. Authorizing only those expenditures that are necessary to achieve the service levels established within the Financial Plan and work programs.

2.0 LEGAL CONSIDERATIONS

- 2.1 All expenditures must be legal. Expenditures must be for a purpose contemplated by Council in the Financial Plan and must not contravene a provision of the Act or any other relevant statute and enactment. Before approval of an expenditure is granted the following conditions must exist:
 - a. the proposed expenditure is provided for in the Financial Plan; and
 - b. sufficient funding remains in the current year of the Financial Plan to cover the expenditure.
- 2.2 If the conditions described above do not exist, approval may not be granted without consultation with the Director of Financial Services.
- 2.3 Line item Financial Plan estimates may be under or over expended within different accounts of a program and program modifications may be needed to accommodate unexpected events. The Director of Financial Services will advise Managers regarding the best course of action in Line order to ensure that:
 - a. necessary works and services are acquired;
 - b. Council is informed of significant changes to a program that may be recommended as a result of the new information;
 - c. Financial Plan amendments are initiated when necessary; and
 - d. accuracy of historical account data is preserved for future Financial Plan estimates.

3.0 ECONOMIC CONSIDERATIONS

- 3.1 The objective of conducting District business in an economic manner requires that the best price for specified goods and services be obtained. The following issues should be satisfied before granting approval for an expenditure:
 - a. Sufficient effort has been made to ensure that the best price has been obtained for the goods or services to be acquired and the quality of service desired, given the level of expenditure involved;
 - b. Documentation to demonstrate that the appropriate method was observed to satisfy the best price objective exists;

- c. The approval of the Director of Financial Services is to be obtained whenever a Manager determines that it is not in the best interest of the District to recommend approval on the basis of the lowest price for purchases over \$2,000.

4.0 SELECTION OF SUPPLIERS & CONTRACTORS

- 4.1 Suppliers and contractors will be selected to ensure a high degree of flexibility, a good level of competition and a constant awareness of product development and technical improvements. They must have high ethical standards, a good record of adhering to specifications, the ability to maintain deliveries, and provide quality service.
- 4.2 Generally, all required goods and services will be purchased from the lowest bidder unless it is determined that for reasons of service, quality or supply availability it is unwise to purchase from the low bidder.
- 4.3 The District recognizes that purchasing locally can provide an overall benefit to the District. Preferences shall be given in the following order:
 - a. firstly to businesses located within the District holding valid business licenses;
 - b. secondly to businesses located within the Province of British Columbia;
 - c. the cost of purchase when acquiring major equipment.
 - d. thirdly to businesses located in Canada;
 - e. lastly to any other businesses.
- 4.4 In all cases where a purchase is made other from the lowest bidder, the Managers or Authorized Staff responsible shall inform the Director of Financial Services in writing of the circumstances.
- 4.5 Managers and Authorized Staff must attempt to obtain quotations or tenders from businesses located within the municipal boundaries that supply the goods or services being procured and hold a valid business license.
- 4.6 That capital and operating leaving options be evaluated and compared with the cost of purchase when acquiring major equipment.

5.0 INTERNAL CONTROL CONSIDERATIONS

- 5.1 Compliance with internal controls includes adherence to all of the requirements of the District's Purchasing Policy, the Act, other relevant statutory requirements and internal control procedures established by the Director of Financial Services.

6.0 EMERGENCY PURCHASE AUTHORIZATION

- 6.1 When an emergency that was not contemplated in the current year of the District's Financial Plan arises, which requires immediate action for the preservation of District property, or the protection and convenience of the public, the Mayor and the Director of Financial Services or the Mayor and the Administrator may jointly authorize expenditures up to a value of \$100,000 to correct the emergency.
- 6.2 The Mayor and the Director of Financial Services or the Mayor and the Administrator may authorize emergencies that require expenditures exceeding \$100,000 after majority consent is received by means of a telephone poll of the members of Council.
- 6.3 The Mayor and the Director of Financial Services or the Mayor and the Administrator will sign Purchase Orders issued in respect to the emergency.
- 6.4 The Director of Financial Services will report the nature of the emergency and the amounts expended to the next regular meeting of Council.

