

THE CORPORATION OF THE TOWNSHIP OF PELEE

PROCUREMENT OF GOODS POLICY

SECTION: Procurements of Goods and Services
SUBJECT: Procurement of Goods Policy
DATE: January 1st, 2010 **Amended March 10, 2016**

POLICY: It is the policy of the Township of Pelee to establish procedures for the procurement of Goods and Services.

PURPOSE: To provide a Corporate wide policy for the procedures and controls in the acquisition of Goods and Services, that applies to all departments, boards and committees.

SCOPE: Corporate wide policy.

PRINCIPLES:

- a. To ensure fairness among bidders.
- b. To ensure all goods and services are purchased on a competitive basis at lowest cost consistent with the quality required and availability.
- c. To provide a level of service that meets the time frame requirements for each department.
- d. To ensure openness, accountability and transparency while protecting the financial best interest of the Township of Pelee.
- e. To monitor all purchases within current control resources and to maximize savings to the taxpayers.
- f. Policy will be applicable to all departments of the Corporation of the Township of Pelee and where their operational and reporting structure permits, boards and service responsible to the Corporation.

1. OBJECTIVES:

To provide policy and procedure for methods of acquisition:

- a. Request for proposals
- b. Request for tenders exceeding \$25,000.00
- c. Request for quotations not exceeding \$25,000.00

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- d. Request for quotations not exceeding \$10,000.00 (Department Manager)
- e. Written price quotations
- f. Purchases not exceeding \$1,000.00
- g. Purchases not exceeding \$500.00
- h. Petty Cash purchases
- i. Vendor Selection
- j. Bulk purchasing
- k. Purchase Orders
- l. Blanket Purchase Orders
- m. Approved vendors
- n. Single Source Items
- o. Emergency Purchases
- p. Purchase Control

RESPONSIBILITIES:

2. CAO/CLERK/TRESURER

The CAO/Clerk/Treasurer has the overall responsibility for administering and maintaining the purchasing policy. Municipal council will have the responsibility by bylaw to establish, review, amend, and enact the purchasing policy.

3. DEPARTMENT ADMINISTRATION

Finance and Administration will be responsible for implementing and maintaining the proper accounting controls.

All other Department Managers shall, where authorization has been delegated to purchase, be responsible for ensuring that the principles and objectives of this policy are adhered to and be responsible for procurement activity and decisions within their Department.

4. BOARD AND COMMITTEE ADMINISTRATION

Boards and Committees must follow the same procurement and purchasing requirements as the rest of the departments within the municipality, including all tender, quote and purchase order requirements, namely Section 6.1.5. All procurement and purchasing initiated by any board and committee is still subject to pre-approval by the CAO or Treasurer through the purchase order process.

4.1 Board and Committee Authorization

Boards and Committees must appoint two authorized representatives responsible for the purchasing process, these members have the sole ability to file purchase orders, correspond with vendors and initiate any quote or tender process as supported by the CAO or Treasurer.

5. POLICY AND PROCEDURES:

The following policies and procedures shall apply to the procurement of all goods and services for the corporation.

6.1 METHOD OF PROCUREMENT:

6.1.1 Request for proposals

A request for proposal shall be used where one or more of the criteria for issuing a request for tender cannot be met such as:

- a. Owing to the nature of the requirement, suppliers are invited to propose a solution to a problem, requirement or objective and the selection of the supplier is based on the effectiveness of the proposed solution rather than on price alone; or
- b. It is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement.
- c. Where the contract price is anticipated to be \$100,000.00 or greater and the request for proposal method of procurement is utilized

6.1.2. Request for Tender exceeding \$25,000.00 (Council's approval)

All formal tenders as described below will be subject to a tender policy as established by Municipal Bylaw and practice.

A request for tender shall be used for purchases exceeding \$25,000.00
Tender documents are to be prepared, advertised, analyzed and evaluated by the originating department and a recommendation prepared for Council consideration.

If a consultant is engaged to issue a tender on behalf of the corporation, the CAO/Clerk/Treasurer and the appropriate department manager will ensure that the documentation and recommendation is prepared for Council consideration.

Initial opening of the documents for the above noted preparation and evaluation will be conducted by the Department Manager, CAO/Clerk/Treasurer and the appropriate Committee Chair or designate. All tendering review will be open to the parties submitting the tender.

