



Policy Title: Purchasing Policy Policy #: FIN-2019-01

Section:	FINANCE
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POLICY:

The Chief Financial Officer is responsible for the control of purchasing within the policy as established by Council, keeping the best interests of the taxpayer in mind. Effective purchasing is a critical support function to responsibly manage the public funds placed in the Village’s trust. The purchasing system must be responsive, cost effective and as transparent as possible to public scrutiny. This policy is designed to assist staff in meeting these objectives and protecting the Village and its staff against potential litigation and perceived or actual conflicts of interest or bias.

POLICY GOAL:

The primary objectives of the Purchasing Policy are:

- to ensure any contract for work is subject to principles of fairness and economic reason, and clearly understood by users and bidders;
- to obtain a product or service, recognizing that value represents a combination of quality, service and price;
- to promote equal opportunity in procurement relations with supplier regardless of size and origin, subject to the supporting the local economy, where reasonable;
- to assure the principles of competitive purchasing and cost-effective decisions in a timely and appropriate manner while maintaining necessary financial controls;
- to procure goods and services taking into account commitment to the environment and energy savings wherever practical;
- to ensure the acquisition of goods and services meets the requirements of applicable legislation;
- to ensure that the purchasing policy is compliant with the *Freedom of Information and Protection of Privacy Act*; and
- to promote good will and clear communication in Village/supplier relations.

POLICY SCOPE:

This policy applies to all management, administrative and public works staff of the Village of Warfield. Where purchasing decisions are elevated to Council deliberation, this policy shall set the tone of the purchasing relationship with suppliers or contractors.

DEFINITIONS:

1. **CAO** means Chief Administrative Officer; the officer assigned the powers, duties and functions itemized in section 147 of the *Community Charter Act* and as referred to in Village of Warfield bylaws.

2. **CFO** means Chief Financial Officer; the officer assigned the powers, duties and functions itemized in section 149 of the *Community Charter Act* and as referred to in bylaws of the Village of Warfield.
3. **Contract** means a binding agreement between two or more parties.
4. **Council** means the Council of the Village of Warfield.
5. **Emergency** means a situation where the immediate acquisition of goods or services is essential to prevent serious delays, further damage or restore minimum service.
6. **Extra-ordinary** means a situation where an expense is unanticipated in the budget/financial plan but is required to continue operations and is significant in size
7. **Goods and Services** includes all materials, commodities, equipment and all work to be performed or services rendered by other than Village of Warfield employees.
8. **Invitation to Tender (ITT)** means a formal competitive process to acquire a good or service that includes the public opening of sealed tenders and other formalities such as bid bonds and performance deposits.
9. **Petty Cash** means an imprest fund to be used for purchases of up to \$25.00 per transaction.
10. **Proposal** means an offer to provide for goods or services to the Village where the requirements cannot be specified in detail and may be subject to further negotiation.
11. **Purchase Order (PO)** means a written offer to purchase goods and services or a written acceptance of an offer where such offer has been made on the forms prescribed by the Village of Warfield.
12. **Request for Proposal (RFP)** means an invitation to offer suggestions on product or service supply interests, and which is not an Offer to Purchase or Invitation to Tender.
13. **Request for Quotation (RFQ)** means a request to provide information as to a price for a specific good or service verbally or in writing, and which is not an Offer to Purchase or Invitation to Tender.

GUIDELINES:

A. Direct or Indirect Interest and Disclosures

Purchasing contracts (other than reimbursements for travel expenses or other items purchased from third parties) with Village employees, Council members, or members of their immediate families will be entered only with prior approval of Council.

Additionally, an employee who has a direct or indirect interest with a supplier should disclose this relationship and will be excluded from the quote or tender process.

B. Improper Purchases

It is the responsibility of all employees to follow the Purchasing Policy of the Village of Warfield. Improper purchases will be the personal responsibility of the employee making the commitment and the Village reserves the right to recover from the employee as may

be required or to effect other disciplinary action considered appropriate.

C. Fair Dealing

Frankness, respect and fair dealing comprise the cornerstones for strong and lasting relationships with suppliers and vendors. Salespersons will be received as promptly and courteously as time permits. During negotiations, quotations received from one supplier will not be divulged to another.

D. Supplier Selection Criteria

The selection of the supplier shall be based on the following criteria:

1. lowest acceptable price;
2. acceptable quality and performance capability;
3. the quality of performance of previous contracts, orders or services;
4. the quality, availability and adaptability of the supplier, or contractual services to the particular use required;
5. ability to meet all regulations and requirements
6. ability to provide future maintenance and service for the use of the subject of the contract;
7. local preference when all other criteria are met.