7.0 METHOD AND FORM OF PURCHASE

- 7.1 The methods and forms of purchase set out in Table 1 are established to provide:
- a. An effective method of communicating and documenting the terms and conditions associated with the procurement of goods and services between the purchasing department, vendor and finance department;
 - b. Accurate accounting of expenditures;
 - c. Efficient and timely payment of invoices through use of documents that provide evidence of the approval of expenditures and receipt of goods and services contracted.

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- 7.2 The monetary thresholds set out in Table 1 are to be observed when making purchases on behalf of the District.
- 7.3 Managers are required to ensure that:
- a. Methods of Purchase such as Local Purchase Orders and Purchase Orders are used appropriately;
 - b. the Director of Financial Services is informed in writing of any administrative authorization or change in administrative authorization of departmental employees;
 - c. Authorized Staff are trained with respect to the Purchasing Policy objectives and procedures.

TABLE 1

Item	Method and Form of Purchase	Purchase Value
1.	Local Purchase Order, Purchase Order or Credit card. Best price effort	Up to \$2,000
2.	Purchase Order, with documentation of minimum of three written quotations or Request for Proposal (RFP)	Between \$2,000 and \$20,000
3.	Purchase Order Invitation to tender submitted to a minimum of three suppliers or RFP	Between \$20,000 and \$50,000
4.	Purchase Order - signed by the Director of Financial Services when presented together with Council resolution and copies of any applicable contracts (executed by the Mayor and Director of Administrative Services). Public Invitation to Tender or Request for Proposals	More than \$50,000
5.	Purchase Order - signed by the Director of Financial Services and co-signed by the Chief Administrative Officer in lieu of a Council Resolution during the month of August. Public invitation to Tender or Request for Proposals.	More than \$50,000

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6.	National Public Invitation to Tender or Request for Proposals with no local preference or discrimination.	Goods or Services valued at \$100,000 or more
7.	National Public Invitation to Tender or Request for Proposals with no local preference or discrimination.	Construction valued at \$250,000 or greater
8.	Provincial (Alberta & British Columbia) Invitation to Tender or Request for Proposals with no local preference or discrimination (Advertising posted on BC Bid or other electronic system).	Goods or Services valued at \$75,000 or greater
9.	Provincial (Alberta & British Columbia) Invitation to Tender or Request for Proposals with no local preference or discrimination (Advertising posted on BC Bid or other electronic system).	Construction valued at \$200,000 or greater

8.0 BEST PRICE EFFORT

8.1 The best price for specified goods and services is to be achieved by obtaining quotations or performing catalogue or advertisement comparisons. The method and extent of such comparisons will be at a Manager's discretion, however, no less than 3 suppliers should be considered in any instance.

9.0 REQUESTS FOR QUOTATIONS

9.1 When required, written quotations are to be obtained from not less than three vendors.

9.2 Requests for quotations are to be based on specifications that do not restrict competitive price quotations. The award of contract is to be made on the basis of the best price offered for the specified goods or services. If a favorable price quotation is submitted by a vendor that offers features that either add or limit the conditions under which the price is valid then all other respondents will be given the opportunity submit another bid under the revised conditions.

9.3 Requests for quotations may be issued to selected vendors who are know to be able to provide the goods or services required. The potential respondents will be provided with a

request for quotation which will include the following:

- a. Quantity and description of the goods and or services to be purchased including, where applicable, the product or service specifications;
- b. The date by which the District requires the goods or services;
- c. The stipulation that all quotations must show applicable taxes and freight charges separate from the price quoted for the goods or services.
- d. The period of time after the receipt of quotations before the order will be awarded
- e. The general terms and conditions that may apply to the goods or services supplied by the successful respondent;
- f. That the award will be issued to the respondent who has submitted the lowest price quotation that meets all the conditions of the request for quotation;
- g. The date and time at which price quotations will no longer be accepted for consideration;
- h. A disclaimer stating that “the lowest or any quotation will not necessarily be accepted”.

10.0 REQUEST FOR PROPOSALS (RFP)

- 10.1 Requests for Proposals will be used when selecting professional design or consulting services such as legal, audit and engineering services where the estimated value of the services will be in excess of \$10,000.
- 10.2 In RFP is a competitive bidding process generally used to secure services, or performance driven contracts but may be advantageous in limited circumstances for the acquisition of goods or materials. When a public offering is not required, Managers will offer the Request for Proposals to appropriate professionals chosen by the Manager.
- 10.3 An RFP describes the project to be undertaken, the intended results, and the criteria for choosing the successful bidder; it seeks the creative input of the marketplace. An RFP asks the respondent to address the issue of how to achieve the desired results.
- 10.4 The successful respondent is chosen based on criteria

such as proven expertise in the specific areas required, qualifications and experience of staff, reference checks, compliance with Request for Proposal document, financial stability and costs.