6.1.3. Request for Quotation not exceeding \$25,000.00

Where the estimated value of an acquisition is between \$10,000.00 and \$25,000.00 a formal request for quotations (R.F.Q.) will be required. The formal request will follow a similar procedure as noted in 1.a.b.c.

Request for quotations will require a minimum of three sources as determined by the department manager.

Quotations will be analyzed, evaluated and reviewed by the originating department, reviewed by the appropriate standing committee, with a recommendation to be forwarded to Council for approval.

The CAO/Clerk/Treasurer may waive where the requirement of the originating department is such that time does not permit the use of a formal R.F.Q. This requirement if in his discretion it is in the best financial interest of the corporation. Support documentation will be required to support any discretionary exercise within the R.F. Q. provisions.

6.1.4. Request for Quotations (Department Managers) not exceeding \$10,000.00

Where the price of an acquisition is between \$1,000.00 and \$10,000.00 three written quotations will be required. Any deviation from the number of quotations required will be subject to documented rationale and approval from the CAO/Clerk/Treasurer.

Where time requirements and cost effectiveness require a faster response, written price quotations may be waived by the Department Manager if prices can be confirmed by telephone and properly documented.

All copies of the written quotation will be received by the Administration department for documentation except where authorized by the CAO/Clerk/Treasurer.

The appropriate Committee Chairperson or in their absence other committee member designate will also be notified of any potential purchase.

6.1.5. Purchases not exceeding \$1,000.00

Where the price of an acquisition is between \$500.00 and \$1,000.00 properly documented or noted telephone quotations will be required from three different sources. Any deviation from the number of quotations required will be subject to documented rationale and approval from the CAO/Clerk/Treasurer.

Subsequent to processing all written quotations will be received by the Administration department for documentation except where authorized by the CAO/Clerk/Treasurer.

6.1.6 Purchases not exceeding \$500.00

Where the value of the acquisition is less than \$500.00 competitive quotations need not be recorded, however for Boards and Committees, these expenses should be outlined in their annual budget, prior to initiating any purchases.

6.1.7 Petty Cash Purchases not exceeding \$200.00

Cash purchases (petty cash) may be used by approved departments in accordance with established procedures and where the value is less than \$200.00.

They are not to be grouped to achieve larger purchases, and petty cash is not available to for use by Boards and Committees.

6.2 Vendor Selection

Notwithstanding section 5 and adhering to principle 2.2 the Township of Pelee reserves the right to deviate from the established policy if in the opinion of the Township of Pelee it is in the best financial interests of the municipality.

The municipality is therefore under no obligation to accept the lowest cost or any of the amounts as submitted and can request further submissions conforming to the provisions of section 5.

6.3 Bulk Purchasing

In the event of the municipality utilizing bulk purchasing the Township of Pelee reserves the right to deviate from the local purchasing policies of section 5 providing it is consistent with principle 2.2.

6.4 Exemptions

The purchase of goods and services listed in Schedule “A” to this bylaw may be made provided that sufficient funds are available and identified in Council’s approved budget. The purchase of goods and services in Schedule “A” may be made without following the procedures set out.

6.5 Irregularities

The process for administering irregularities contained in bids shall be set out in Schedule “B”

7.0 Procedures for procurement

7.1 Purchase Orders

The following procedures shall be observed for all the procurement of all materials and services.

- i) Purchase order forms will be used exclusively by all departments, local boards, and committees, for the purchase of supplies and services, equipment, replacement articles, repairs, etc.
The purchase order form (Schedule C) has the following four parts for use:

Copy 1 (white) to be forwarded to the supplier

Copy 2 (yellow) to be forwarded to the main office accounting dept.

Copy 3 (pink) to be retained by the originating department

- ii) Purchase orders will be issued by the staff of each department and should include actual prices or close estimates.
All purchase orders should be totalled and coded to correct general ledger accounts and include the correct vendor number.
- iii) The department manager/authorized board or committee member of his/her designate shall sign purchase orders.
- iv) Originator's copy will be removed and retained. The accounting copy will be forwarded immediately to the municipal office. The supplier's copy will be mailed or delivered to the supplier by the originating office. The originating office for inclusion with the approved invoice will retain receiving copies.
- v) Purchase orders are to indicate correct delivery designation of the supplies or equipment.
- vi) Materials received will be verified by checking off the items against the Receiver's copy #3. If the shipment is incomplete, this copy will be signed and returned to the Municipal Office with the invoice. Indicate "All material received" on the copy. The municipal office will attach the invoice and receiving slip to their Copy #2 process the invoice for payment.

