

# THE CORPORATION OF THE MUNICIPALITY OF MACHIN POLICY MANUAL

<b>Section: Purchase &amp; Disposal of Property</b>	<b>Policy No.: Part 4.1</b>
<b>Subject: Purchasing Policy</b>	<b>Effective Date: June 9, 2008</b>
<b>Revision Date: June 9, 2008</b>	<b>Approved By: Resolution #</b>
<b>Reviewed: June 9, 2008</b>	<b>Revisions by an asterisk *</b>

*\*All of Policy Part 4.1 has been revised*

## **Policy**

It is the policy of the Municipality of Machin or its successors (hereinafter called the "Corporation") that all goods and services shall be procured using a competitive process that is open, transparent and fair and will ensure the timely delivery of goods and services of the quality required by the Corporation.

## **Purpose**

The purpose of this policy is to set out guidelines for the municipality to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and services, to promote and maintain the integrity of the purchasing process and to protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.

Procurement of goods and services involves a substantial expenditure of funds annually and it is appropriate that this be carried out in an efficient and cost effective manner. An appropriate procurement policy will ensure a proper process which is easily understood by those that it affects.

## **Regulations**

### **1. Definitions**

For the purposes of this Policy:

"Bid" shall mean a submission from a prospective vendor in response to a request for the purchase of goods or services issued by the Corporation.

"Bid Deposit" shall mean a financial guarantee to ensure the successful bidder will enter into an agreement.

"Administrator" shall mean the Administrator of the Corporation of the Municipality of Machin.

"Clerk-Treasurer" shall mean the Clerk-Treasurer of the Corporation of the Municipality of Machin.

"Council" shall mean the Municipal Council of the Corporation of the Municipality of Machin.

Regulations: Definitions (cont'd)

"Department Head" shall mean a supervisor of a specific department of the Corporation.

"Formal Bid" shall mean a sealed bid submission.

"Formal Quotation" shall mean a document that sets out particular requirements for goods and/or services.

"Informal Quotation" shall mean a competitive bid process for goods or services that is conveyed and received from bidders in a written format by e-mail, mail or fax.

"Sealed Bids" are bids submitted in a sealed envelope to a specified location, by a specified date.

"Services" shall mean items such as telephone, gas, water, hydro, consultant services, legal services, insurance, leases for office or other space required by the Corporation and the rental, repair or maintenance of equipment, machinery or other personal and real property.

"Supplies" shall mean goods, merchandise, material and equipment.

"Tender" shall mean a document which sets out particular specifications for the commodity or service required. This can also refer to an offer in writing to execute some specified work or to provide some specified articles at a specified rate.

"Vendor" shall mean any person or enterprise supplying goods or services to the Corporation of the Municipality of Machin.

"Budgeted Items" shall mean the Department Head has the authority to proceed with the purchase of goods and services and the payment of accounts which constitutes part of their budget as approved by Council.

"Non-Budgeted Items" in the event non-budgeted goods and services are desired to be purchased, the Department Head with the consent of the Administrator shall have the authority to proceed with any purchase up to \$1,000.00 where such purchase does not cause an overrun in the approved Department budget. In any situation where such a purchase will result in the Department becoming in excess of the approved budget, Council approval will be required.

## **2. Authority**

1. Machin Council has the ultimate authority for all expenditures. Council delegates this authority by the approval of budgets or by specific resolution. Resolutions approving budget amendments or capital expenditures or special appropriations shall contain the purpose of the expenditure, cost estimates or expenditure limitation and the fund from which such an appropriation is proposed to come from, the details of which will be provided to Council in a staff report to be submitted by the appropriate Department Head.

Regulations: 2. Authority (cont'd)

2. The Clerk-Treasurer or designate is authorized to establish administrative procedures as may be required to carry out the intent of this policy.
3. The Clerk-Treasurer shall exercise administrative control over the procurement of goods and services within the limits established by the Corporation.

