



TOWN OF MANNING

Purchasing

POLICY #2015-01

Purchasing Policy

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

Purpose

The purpose of the Purchasing Policy is to provide guidance to all Town of Manning 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 Manning, providing an economical and efficient service and shall provide fiscal responsibility and accountability.

Policy Statement

The Purchasing Policy applies to the purchase of Goods and Services by any municipal employee or Council member on behalf of the Town of Manning. 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 other funds held in trust or at its disposal. Values referred to in this policy do not include GST unless otherwise noted.

The Finance Administrator 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.

1. Definitions

- 1.1 "Agreement" means the mutual understanding of the Town and at least one other party. Understanding is usually conveyed through a contract or purchase order.
- 1.2 "Award" means authorization to proceed with the purchase of goods and services from a chosen supplier.
- 1.3 "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.
- 1.4 "Bid" means an offer or submission from a supplier in response to a bid solicitation. Also to provide a service under stated terms and conditions.

- 1.5 "Budget" means a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by Town Council.
- 1.6 "Cheque Requisition" means a form requesting a cheque be prepared for payment of a Town expense.
- 1.7 "Contract" means an agreement between two or more parties, written or verbal, comprising of an offer, acceptance, and consideration.
- 1.8 "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.
- 1.9 "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.
- 1.10 "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.
- 1.11 "Local Supplier" includes any business holding a valid Town of Manning business license.
- 1.12 "Purchase Requisition" means the Town's pre-printed document used internally to transmit the needs of a requesting department to purchasing in writing. It provides a record of the request indicates where costs are to be allocated and approves the commitment of funds by allowing for signatures of authorized personnel. The requisition serves as a reference for generating the purchase order or the formal contract.
- 1.13 "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.
- 1.14 "Supplier" means a source that is capable or potentially capable of furnishing property or providing a service. A supplier shall be deemed to include a consultant, a contractor, a person, a professional trade or a vendor.

2. Responsibility and Authority

2.1 All municipal employees should be responsible for:

- Maintaining high legal, ethical, managerial, and professional standards in the management of the resources entrusted to them.
- Obtaining the Best Value for money by achieving fulfillment of specified needs of quality, health and safety standards, productivity and service life.
- Using a fair and transparent process when calling for, receiving, and evaluating quotations and proposals.
- Meeting the legal and ethical obligations in the acquisition of goods and services by purchase or lease.
- Considering the environment in all purchasing decisions and selecting environmentally beneficial goods and services where practical.

- Securing expense authorization prior to any purchase, except emergency purchases. All documentation should be retained for review and auditing.
- Using purchasing contracts when the Town gains an advantage.
- Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
- Obtaining appropriate authorization for all purchasing contracts.
- Obtaining legal assistance or advice if necessary for any non-standard clauses in a purchasing contract

2.2 Finance Administrator is responsible for:

- Ensuring all purchases is performed in accordance with this policy.
- Delegating expense authorization in writing to the appropriate levels.
- Ensuring that corporate standards are adhered to for purchases.

2.3 Financial Assistant is responsible for:

- Entering into purchasing contracts on behalf of the Town.
- Coordinating administration and the continuous review of the department's use of goods and/or services to ensure the Town is receiving the best quality, quantity, service, etc.
- Providing training and documentation to employees on the proper process of purchasing.
- Coordinating purchasing record keeping and retention of records for a period of seven years for auditing purposes or as per government regulations.
- Communication regarding all developments in the field of purchasing all government agencies, trade associations, and private businesses.

3. Purchasing Authorization

3.1 Purchase Authorization Limits:

To allow for the efficient operational needs of Town departments signing authority levels per transaction have been delegated to various program areas as follows:

\$0 to \$1,000	Employees shall use Purchase Order Books.
\$1,001 to \$10,000	Financial Assistant shall review and authorize and purchase approved in the Budget with a total value \$10,000 and under.
\$10,001 to \$100,000	Finance Administrator shall review and authorize any purchase approved in the Budget with a total value greater than \$10,000 and less than \$100,000.
\$100,001 or greater	Chief Administrative Officer shall review and authorize any purchase approved in the Budget over \$100,000.