7.2 Blanket Purchase Orders

Blanket Purchase Orders, to a limited number of local suppliers, may be issued if such a purchase order is desirable. Any such purchase order issued shall be limited as to the time and value per order.

Time: Not to exceed a period of 12 months.

Value: Not to exceed a specific amount of \$1,000.00 per order.

- i) Department Managers approval must be obtained for items over \$100.00 on blanket purchase orders.
- ii) Invoices for materials and supplies purchased under blanket purchase orders must be signed, coded to proper expense account or a notation made on the invoice as to what the material was used for, and delivered to the Department Manager.

7.3 Approved Vendors

Finance and Administration will in cooperation with the user departments compile a list of approved vendors from which no quotes will be required. Such vendors are such that they supply a specific contracted service, or product.

7.4 Single Source Items

When the Department Manager has selected a vendor as the single source of an item the acquisition may be made by a regular purchase order. Items exceeding \$10,000.00 will require the approval of Council.

7.5 Emergency Purchases

Where an emergency exists requiring the immediate procurement of goods, services and construction, the CAO/Clerk/Treasurer may authorize the purchase required by the most expedient and economical means.

During working hours the CAO/Clerk/Treasurer or designate shall be contacted to approve the applicable purchase.

After working hours the Department Manager may arrange to make the applicable purchase and provide the relevant documentation and rationale in a timely manner to Finance and Administration for review of the CAO/Clerk/Treasurer or designate

8.0 Purchase Control

The Finance and Administration Department will maintain a system of controls and provide guidance and review of all purchasing policy activities. These controls shall ensure that:

- The proper methods and procedures for procurement are used.
- The purchases are made from approved vendors where applicable.
- The procedures applicable to blanket purchase orders and emergency purchases are being allowed to by all departments.
- All accounting copies (yellow) of the applicable purchase order are to be forwarded to Finance and Administration.
- All deviations will be monitored and brought to the attention of the department manager with a copy of the CAO/Clerk/Treasurer.

9.0 Addendum

Schedules "A", "B" and "C" attached hereto shall form part of the Bylaw.

SCHEDULE "A"
To Bylaw No. 2010-6

The purchasing methods described in this bylaw do not apply to the following goods and services:

1. Training and Education
 - a) Registration and tuition fees for conferences, conventions, courses and seminars
 - b) Magazines, books and periodical unless the purchase of such magazines, books and periodicals are subject to value-added services
 - c) Memberships
2. Refundable employee/councillor expenses
 - a) Advances
 - b) Meal allowances
 - c) Travel and entertainment
 - d) Miscellaneous-non travel
3. Employer's general expenses
 - a) Payroll deductions remittances
 - b) Medical
 - c) Licenses, (vehicles, etc)
 - d) Debenture payments, grants, tax remittances, petty cash
 - e) Damage claims
4. Professional Services
 - a) Legal fees and other professional services related to litigation or legal matters
 - b) Utilities
 - c) Advertising services required by the Township on or in but not limited to radio, television, newspaper and magazines

SCHEDULE "B"

To Bylaw No. 2010-6

Irregularity	Response
Late Bids	Automatic rejection and not opened or read publicly.
Unsealed Envelope	Automatic rejection
Insufficient financial security (no bid security or agreement to Bond	Automatic rejection
All required sections of bid documents not completed	Automatic rejection, unless, in the consensual opinion of the agent, the Department Manager in charge and the CAO/Clerk/Treasurer, the incomplete nature is trivial or insignificant
Bids received on documents other than those provided or specified by the Township	Automatic rejection
Bids containing minor obvious clerical errors	48 hours to correct and initial errors
Failure to execute agreement to Bond(surety's consent) or bonding company corporate seal or signature missing from agreement to bond	Automatic rejection
Failure to execute bid bond by Bidder and bonding company	Automatic rejection
a) Corporate seal of the Bidder and bonding company missing	48 hours to correct
Documents-execution	48 hours to rectify situation
a) Corporate seal or signature missing; signatory's authority to bind the corporation or signature missing	