- 10.5 When professional services are required and expected to cost less than \$10,000 the Employees identified in Appendix A is authorized to make a selection without submitting it to the competitive process of the RFP.

11.0 INVITATIONS TO TENDER (Non-Public Offering)

- 11.1 An Invitation to tender is a formal document that sets out specific objectives to successfully complete a project or to purchase goods or services at a competitive price. The terms and conditions established and controlled by the purchaser.
- 11.2 A written invitation to tender must be submitted to not less than three suppliers.
- 11.3 The tender document must include all relevant conditions and specifications for the goods or services required. A disclaimer stating “the lowest or any bid is not necessarily accepted” must be included in the tender document.
- 11.4 Tender documents will be offered to not less than three suppliers and will be available to all potential suppliers who can meet all the conditions and specifications identified in the tender document.
- 11.5 Sealed tenders will be received from bidders at the location specified in the tender document and will be stamped as to time and date of receipt and maintained in their sealed condition until the tender opening.
- 11.6 A Manager will convene a tender opening process to evaluate the tender submissions and determine the successful bidder. The contract will be awarded to the vendor submitting the lowest bid and that meets all the terms and conditions set out in the tender document. If a bid offers features that either adds or limits the terms and conditions of supply as specified in the tender document then the bid should be rejected.
- 11.7 The Director of Financial Services will sign a purchase

order, prepared by the Manager initiating the purchase, when presented together with the tender documentation and the results of the tender evaluation and award process.

12.0 INVITATIONS TO TENDER (Public Offering)

- 12.1 Requires that a formal written tender document be prepared which includes all relevant conditions and specifications for the goods or services required. A disclaimer stating “the lowest or any bid is not necessarily accepted” must be included in the tender document.
- 12.2 The tender will be advertised and tender documents will be available to all potential suppliers for a non-refundable fee.
- 12.3 Sealed tenders will be received from bidders at the location and up to the time specified in the tender document. Tendered bids must be presented for submission sealed and be stamped as to time and date of receipt and maintained in a sealed condition.
- 12.4 The responsible Manager will convene a formal tender opening on the closing date of the tender which may be attended by interested parties and must include at least two witnesses. The responsible Manager will undertake an evaluation of the bids and prepare a tender award recommendation report for Council’s consideration. The recommendation for the contract award is to be given the vendor submitting the lowest bid and that meets all the terms and conditions set out in the tender document. If a bid offers features that either adds or limits the terms and conditions of supply as specified in the tender document then the bid should be rejected.
- 12.5 The Director of Financial Services will sign a purchase order the after the tender award has been approved by Council resolution. The purchase order is to be prepared by the Manager initiating the purchase and presented with all relevant documentation including the council resolution and contracts or agreements that are executed on behalf of the District by the Mayor and Director of Administrative Services.

13.0 BONDING REQUIREMENTS

- 13.1 For all projects over \$150,000 estimated cost, the bidders shall provide a bid bond for 10% of the tendered price, Material and Labour. Payment bond for 50% of the contract value and a Performance Bond for 50% of the contract value. All contractors must obtain a District of Squamish Business Licence.
- 13.2 For all projects between \$25,000 and \$150,000 estimated cost, the bidder may provide, in lieu of Bid Bond, a Letter of Credit in a form acceptable to the District (as attached Appendix #1) at 10% of the tendered price. In lieu of the Labour and Materials Payment Bond and the Performance Bond, the bidder may increase the Bid Letter of Credit to 25% of the contract value. The 25% Security Letter of Credit shall not be released until the work has been subsequently completed as defined in the contract documents. All contractors must have a valid District of Squamish Business Licence and have a proven track record with the District of Squamish.
- 13.3 For tendered projects under \$25,000, the bidder shall not be required to provide Bid Security or Labour and Materials Security or Performance Security. No payment shall be made to the contractor until all works have been completed. Contractors must have a valid District of Squamish Business Licence and must have a proven track record with the District of Squamish.
- 13.4 All security holdbacks are in addition to Provincial Legislation in the form of the Mechanics Lien Act of British Columbia.