E. Petty Cash

Purchases of up to \$25.00 may be made through petty cash. All petty cash vouchers shall be signed by the individual making the purchase and retained by the Senior Administrative Clerk as documentation for replenishing petty cash. Receipts for purchases shall be signed and coded and submitted to the Senior Administrative Clerk to be attached to the corresponding petty cash voucher.

F. Partnerships

The Village may seek partners or join with other agencies to participate in quantity buying or other procurement processes (e.g. group Request for Proposals, Invitations to Tender etc.) in order to maximize purchasing power.

G. Gifts and Hospitality

To preserve the image and integrity of the Village, the employee and the public service profession, business gifts other than items of small intrinsic value will not be accepted by any Village employee. Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of gifts or hospitality accepted should not be allowed whereby the recipient might be or appear to others to be influenced in making a business decision because of accepting such hospitality or gifts.

The Village will not tolerate circumstances that produce, or reasonably appear to produce, conflicts between the personal interests of an employee and the interests of the Village. The Village may also take disciplinary action, including dismissal, against an employee who solicits or accepts gifts or gratuities of value that compromise the Village's position, legal rights or quality and quantity of materials and services.

Council is bound by *Community Charter Act*, Sections 105 "Restrictions on accepting gifts" and 106 "Disclosure of gifts."

PROCEDURES

Methods of Purchase

The method of purchasing goods and services will be competitive where possible to

- reduce costs to the public through marketplace competition;
- encourage innovation and efficiencies;
- comply with applicable legislation; and
- demonstrate fair and open selection criteria.

The level of competition required for Village purposes is based on the dollar value and nature of the purchase ensuring the cost associated with administering a competitive process is proportionate to the benefit received as a result of the competition. The chart in Appendix C lists the recommended methods of purchase based on the type of good or service being purchased, and the purchasing price (excluding taxes).

The majority of purchases will be purchased under the following methods:

- Informal quotes – for low dollar value or commodity type items, employees will typically get quotes from multiple sources with the quote amounts documented on the purchase order (PO).
- Formal quotes – where higher dollar value (more than \$10,000) or non-routine items are required, employees will endeavor to get written quotes from a minimum of three suppliers.
- Request for Quote (RFQ) – where the items required are over \$40,000 and are for specific known or identifiable products, purchasing will issue and manage a formal quote process including: providing a description of the products or services required, advertising of the opportunity if time and budget permit, managing the responses, providing consolidation of the results, reviewing and recommending by the initiating department for awarding and issuing of the PO.
- Request for Proposal (RFP) – where the items required are over \$40,000, and proposals are desired regarding how to complete a product or service for the Village, purchasing will issue and manage a formal Proposal process including: providing an overview of the products or services required, advertising of the opportunity if time and budget permit, managing the responses, providing consolidation of the results, reviewing and recommending by the initiating department for awarding and the issuance of the PO. Award of the RFP will be based on the criteria in guideline D of this purchasing policy as well as any additional criteria as stated in the individual RFP documents.
- Invitation to Tender (ITT) – where items required are over \$40,000, and tenders are desired regarding how to complete a product or service for the Village where the project specifications and result are known, purchasing will issue and manage a formal tendering process including: providing an overview of the products or service required, advertising of the opportunity if time and budget permit, managing the responses, providing consolidation of the results, reviewing and recommending by the initiating department for award and the issuance of the PO.

Goods and services are to be acquired in accordance with this policy unless authorized on an exception basis. All purchases must be in compliance with and approved within the

budget/financial plan unless classified as extra-ordinary (requiring documentary approval by the CFO or CAO) or emergency.

- Extra-ordinary Purchases
Where an expense is unanticipated in the budget/financial plan but is required to continue operations and is significant in size, the Chief Financial Officer or their designate will authorize the action to be taken and these types of expense will be considered an exception to this policy. The Chief Financial Officer will report such occurrences to the CAO and Council with the cost implications and a plan for budget/financial plan alteration to accommodate same.
- Emergency Purchases
Where goods, services or construction are urgently required and delay would be injurious to life and/or property (emergency), the Chief Financial Officer or their designate will authorize any and all actions to be taken and these will be considered as an exception to this policy. At the conclusion of the emergency conditions, the Chief Financial Officer will report back to the CAO and Council with the cost implications and summary of actions taken to mitigate the event.

