

# Village of Queen Charlotte

## COUNCIL POLICY

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**Name of Policy:**      **Purchasing Policy**  
**Reference No:**        **12.0**  
**Date Adopted:**        **19 April 2010**            **R2010/21/11**

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### 1. Purpose

The *Purchasing Policy* is established by Council to achieve the maximum economy, efficiency, and effectiveness in the performance of the purchasing and tendering functions for goods and services required by the Village of Queen Charlotte, and to ensure that the purchasing process is administered in an open and equitable manner having regard for the financial plan, the environment and opportunities for local suppliers.

In addition, where applicable, to ensure that the Village maximizes the use of grant funding to offset project costs and to leverage other project funding.

### 2. Purchasing Authority

The authorities for purchases and expenditures are:

- 2.1 The current year budget as adopted by council and the Five Year Financial Plan as adopted or amended;
- 2.2 Council resolutions; (a council resolution is required for purchases of goods or services that are included in the current year financial plan before it is adopted by council. However, a resolution is not required for the day to day operational purchases required to maintain services, payroll, benefits, etc, or for emergency purchases made in accordance with this policy)
- 2.3 Council Policy; and,
- 2.4 Delegated spending authority pursuant to section 5 of this Policy.

### 3. Administration:

The Chief Financial Officer (CFO) is responsible to administer this Policy.

### 4. Purchasing Policy

#### 4.1 Open Purchase

- 4.1.1 In general, it is the policy of Council to purchase goods and services in the open market; to seek the greatest possible effectiveness for its purchasing dollars; and to recognize the economic impact of spending decisions;
- 4.1.2 For purchases of goods and services under \$75,000.00 or for construction projects under \$200,000.00, the Village of Queen Charlotte may give preference to qualified

businesses that are located within the Village (local) provided all other purchasing factors are relatively equal;

TILMA Application: MASH Sector (municipalities, academic institutions, school boards, and health and social service providers) limits:

- Goods of \$75,000 or greater
- Services of \$75,000 or greater
- Construction of \$200,000 or greater

4.1.3 Suppliers will be informed in advance of any criteria that will be used to evaluate bids, quotations, tenders or proposals (see Section 5.5.) and of any circumstances under which a preference will be given to local suppliers of goods or services.

4.1.4 Subject to limits established by this Policy, the following processes may be used for purchases made on behalf of the Village: petty cash; municipal credit card; charge to approved accounts at local businesses; written and oral quotations, Requests for Proposals, and Tenders.

4.1.5 The CFO is responsible to review all Requests for Proposals and Tenders before they are issued or forwarded to Council for approval;

4.1.6 Contracts for services may include up to two option years to be exercised at the discretion of the Village and are subject to a satisfactory annual evaluation of the performance of the contractor and a determination that the terms of the contract represent good value for the community. Any extension must be approved by Council.

4.1.7 Staff will make every effort to identify appropriate grants which may be used to offset or supplement costs to the Village prior to initiating the purchase of goods or services under this Policy.

#### **4.2 Purchasing Criteria (Refer to Appendix 'A' for details)**

4.2.1 Purchasing decisions may be based on the following criteria:

- approved budget or resolution of Council
- quantity buying;
- price (including delivery costs);
- quality;
- source availability and serviceability;
- the evaluation of past performance, experience and capability of the bidder or an included sub-contractor;
- whether the bid is realistic in the particular circumstances;
- product safety and environmental impacts;
- delivery time– is it an emergency?
- Prior registration of equipment and rates

## **5. Purchasing Methods:**

### **5.1 General:**

- 5.1.1 In all cases, purchases must be referenced to a specific purpose or to a project;
- 5.1.2 Purchases of general supplies or small tools must be referenced to the appropriate department and/or budget area.
- 5.1.3 Receipts, invoices or other document relating to a purchase must be retained and submitted through the appropriate department head, to the CFO, and must include a project reference and identification of the purchaser.
- 5.1.4 When making purchases, employees will consider the use of the goods or services Local suppliers and environmentally friendly products will be considered when available. Refer to Appendix 'A' for other product or purchasing considerations.

### **5.2 Petty Cash: Up to \$100.00**

- 5.2.1 For minor purchase, employees will be reimbursed up to \$100.00 for out of pocket expenses incurred on behalf of the Village;
- 5.2.2 Appropriately referenced receipts must be submitted for all reimbursements from Petty Cash.

### **5.3 Credit Cards: Up to \$1,000.00**

- 5.3.1 Credit cards may be used to purchase goods or services up to a maximum value of \$1,000.00 plus taxes;
- 5.3.2 Credit card purchases exceeding \$1,000.00 plus taxes, must be approved in advance by the CFO;
- 5.3.3 Credit card receipts must be submitted to the CFO for tracking purposes.