14.0 CONSULTANT SELECTION PROCESS

- 14.1 Consultants shall be selected from a list of qualified consultants who have expressed as interest in doing work for the District and have submitted credentials.
- 14.2 Requests for Proposal (RFP) together with Terms of Reference for consulting work shall be sent to a minimum of three consultants if the design or study portion of the proposed fees is estimated to be less than \$20,000 and a minimum of four consultants otherwise, unless there are fewer consultants capable of doing the work.

14.3 Proposals received in response to the RFP shall be evaluated in accordance with the Consulting Services Proposal Evaluation Form (Annex A) and Summary (Annex B) in order to select the best overall proposal for that specific project.

14.4 The award of Consulting Services Agreements shall be in accordance with Table 2.

Table 2		
Item	Column 1: Level of Award Approval and Contract Execution	Column 2: Value of Consulting Assignment
1.	Managers approval (Agreement executed by Director of Financial Services)	Less than \$20,000
2.	Administrator's approval (Agreement executed by Director of Financial Services)	\$20,000 to \$50,000
3.	Council resolution (Agreement executed by Mayor & Manager of Administrative Services)	More than \$50,000

14.5 A consulting services agreement (Annex C) shall be required for all assignments where the design or study fee is estimated to exceed \$10,000.

14.6 The cost of the successful consultant proposal shall not exceed the lowest cost of proposed consultant by more than 20% unless the responsible Manager submits a report to Council for approval.

14.7 The responsible Manager is authorized to amend, in writing, the scope of work and the total fees payable to the consultant where required as a result of unforeseen items arising during the course of the consultant's work on the project. Such amendments shall be at the hourly rates quoted by the consultant in the accepted Consulting Services Agreement. Such changes shall not exceed 25% of the original assignment value nor the budget approved by Council.

15.0 EXCEPTIONS REQUIRING COUNCIL APPROVAL

- 15.1 Council approval is required to award a design or study contract where:
- a. Study fees are expected to be greater than \$50,000;
 - b. Total costs will exceed the approved budget;
 - c. Successful proposal cost exceeds lowest proposal cost by more than 20%; or
 - d. Exceptional circumstances require award to a specific consultant rather than following an approved selection process. An example would be where it is desirable to award a design to a consultant who has previous experience with the project.

16.0 FORMS

Attached to and forming parts of this policy are the following forms:

- a. Consulting Services Proposal Evaluation Form (Annex 'A')
- b. Consulting Services Proposal Evaluation Summary Form (Annex 'B')
- c. Consulting Services Agreement (Annex 'C')
- d. Works Agreement (Annex D)
- e. Recreation Services Agreement (Annex E)
- f. Instructor Agreement (Annex F)

END OF POLICY

RESPONSIBILITY Financial Services Department

PROCEDURES EXPENDITURE APPROVAL CRITERIA

1. Managers are responsible and accountable for the administration of the Financial Plan sections within their control.
2. Managers are obligated to ensure that all purchasing activity within their area of control is conducted in compliance with this Purchasing Policy, the Act and all other relevant statutes and enactments.
3. The following identifies the criteria to be used when making purchases and are intended to assist Managers and Authorized Staff to make expenditure approval decisions.

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Managers may authorize employees under their direct supervision to undertake specific types of purchases to a maximum monetary limit of \$2,000.00. This authorization must be in writing and must specify the types of expenditures being authorized. Managers retain overall responsibility for their respective budget areas and this permitted administrative authorization is not in any way to be construed as a sub-delegation of the authority delegated by Council.

DEFINITIONS

In this Policy:

- a) "Act" means the "*Local Government Act*";
- b) "Authorized Staff" means those employees granted administrative purchasing authority under Section 4 of **EXPENDITURE APPROVAL CRITERIA** of this policy;
- c) "Council" means the elected council of the District;
- d) "District " means the District of Squamish, a municipality incorporated under the *Local Government Act*;
- e) "Financial Plan" means the current Financial Plan adopted by Council as required by Section 327 of the Act;
- f) "Manager" means those employees listed in Schedule A of Bylaw 1721.

DISTRIBUTION

Email to Council and Department Heads.

RECORD OF AMENDMENTS	POLICY DATE	ISSUE DATE	REVIEWED	AMENDED
		23Jul91		
	03Jun98		21Mar-00	
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