

VILLAGE OF TAHSIS			
Policy Title:	Procurement	Policy No.	2010
Effective Date	March 20, 2018	Supersedes	
Approval	Council	Resolution Number	10/2018

Section 1 - DEFINITIONS

"AIT" (Agreement on Internal Trade)

1994 trade agreement within Canada to eliminate barriers to trade, investment and mobility

"RFQ" (Request for Quotation)

Purchasing method generally used for small orders under a certain dollar threshold, such as \$1000.00. A request is sent to suppliers along with a description of the commodity or services needed and the supplier is asked to respond with price and other information by a predetermined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance, and reliability.

"ITT" (Invitation to Tender)

A formal bid solicitation document issued when the estimated value of the requirement exceeds the threshold for formal bidding; two or more sources of supply are available to supply the requirement; the requirement can be adequately defined; and it is intended to accept the lowest-priced responsive and responsible bidder without negotiations.

"NWPTA" (New West Partnership Trade Agreement)

NWPTA is an agreement between the Governments of British Columbia, Alberta and Saskatchewan to remove barriers to labour mobility, investment, goods and services between the three provinces.

"Procurement"

The combined functions of purchasing, inventory management, transportation, receiving and inspection, salvage and disposal operations.

“Purchases”	All acquisitions financed by tax levies, user rates, debenture issues, leases or donations as approved by the Council.
"Request for Expression of Interest"	A non-binding method whereby a jurisdiction publishes via newspaper, Internet, or direct mail its need for input from interested parties for an upcoming solicitation. A procurement practice used to obtain comments, feedback, or reactions from potential responders (suppliers, contractors) prior to the issuing of a solicitation. Generally, price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc
"RFP" (Request for Proposal)	The document used to solicit proposals from potential providers (proposers) for goods and services. Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price prior to contract award. May include a provision for the negotiation of best and final offers. May be a single-step or multi-step process.
"Spending authority"	A person within an organization with the delegated authority to spend money on the organization's behalf to certain limits.

Section 2 - POLICY SUMMARY

- 1.1 The purchasing aspect of procurement is the process by which a government acquires goods, services and capital works for its own use.
- 1.2 This policy is designed to help Council and Village staff with procurement activities, to codify the Village’s conflict of interest standards and to inform potential suppliers.
- 1.3 Effective, efficient and environmentally and socially responsible procurement is a critical activity of the Village of Tahsis. Goods and services procured by the Village must be carried out in an open, transparent and fair fashion ensuring the Village receives best value in the expenditure of public money.

Section 2 – GUIDING PRINCIPLES

2.1 The Village’s Procurement Policy is guided by the following principles:

- Procure goods and services for the all Village departments and programs in an efficient, timely and cost effective manner while maintaining controls;
- All procurement will be carried out in an open, transparent and fair manner;
- Ensure the Village receives the “best value” in acquiring goods and services. “Best value” is based on competitive bids and high quality along with positive social benefits;
- Maximize the social benefit through procurement and the expenditure of public money;
- Whenever possible, procure goods and services that are environmentally sustainable and socially progressive;
- While noting the applicable national and international trade agreements including the New West Partnership Trade Agreement (NWPTA) and the Agreement on Internal Trade (AIT), give preference to local suppliers of goods and services. (“Local” means a supplier that operates from a property that is located within the Tahsis, Zeballos, Tsaxana and Gold River area.)

Section 3 – SCOPE

3.1 This Policy applies to all procurement of goods and services made by or on behalf of the Village unless an exception is approved by the Chief Administrative Officer or Council.

Section 4 – SPENDING AUTHORITY

4.1 The Chief Financial Officer’s responsibility for financial administration is found in section 149 of the *Community Charter*.

- (a) receiving all money paid to the municipality;
- (b) ensuring the keeping of all funds and securities of the municipality;
- (c) investing municipal funds, until required, in authorized investments;
- (d) expending municipal money in the manner authorized by the council;
- (e) ensuring that accurate records and full accounts of the financial affairs of the municipality are prepared, maintained and kept safe; and
- (f) exercising control and supervision over all other financial affairs of the municipality.

- 4.2 Authority to spend Village money rests with Council upon the approval of the five year financial plan on an annual basis. Through this policy, Council delegates spending authority and procurement to the CFO.
- 4.3 Table 1 below describes discretionary category of up to \$2500 which represents a large number of purchases that are small in value. Best value in this category is obtained through an expedient purchasing process to efficiently use staff time. Small value goods and services include, but are not limited to consumables, minor repairs and equipment, supplies, and consulting engagements of a short duration.
- 4.4 Spending Authority up to \$2500 – Authorized cardholders will use their Village issued credit card for Village purchases within their established limits. Cardholder authority is limited to the staff member whose name appears on the card. The card may only be used to make purchases within the parameters established by the Village. Parameters include credit limit, transaction limit and monthly limit.

