

**TOWN OF CORONATION  
PURCHASING POLICY**

**POLICY #ADM-005**

**Date Approved: February 24, 2014**

**1. POLICY**

All employees will obtain appropriate authorization and use appropriate processes when purchasing goods or services.

**2. PURPOSE**

The purpose of the Purchasing Policy is to provide guidance to all Town of Coronation employees and Council members with respect to purchasing functions.

All employees delegated with purchasing authority shall follow the guidelines set out in the Purchasing Policy. All procurement activities shall meet the current and future needs of the Town of Coronation, providing an economical and efficient service and shall provide fiscal responsibility and accountability.

**3. SCOPE**

The Purchasing Policy applies to the purchase of goods and services by any municipal employee or Council member on behalf of the Town of Coronation. The policy governs the acquisition of goods and services, by purchase or lease, with municipal funds from all sources including operating and capital funds as well as all other funds held in trust or at its disposal. Values referred to in this policy do not include GST unless otherwise noted.

The Chief Administrative Officer (CAO) will provide the administrative direction to carry out the policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability and ethics.

**4. RESPONSIBILITIES**

- a. All employees are responsible for:
  - i. Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them, as a publicly funded institution.
  - ii. Obtaining the best value for money by achieving fulfillment of specified needs including quality, health & safety standards, productivity and service life.
  - iii. Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
  - iv. Meeting the legal and ethical obligations in the acquisition of goods and services by purchase, lease or barter.

- v. Using appropriate purchasing techniques including negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying processes.
  - vi. Considering the environment in all purchasing decisions and selecting environmentally beneficial goods and services where the additional cost is not prohibitive (see section 10 b)
  - vii. Securing expense authorization prior to any purchase except emergency purchases. All related documentation shall be retained for review and auditing.
  - viii. Using purchasing contracts when the Town gains an advantage by doing so.
  - ix. Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
  - x. Obtaining appropriate authorization for all purchasing contracts.
  - xi. Obtaining legal assistance or advice if necessary for any non-standard clauses in purchasing contract.
  - xii. Ensuring a supplier of goods and services holds a valid Town of Coronation business license where required.
- b. Managers are responsible for:
- i. Ensuring all purchases are performed in accordance with this policy.
  - ii. Entering into purchasing contracts on behalf of the Town when applicable.
  - iii. Coordinating administration and the continuous review of the department's use of goods and services to ensure the Town is receiving the best quality, quantity, service, price, etc.
  - iv. Coordinating purchasing record keeping (RFP documentation, quotes, etc.) and retention of records for a period of seven years for auditing purposes.
- c. The CAO is responsible for:
- i. Ensuring all purchases are performed in accordance with this policy.
  - ii. Entering into purchasing contracts on behalf of the Town when applicable.
  - iii. Approval of all purchasing contracts on behalf of the Town.
  - iv. Coordinating administration and the continuous review of the Town's use of goods and services to ensure the Town is receiving the best quality, quantity, service, price, etc.
  - v. Ensuring that no payments are made without the appropriate authorization.

## 5. DEFINITIONS

- a. **Barter** means an exchange of goods or services between two or more parties where no money changes hands.
- b. **Best Value** means the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best Value may include the useful life of an asset and track record.
- c. **Bid** means an offer to buy or sell goods or services by a vendor or purchaser.
- d. **Budget** means a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by Town Council.
- e. **Contract** means an agreement between two or more parties, written or verbal, comprising of an offer, acceptance, and consideration.
- f. **Contractor** means a person or a business that follows an independent trade, business, or profession in which they provide goods or services to the public.
- g. **Emergency Purchases** are situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.
- h. **Goods and Services** includes supplies, materials and equipment of every kind required to carry out the operations of the Town. Services include contractors, consultants and other non-material requirements.
- i. **Green Procurement** means purchasing products or services, which minimize, or provide favorable environmental impacts. Green Procurement involves considering the costs and environmental consequences of a product in all stages of its life cycle.
- j. **Invitation to Tender** means a request for Bids for prices on specific goods and/or services from a Supplier submitted in writing.
- k. **Local Business** includes any business holding a valid Town of Coronation resident business license.
- l. **Request for Proposal** means a request for Bids as to how the Supplier would address the need identified in the Request for Proposal document.
- m. **Request for Quotation** means a request for Bids for prices on specific goods and/or services from a Supplier submitted verbally or in writing.
- n. **Sole Source** means purchasing when there is only one available supplier of a required product or service that meets the needs of the Town. Negotiation is used to complete the terms and conditions of this type of purchase.

- o. **Supplier** means any person or company that supplies goods or services to the Town. Also known as a contractor, seller, subcontractor, or vendor.
- p. **Town** shall mean the Corporation of the Town of Coronation.