Exclusions

There are specific purchases which may be excluded from this recommended method of purchase including but not limited to the following:

- Recurring or Non-Competitive Expenditures – for specifically identified items, such as training and statutory payments that are excluded from the procurement methods outlined above
- Sole Source – All sole sourcing requests will require justification to the CFO who may or may not be involved in the negotiation. Any sole source purchase exceeding \$40,000 will require a Staff report to Council.
- Emergency Purchases – will be made as required and will be duly authorized. Wherever possible, the Village will attempt to engage in an open procurement process for all purchases, but in some cases where there is a Sole Source for a good or service, these purchases will occur through negotiation and with the goal of obtaining the best value for the Village

Documentation of Process

All steps in the procurement process will be documented in writing. The Village is subject to *Freedom of Information and Protection of Privacy* legislation, therefore purchasing decisions will be subject to public scrutiny from time to time. It is critical not only to follow this policy, but to demonstrate compliance.

Use of Village Credit Card

The following employees are authorized to utilize the Village credit card. All credit card purchases must include a requisition form or a signed copy of the receipt or invoice (and whenever possible the appropriate accounting code should be included).

1. Chief Administrative Officer
2. Chief Financial Officer

Disposal of Surplus Materials or Assets

The CFO must dispose of all goods, equipment and materials, for which the Village no longer has a use, by any method the CFO considers to be in the Village's best interest, including without limitation, public auction, public tender, negotiated sale, or donation to non-profit organizations. Wherever possible, items that cannot be sold or donated will be recycled, limiting the amount sent to the landfill. Village employees may not be given any surplus items and will not be able to buy surplus items directly from the Village unless the sale is through a third-party auction. Village employees responsible for declaring the goods, materials or equipment surplus to needs shall not be eligible to obtain the goods through any means including third-party auction or repurchase from the supplier.

Appendix "A"

**Spending Limits Delegated to Village Employees
Where Items are Approved by Council in the Budget/Financial Plan**

Position	Purchasing Limit
➤ CAO	\$ 40,000
➤ CFO	\$ 40,000
➤ Public Works Foreman	\$ 10,000
➤ Senior Administrative Clerk	\$ 2,500
➤ Lead Hand	\$ 2,500
➤ All other regular employees	\$ 1,000

Appendix "B"

The items listed in this Appendix are those for which a purchase order is not required unless specifically requested by the vendor.

1. Petty Cash items in accordance with the petty cash procedures described in this policy
2. Training, education and conferences
3. Memberships and subscriptions
4. Refundable employee expenses
5. Insurance
6. Lease payments
7. Utilities and other recurring monthly charges such as Telus, Municipal Finance Authority (MFA), FortisBC, etc.
8. Payroll related expenses
9. Credit card purchases (requisition required)

Appendix "C"

Recommended Methods of Purchase

The following outlines the recommended methods of purchase based on the type of good or service being purchased and the purchasing price (excluding taxes). All purchases, regardless of method of purchase, must be authorized in accordance to the limits identified in Appendix A and be approved within the budget/financial plan.

PURCHASE CATEGORY	VALUE	PURCHASE ITEMS DESCRIPTION	PURCHASE METHOD	SUPPORTING DOCUMENTS	PAYMENT METHOD
General Purchase	Less than \$1,000	Random, low value purchase	No formal purchasing process required	PO	From invoice, credit card or petty cash
	Between \$1,001 and \$10,000	All purchases	Informal quotes	PO	From invoice
	Between \$10,001 and \$40,000	All purchases	Formal quotes	PO	From invoice
	Greater than \$40,000	Standardized items	RFQ	PO and Contract	From invoice
		Non-standardized items	RFP	PO and Contract	From invoice
Construction Contracts	Less than \$10,000	Construction of new buildings (engineering, infrastructure and parks) or renovations of existing buildings	Informal quotes	PO	From invoice
	Between \$10,001 and \$40,000		Formal Quotes	PO	From invoice
	Greater than \$40,000		RFQ/RFP/ITT	PO and Contract	From invoice
Consultant Contracts	Less than \$10,000	Contracts with individuals or firms who provide technical and professional services	Informal quotes	PO	From invoice
	Between \$10,001 and \$40,000		Formal Quotes	PO	From invoice
	Greater than \$40,000		RFQ/RFP/ITT	PO and Contract	From invoice
Recurring or Non-Competitive Expenditures	Any amount over \$1,000	Items listed in Appendix B	No formal purchasing process required	N/A	From invoice
Emergency Purchase	Any amount over \$1,000	See Definition	No formal purchasing process required	PO	From invoice
Sole Source	Between \$1,001 and \$40,000	When a single supplier is the only reasonable choice or would offer better value	No formal purchasing process required	PO	From invoice
	Any amount over \$40,000		No formal purchasing process required	PO and staff report to Council	From invoice