3.2 Non-Budgeted Purchases:

Town Council shall review and authorize any purchase not approved in the Budget that has the potential to affect the direction or financial results (\$10,000 or greater) of the Town.

3.3 Emergency Purchases:

In emergency situations it is up to the judgement 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 Finance Administrator as soon as is reasonably possible.

3.4 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 the Financial Assistant for approval.

4. Procurement Procedures

4.1 Local Purchase Orders Less Than \$1,000

- Purchase for goods or services not exceeding \$1,000.00 in value may be made using a local purchase order.
- Local Purchase Order Books shall be controlled and authorized by the Financial Assistant.
- Only Town employees are allowed to use Local Purchase Orders if authorized by the Chief Administrative Officer.

4.2 Purchase Orders Less Than \$5,000

- Purchase for goods or services not exceeding \$5,000.00 in value may be made using a properly authorized purchase order.
- The procedure used to purchase goods or services shall demonstrate that fair market value was achieved.
- The Finance Administrator may directly select a supplier to provide goods and services without obtaining quotes where the total cost of the goods or services does not exceed \$5,000.00.

4.3 Purchases by Credit Card

- The granting of a credit card from a Banking Institution must be authorized by Town Council.
- The credit card will be used for general purchases such as travel reservations, accommodations, registration fees and purchases made from out of province.
- The credit card limit shall not exceed \$25,000.00.
- A requisition will be completed by the Financial Assistant when a purchase is to be made using the Town's credit card.
- The credit card balance will be reconciled and payment made on a monthly basis by the Financial Assistant.
- The credit card will not be used for personal expenditures.

4.4 Purchases Not Exceeding \$100,000

- Purchases exceeding \$5,000.00 shall include a minimum of three written quotes where practical and advantageous to the Town.
- A written Request for Quotation or Request for Proposal may be used. If this is the case, the Chief Administrative Officer will be notified prior to soliciting bids, which process is to be followed.
- The Request for Quotation is a bid solicitation where written quotes are obtained from suppliers without formal advertising or receipt of sealed bids.

- The Finance Administrator may award contracts from a Request for Quotation not exceeding \$100,000.00 provided that there are sufficient funds in the appropriate account of the council approved budget.

4.5 Purchases Exceeding \$100,000

- An advertised and written Request for Quotation, Request for proposal or Invitation to tender must be used.
- Advertisements must include a local newspaper and an online Bid solicitation service such as TILMA or the Alberta Purchasing Connection where practical and advantageous to the Town.
- A comprehensive assessment of the proposals or quotations will be undertaken.
- A Contract of Agreement is required with the successful bidder.

5. Sole Source

Town employees must obtain written approval of the Sole Source acquisition by the Chief Administrative Officer for exceptions to the requirement for quotations and proposals within this policy. The Town identifies such instances as:

- Where the compatibility of a purchase with existing equipment, facilities or services is a paramount consideration and the purchase must be made from a single source.
- Where an item is purchased for testing or trial use.
- 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.
- Where the only supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government.
- Where the acquisition is of a highly specialized nature and/or is available from only one supplier.

6. Procurement Preferences

Purchasing from Local Businesses is preferred where goods and services of an acceptable, equivalent quality are readily available at competitive prices. Preferences will be given to goods made in Canada. Sustainable criteria to be examined when purchasing products and services include:

- Water and/or energy consumption reduction practises;
- Chemical composition: water, air, and soil pollution prevention;
- Percentage of post-consumer/post-industrial recycled, or rapidly renewable material;
- Distance required to travel from supplier/manufacturer; and
- End of life recyclability.

7. Prohibitions

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

- 7.1 The division of purchases to avoid the requirements of this policy by any method, including corporate credit cards.
- 7.2 Purchase by any employee or member of Council of any goods and services for personal use.
- 7.3 An employee shall not accept a gift, favour 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.

7.4 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.

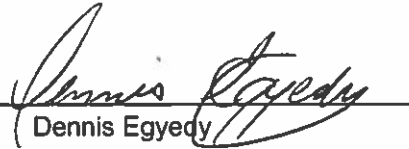
8. Attachments

Schedule 1 – Cheque Requisition

Approved by Council Resolution # 15-12073

Date: February 10, 2015

Chief Administrative Officer:


Dennis Egyedy