**6. PURCHASING AUTHORIZATION**

a. Purchase Authorization Limits

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| \$0 to \$5,000      | A manager or manager shall review and authorize any purchase approved in the Budget with a total value \$5,000 and under.                            |
| \$5,000 to \$50,000 | A manager and the CAO shall review and authorize any purchase approved in the Budget with a total value greater than \$5,000 and less than \$50,000. |
| \$50,000 or greater | The CAO shall review and authorize any purchase approved in the Budget over \$50,000.  |

Greater than 3 years and \$200,000 in value

The Town Council shall require the CAO to obtain Town Council authorization for purchase commitments or renewals longer than 3 years and greater than \$200,000 in value.

b. Non-Budgeted Purchases

Town Council shall review and authorize any purchase not approved in the Budget in the amount of \$5,000 or greater that has the potential to affect the direction or financial results of the Town.

c. Emergency Purchases

Emergency situations occasionally arise within Town operations. In emergency situations it is up to the judgment of the highest authority personnel on hand to make a responsible decision regarding obtaining required goods and services. Any purchases made outside of normal purchasing procedures must be reported to the appropriate authority and to the CAO as soon as is reasonably possible.

d. Barter Transactions

- a) Barter transactions are generally discouraged, but may be appropriate in special circumstances. They must be approved by the CAO in addition to whatever approvals are required based upon the values involved.
- b) Barter transactions are to be accounted for at the amounts that would have been paid had they occurred as routine transactions in the ordinary course of business. Authorizations for barter transactions shall follow the same process as for a standard purchase, at the normal commercial value of the exchange. GST as well as any other taxes must be accounted for as for a standard purchase.

e. Authorization of Supplier Invoices

Invoices should be compared to the original purchase authorization document and/or supplier quotation. Invoices must be approved for payment by an authorized department manager or the CAO.

**7. PURCHASING PROCESS**

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| 0 - \$5,000        | a) Verbal or written quotations from one or more vendors.<br>b) Use of normal invoice procedures or Town corporate credit card.<br>c) A verbal or written Request for Quotation may be used.  |
| \$5,000 – \$50,000 | a) Written quotations or proposals from three or more vendors.<br>b) A written Request for Quotation or Request for Proposal may be used.   |
| \$50,000 +         | a) An advertised and written Request for Quotation, Request for Proposal or Invitation to Tender must be used.<br>b) A comprehensive assessment of the proposals or quotations will be undertaken.<br>c) A Contract may be required.<br>d) The Town of Coronation will comply with purchasing practices legislated under the Agreement on Internal Trade (AIT) and the New West Partnership Trade Agreement (NWPTA. Goods and Services over \$75,000 and Construction contracts over \$200,000 must be procured openly through the Alberta Purchasing Connection. |

**8. CONTRACT TENDERING AND AWARDS**

- a. All Town contracts awarded must adhere to a fair, open, standardized contract tendering and award process based on selection criteria that ensures that the best value is obtained for the price paid without compromising the quality of service sought.
- b. All contracts must be executed by approved signing authorities on behalf of the Town.
- c. Contract evaluation criteria must include a declaration indicating that the vendor does not have a real or perceived conflict of interest.
- d. Contractors must provide written proof to substantiate claims regarding qualifications, training, applicable licenses, liability insurance made in proposals, quotes or bids and provide proof of valid Worker's Compensation.
- e. Contracting of products and services required by more than one department must be coordinated to ensure that the Town receives the benefits of volume purchasing.

- f. A Request For Proposal (RFP) may be used for the procurement of goods or awarding of service contracts when the value of the goods/work is more than \$10,000.
- g. Detailed records, associated with contracted work, must be maintained to monitor warranties and to ensure that the quality of workmanship meet contracted deliverables.
- h. Services provided by contractors must adhere to provincial legislation and municipal bylaws, including payment.

## **9. SOLE SOURCE**

Town employees must obtain written approval of the sole source acquisition from the CAO for exceptions to the requirement for quotations and proposals within this policy. The Town identifies such instances as:

- a. Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source.
- b. Where an item is purchased for testing or trial use.
- c. Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Town.
- d. Where the only supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government.
- e. Where the acquisition is of a highly specialized nature and/or is available from only one supplier.

## **10. PROCUREMENT PREFERENCES**

- a. Purchasing from Local Businesses is preferred where goods and services of an acceptable, equivalent quality are readily available at competitive prices. Preference will also be given to goods made in Canada. A 10% preference in pricing will be granted for purchases from Town of Coronation businesses.
- b. The Town will consider green procurement when making purchasing decisions over \$5,000 when goods and services are available at competitive prices and the environmental benefits provided do not negatively affect the intended end use.

## **11. PROHIBITIONS**

The following activities are prohibited, unless specifically approved by Council:

- a. The division of purchases to avoid the requirements of this policy by any method, including corporate credit cards.
- b. Purchase by any employee or member of Council of any goods and services for personal use.
- c. An employee shall not accept a gift, favor or service from any individual, organization or corporation, other than: the normal exchange of gifts between friends; the normal exchange of hospitality between persons doing business together, tokens exchanged as part of protocol; or the normal presentation of gifts to persons participating in public functions.
- d. Purchases by the Town from any member of Council or Town employee or their immediate families or other source except when the purchase is at competitive prices and the Supplier is a dealer in those goods and services and which purchase is incidental or in the ordinary course of the business of the Supplier.

## **12. END OF POLICY**