**3. Regulation for Procurement of Goods and Services**

1. All purchases shall be in accordance with approved budgets, except where either the Department Head has been authorized to determine or where Council has, by resolution or by-law, directed otherwise.
2. The following regulations shall be used to determine the method by which the Department Head shall obtain prices for purchases. Orders shall not be divided for the purpose of circumventing the specified limitations:
  - a) on purchases anticipated to be up to \$500.00 as deemed most economical, practical and competitive by the appropriate Department Head;
  - b) on purchases anticipated to be between \$500.01 and \$1,000.00 two written quotations shall be attempted to be obtained from appropriate vendors;
  - c) on purchases between \$1,000.01 and \$5,000.00 three written quotations shall be attempted to be obtained from appropriate vendors;
  - d) on purchases between \$5,000.01 and \$10,000.00 Requests For Proposal (RFP);
  - e) on purchases of \$10,000.01 and over, sealed public tenders shall be obtained. These tenders will remain sealed until at a public opening at a time and place indicated in the tender call. The public opening of the tenders shall be conducted by the Administrator or designate who shall open the tenders and read aloud the tendered amounts and other pertinent data. Following the public opening of the tenders, the tenders will then be reviewed by the Administrator or designate by comparing each with the required specifications as to the quality of a product or service which will be determined by the Administrator in consultation with the appropriate Department Head.

The lowest or any tenders will not be considered if they do not meet the required specifications. The Corporation reserves the right to award any tender which it believes is in the best interest of the Corporation.

3. The Administrator or his designate may be permitted discretion in the application of these guidelines if:
  - a. the required number of competitive bids cannot be obtained;
  - b. there is only one source or the compatibility of a purchase with existing equipment, facilities or services is a paramount consideration and that purchase must be made from a single source or;

Regulations:

3. Regulation for Procurement of Goods and Services (cont'd)

- c. it is appropriate to deal with a particular vendor for reasons of service or quality. Where such discretion is exercised, the reasons for doing so shall be recorded in writing and included in the purchase file.
4. All purchasing invoices must be signed and also have the name of the purchaser printed under the signature.
5. Where an emergency arises which places life or property at risk, the Administrator or his designate will have authority to purchase the goods and services needed up to a maximum of \$ 5,000.00. Goods and/or services will be secured from the closest available source without regard to obtaining quotes. The Council shall be informed of such expenditures at their next meeting.

**4. Purchase Orders and Contracts**

1. The Clerk-Treasurer or designate shall establish procedures and practices for the issuance of purchase orders.
2. Any formal contracts required as a result of this policy will require the approval of Council by by-law in order to be deemed authorized.
3. Legal services, consulting services and public utility related purchases will not require the issuance of purchase orders.

**5. Authorized Personnel**

1. The purchase order system is to be administered by the Clerk-Treasurer or designate.
2. The Department Heads shall have spending/signing authority for the following areas up to a maximum of \$1000.00:
  - a) Fire Department - Fire Chief
  - b) Public Works - Supervisor
  - c) Administration - Administrator and Clerk-Treasurer
3. In the absence of the Department Heads, approval of a Purchase Order made on his/her behalf can be signed by his/her designate. When the procedure is followed, care should be taken to remain within budget.

**6. Issuance of Purchase Orders**

1. Physical control of purchase orders is the responsibility of the Accounts Payable Clerk.

Regulations: 6. Issuance of Purchase Orders (cont'd)

2. The Accounts Payable Clerk will keep a record of all purchase order books issued to Department Heads as follows:
  - starting purchase order number to last purchase order number
  - date issued
  - name of Department Head and Signature
  - no new Purchase Order Books will be issued to the Department Heads until they return the completed book.
3. The pre-numbered purchase order must contain the following information:
  - name and address of vendor
  - descriptions and quantity of the goods or services
  - method of shipping
  - date of order and date goods/services required
  - account that purchase is to be charged to (General Ledger numbers will be provided with Purchase Order Books).
  - actual price quoted or approximate price (for repair items)
  - reference to Council resolution if applicable
  - shipping & handling costs if applicable
4. No Blanket or Open Purchase Order shall be issued.
5. Department Heads shall ensure that the copies of the Purchase Orders are distributed as follows:

White Copy - Left with the Vendor, if faxed, then return to the Office.  
Yellow Copy - Returned to the Office every Friday.  
Pink Copy - To stay in the Purchase Order Book.
6. The appropriate Department Head may authorize a purchase of up to \$50.00 from petty cash for general supplies or services.
7. Personal purchases shall not be made for any employee or member of Council.
8. If any of this procedure is not followed by the Department Heads, the Purchase Order and Invoice will be returned to them and if interest applies to such a purchase it will be charged to the issuing Department.

**7. Goods and Services Not Subject To This Policy**

1. Refundable Employee Expenses including:  
cash advances, meal allowances, travel expenses, accommodation, etc.
2. Employer's General Expenses including:  
payroll deduction remittances, medicals, tax remittances
3. Licences, certificates and other approvals required
4. Banking services