Competition - Authorized staff are to use their discretion for the acquisition of good and services at this value thresholds. Staff acquiring goods and services at this level have the responsibility of ensuring the Village receives value.

Documentation – Cardholders are responsible for maintaining a complete record of all purchases made with Village issued credit cards.

Section 5 – PROCUREMENT OVERVIEW

- 5.1 Procuring goods and services is to be done on a competitive basis unless otherwise permitted by this policy. Exceptions could be due to:
- the type of good or service;
 - quantity or value of goods or services;
 - the frequency or duration that the goods or services are needed;
 - the availability or competitiveness in the marketplace;
 - the urgency with which the goods or services are needed;
 - a specific brand, manufacturer or supplier may need to be selected to ensure standardization or warranty requirements; or
 - the provision of social benefits
- 5.2 The type of competitive procurement based on monetary thresholds is set out in Table 1 below.

Section 6 – SPENDING AUTHORITIES POLICY

- 6.1 Only persons listed in Table 2 are authorized to purchase goods and services.
- 6.2 Goods and services can be purchased using a Village of Tahsis issued purchasing (credit) card or by committing to a purchase in writing and paying on invoice. The Village does not typically use purchase orders or purchasing requisitions. Staff should not use their personal credit cards to purchase Village goods and services.
- 6.3 Spending authorities listed in Table 2 are responsible for ensuring that there are sufficient funds in the respective program budgets prior to making spending commitments. Spending in excess of program budgets could result in discipline up to and including termination.
- 6.4 Director of Recreation, Director of Operations, Fire Chief, Director of Finance, and Finance and Corporate Services Manager have authority to spend up to the approved departmental budgets in the annual five year financial plan bylaw in accordance with the procurement processes and approvals in Table 1.
- 6.4 Spending authorities who have been issued a Village credit card are authorized to make Village purchases within established limits. The card may only be used to make purchases within the parameters established by the Village. Those Parameters include credit limit, transaction limit and monthly limit.
- 6.5 All procurement activity must be documented to ensure compliance with the *Freedom of Information and Protection of Privacy Act* and for purposes of the Village's annual financial statement audit.
- 6.6 Spending authorities are encouraged to make purchases on a consolidated basis by combining purchases in different program areas.

Section 7 – PROCUREMENT PROCESSES AND APPROVALS

Table 1

Purchasing Category	Value	Purchase Items Description	Purchase Method	Documentation	Payment Method
General purchases	Up to \$2500	Supplies, minor equipment, low value items	No formal process required	Invoice or receipt	From invoice, credit card or petty cash
	\$2,500 to \$10,000	All purchases	Min 1 written quote or 2 verbal quotes (and documented)	Memo to file describing selection process in relation to Section 2 (Guiding Principles) and description of goods and services	Credit card or from invoice
	Greater than \$10,000	All purchases	RFQ/ITT/RFP	Contract	From invoice
Construction contracts	Less than \$25,000	New construction (engineering, parks and infrastructure) or existing assets	3 written quotes or 3 verbal quotes (and documented)	Memo to file	From invoice
	Greater than \$25,000		RFQ/ITT/RFP	Contract	From invoice
Recurring or non-competitive expenditures	Any amount	Training and educational expenses, conferences, professional and special services, utilities	No formal purchasing process	N/A	Credit card or from invoice
Emergency purchase(s)	Any amount over \$500	Where lack of supplies or services may adversely affect the Village operations, threaten public or private property or the environment, or jeopardize public health or safety	No formal purchasing process required	Memo to file	Credit card or from invoice
Sole Source	Any amount over \$500	When a single supplier is the only reasonable choice or would offer better value	No formal purchasing process required subject to Section 8 below	Memo to file	From invoice