### **5.4 Credit Accounts: Up to \$1,000.00**

- 5.4.1 Credit Accounts may be established with local suppliers to facilitate minor purchases, up to a value of \$1,000.00 plus taxes.
- 5.4.2 The name of the employee making the purchase and the reason for the purchase must be provided to the business and must be included on the account statement or invoice that is forwarded to the CFO for payment;
- 5.4.3 Credit Account charges exceeding \$1,000.00 but not more than \$5,000.00 must be approved in advance by the Department Head or, in the absence of a Department Head, the CFO or the Chief Administrative Officer.

### **5.5 Quotations, Requests for Proposals (RFP) and Tenders ,**

- 5.5.1 Quotations, Requests for Proposals and Tenders shall be obtained on prospective purchases of goods and services in accordance with the following guidelines:

#### **Up to \$5,000**

Subject to availability, three (3) Written or Oral Quotations will be obtained for all purchases exceeding \$500.00 and up to \$5,000.00. The Department Head has discretion to determine if the quotes are written or oral.

In an emergency or under extraordinary circumstances, the Department Head may authorize a purchase under this Section from a single supplier without quotes. A

written explanation for a purchase without quotes must be provided to the CFO with copy of the purchase Order.

The Superintendent of Public Works is authorized to award short term contracts for equipment use where equipment and rates are approved in advance on a list to be established annually (see Appendix A8).

**Between \$5,001 & \$10,000**

A minimum of three (3) Written Quotations are required.

Purchases under this Section must be approved by the Department Head plus either the CFO or the Chief Administrative Officer.

In an emergency or under extraordinary circumstances, the Department Head and/or the Treasurer or CAO, may authorize a purchase under this Section from a single supplier without quotes. A written explanation for a purchase without quotes must be provided to Council.

**Between \$10,001 & \$25,000**

Written quotations (RFQ) or Requests for Proposals (RFP) are to be requested from potential vendors or suppliers.

Evaluation criteria and points must be determined prior to issuing the RFP or RFQ and must be included in the relevant documents.

Purchases must be approved by the CFO and the Chief Administrative Officer and be in accordance with the approved current budget and/or resolution of council.

**Over \$25,000**

Sealed Tenders or Requests for Proposals are to be requested from all pertinent vendors. Tenders/Proposals are to be evaluated and forwarded to Council with a recommendation for awarding the tender or proposal.

Evaluation criteria and points must be determined prior to issuing the RFP or Tender and must be included in the relevant documents.

Final approval and award to be made by council resolution.

**5.5.2 Tenders and Proposals Which Exceed the Budgeted Amount:**

Where a Tender or Proposal exceeds the budgeted amount in the Financial Plan, the following options must be addressed in the report to Council:

- a. Recommendation that the tender/proposal be rejected; or,
- b. Identify opportunities to reduce the project scope within budget; or,
- c. Identify opportunities to increase the budgeted amount; and,
- d. Identify other options.

## **APPENDIX 'A'**

### **Purchasing Criteria**

#### **A1. Quantity Buying**

- A1.1 Unit prices are generally lower when quoted on large quantities rather than on small quantities of the same product. Likewise, overhead costs are kept at a lower level when a few large orders have to be processed rather than a large number of small orders.
  
- A1.2 To gain the advantages arising out of quantity the opportunity to purchase in quantity, the purchase of some goods should be considered on a one time – annual basis. Furthermore, in some cases, the Village may join with other agencies to purchase materials in common demand.
  
- A1.3 For materials in common demand, tenders or quotations are invited by the Village or by other interested agencies/municipalities, depending on which body requires the largest quantity of the material involved; and the most favourable bid for equal quality determines the price. Though bids are called on a joint basis, ordering and billing are done individually.

#### **A2. Price**

- A2.1 The policy of the Village generally speaking, is to accept the bid which best meets the pre-determined evaluation criteria and/or the required specifications of the goods and/or services required; and, to give preference to local suppliers when applicable. Although cost must be a consideration, the lowest bid is not necessarily accepted.
  
- A2.2 Specifications are normally established for items on which quotations, proposals or tenders are invited with the Department Head of the using department being responsible for the technical accuracy. The Village is prepared at all times to consider quotations, proposals or tenders on products that are proved to be equal to, or better than, the specified items. Some price differential may be regarded as justified in the case of a product that offers advantages over that specified. Should an alternative proposal be more satisfactory than the original specification, the alternative, with the appropriate approval or resolution of council, or by following the established purchasing policy for approval, may be accepted.