Table 2

Position	Discretionary Spending Limit
Delegated employee ¹	Up to \$500.00
Director of Recreation	<u>Up to \$2500.00</u> Authorized to use Village issued credit card For Village purchases within established limits. The card may only be used to make purchases within the parameters established by the Village. Parameters include credit limit, transaction limit and monthly limit.
Director of Operations	<u>Up to \$2,500.00</u> Authorized to use Village issued credit card For Village purchases within established limits. The card may only be used to make purchases within the parameters established by the Village. Parameters include credit limit, transaction limit and monthly limit.
Fire Chief	Up to \$2,500.00
Emergency Preparedness Coordinator ²	Up to \$5,000.00
Emergency Support Services Director ³	Up to \$5,000.00
Financial and Corporate Services Manager	<u>Up to \$5,000.00</u> Authorized to use Village issued credit card For Village purchases within established limits. The card may only be used to make purchases within the parameters established by the Village. Parameters include credit limit, transaction limit and monthly limit.
Director of Finance (CFO)	<u>Up to \$5,000.00</u> Authorized to use Village issued credit card For Village purchases within established limits. The card may only be used to make purchases within the parameters established by the Village. Parameters include credit limit, transaction limit and monthly limit.
Chief Administrative Officer	<u>Up to \$10,000.00 without Council approval</u> Authorized to use Village issued credit card For Village purchases within established limits. The card may only be used to make purchases within the parameters established by the Village. Parameters include credit limit, transaction limit and monthly limit.

¹ Delegation must be authorized in writing by the CFO.

² This is restricted to purchasing in response to an emergency

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Section 8 – SOLE SOURCE

- 8.1 A purchase may be sole sourced where the opportunity to obtain quotes or solicit competitive bids does not exist or is not justified in the circumstances. Examples where a sole source purchase could be justified:
- goods and services can be supplied by only a particular supplier and no reasonable alternative or substitute exists;
 - where only one supplier has the unique or very specialized qualifications or skills needed for the work;
 - where the project is of a highly sensitive or confidential nature and would be compromised if put to a competitive bid;
 - where the work is a continuation or follow up assignment most appropriately carried out by the original supplier; and
 - when a competitive process did not result in any qualified proponents.
- 8.2 If the Village anticipates needing an on-going service, a RFEI or RFQ should be issued to assess market interest. Based on the results of the RFEI or RFQ, a RFP or ITT should be issued to the qualified vendors to select a supplier for a multi-year supply arrangement.

Section 9 – REPORTS TO COUNCIL

- 9.1 All procurement activity, including the purchase method as per Table 2, where the anticipated expenditure exceeds \$10,000 must be approved by Council by way of a resolution in response to a staff Report to Council.
- 9.2 The results of procurement activity under s. 9.1 must be reported to Council, unless otherwise directed by Council.
- 9.3 Council must approve contracts or other commitments where the anticipated expenditure exceeds \$10,000.
- 9.4 All exceptions to the Procurement Policy (e.g., those listed in section 5) must be reported to Council explaining what occurred and why.

Section 10 – VENDOR RELATIONS

- 10.1 Village staff with procurement responsibilities should be fair and friendly with all potential suppliers.
- 10.2 Village staff are not required to place his/her time at the disposal or discretion of a vendor representative, unless directed by his/her supervisor.

- 10.3 Vendor pricing or other competitive information must not be shared by staff with other vendors during a negotiating period.

Section 11 – CONFLICT OF INTEREST

11.1 Conflict of interest occurs when an employee's private affairs or financial interest are in conflict or could result in a perception of conflict, with the employee's duties or responsibilities for the Village in such a way that:

- the employee's ability to act in the interest of the Village could be impaired;
- the public's confidence in the employee's ability to carry out his/her work responsibilities is undermined; or
- the employee's actions or conduct has undermined the public's trust in the Village

11.2 The Village recognizes the right of its employees to be involved as citizens of the community and encourages its employees to be active members of the community. At the same time a conflict cannot exist between employees' private interests and carrying out their Village duties. Employees who find themselves in an actual, perceived or potential conflict of interest must disclose the matter to their supervisor. Examples of conflict of interest are:

- an employee using Village property or equipment for personal interest or the interest of another organization;
- an employee using their position as a Village employee to pursue person interest or the interest of another organization;
- an employee giving preferential treatment to an individual, corporation or other organization in which the employee, or a relative or friend of the employee has an interest;
- an employee benefits from, or is perceived by the public to have benefited from, the use of information acquired because of the employee's employment with the Village;
- an employee benefits from a transaction over which the employee can influence decisions (e.g., purchases, grants, contracts);
- an employee accepts from an individual, corporation or organization, directly or indirectly, a personal gift or benefit that arises out of employment with the Village, other than:
 - exchange of hospitality
 - gifts exchanged as part of protocol;
 - exchange of gifts between friends;
 - presentation of gifts to person participating at a public function

11.3 In deciding whether to accept a gift, employee should consider these criteria:

- the benefit is of nominal value
- the exchange does not create an obligation
- reciprocation is easy
- it occurs infrequently

Section 12 – SUSTAINABLE PROCUREMENT PRACTICES

12.1 The Village will utilize recycled products in its operations to make a contribution towards an environmentally friendly process and increase the demand for recycled materials by:

- purchase recycled products when price and quality are reasonable; and
- identify products as recycled when being used publically;