#### **A3. Quality**

The question of quality or serviceability may arise in cases in which bids are equal or nearly equal. Under such conditions the CFO may call for the assistance of persons with specialized knowledge in the fields concerned.

#### **A4. Source of Supply & Availability**

- A4.1 In any case in which tie bids, or bids that are not significantly different, are received on equally suitable materials, the source of supply will be taken into consideration. Generally speaking, under such circumstances, preference will be given to Local, Regional (SQC Regional District), Provincial, or Canadian businesses and products, in that order, over businesses and products from beyond these stated jurisdictions. The Village acknowledges that any product fabricated elsewhere may be that of an ethical supplier who does manage and conduct a bona fide business establishment. (materials and products also include services).
- A4.2 Urgency of the need is an important factor in relation to all purchases. Should the supplier whose bid is lowest indicate a delay in delivery, higher bids from suppliers who guarantee delivery as required may be accepted.

#### **A5. Bidders Performance, Experience and Capability:**

Upon receipt of bids on any item or list of items, the Village may take into consideration the performance of the service given by any or all of the bidders, and included sub-contractors, concerned, including their sub-contractors, in any previous dealings they may have had with the Village. It is the general policy of the Village to minimize administrative costs when awarding bids by accepting the bid which utilizes the least number of sub-contractors deemed necessary by the bidder to satisfactorily complete the service.

#### **A6. Realistic Bid:**

Based on a review and evaluation by staff, a bid may be rejected because staff believes that the bidder has not fully understood the nature of the request, has submitted a bid which, if accepted, will result in financial hardship to the bidder or the bidder may experience an inability to fulfil the contract without requiring additional payments by the Village.

#### **A7. Product Safety and Environmental Impacts:**

As a signatory to the BC Climate Action Charter, it is the policy of the Village of Queen Charlotte to reasonably ensure that the goods and services procured by the Village are safe to use and have environmentally benign or beneficial effects. The environmental impact of a product or of a manufacturing process may be considered as a determining factor when awarding a contract or purchasing products for use by the Village of Queen Charlotte.

#### **A8. Annual Registration of Equipment and Rates:**

The Superintendent of Public Works will issue an annual public call for equipment and rates from local operators/contractors and, from the responses received, will establish a list of local operators/contractors who will be contacted in rotation when the equipment they offer is both appropriate for the project and available at a competitive rate;

If an operator/contractor is called and is unavailable to do the work or to respond to the call, the SPW will move to the next operator on the list. The SPW is responsible to maintain a record of the date, time and purpose of calls made under this section.  
Receiving and Opening Sealed Bids:

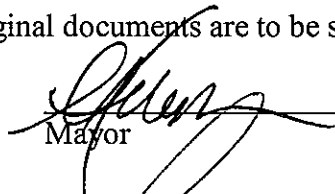
### A9. Acceptance of Sealed Bids

Staff receiving sealed bids shall adhere to the following procedures:

1. Upon receipt of the sealed bid, immediately record the date and time received on the outside of the sealed envelope. The staff member receiving the bid must also initial the recorded information.
2. If a fax amending a sealed bid is received, immediately record the date and time received and initial the recorded information on the faxed document.
3. If a telephone call is received from a supplier or contractor wanting to amend a sealed bid, staff will advise them that the bid can only be amended by fax or hand delivered letter. Note the time, date and name of the caller and which company they represent.
4. Original bids and written or faxed amendments are not acceptable after the official closing time and date. Information received after the closing time and date should be time and date stamped and will be returned unopened to the sender.
5. Original bids must be received in a sealed envelope. An original bid received in the form of a fax is not acceptable. Staff, at their discretion, may advise the bidder of this requirement by return fax, by telephone conversation or by letter mail. The time and date of this notification will be recorded on the initially faxed document.
6. Sealed bids will be opened at a public session on the date and time specified in the advertisement. The CAO, CFO and applicable department head (or designate) shall be present at the opening.
7. Following the opening of tenders or request for proposals, the CAO, CFO and the applicable department head (or designate) shall review the submitted material.
8. The department head is responsible for ensuring that all criteria of the tender or request for proposal are met. Criteria may consist of, but not limited to, insurance, bonds, irrevocable letter of credit, confirmation of figures contained in the documents and conformity with the "Instructions to Bidders" in the specifications. The DOF and/or consultant may assist this review prior to awarding the contract.

Original documents are to be stored securely by the CFO.

Signed:

  
Mayor

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Chief Administrative Officer

april 20/10

\_\_\_\_\_  
Date

APR 20/10

\_\_\_\_\_  
Date