

# Procurement Policy ~~& Spending Authority~~



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## 1. PURPOSE

The ~~Municipality District~~ of North Cowichan (the "~~Municipality District~~") is committed to maintaining a high standard of professionalism and integrity in the management of public resources entrusted to it. In pursuit of this commitment, and in order to promote effective, economic, efficient and responsible acquisition of goods and services, the ~~Municipality District~~ has established this policy which ~~ensures purchasing decisions are made in a consistent manner using best practices. The policy helps achieve the best overall value for taxpayer dollars and promotes fair, open and transparent and non-discriminatory purchase practices, will enable staff to maintain a customer service focus while meeting the needs and protecting the interests of the Municipality and the public. The authority to procure goods and services is directed by the Municipality's Delegation of Authority Bylaw.~~

~~Department Directors and Managers are responsible for ensuring that procurements made within their respective departments conform to this Policy. The Director of Financial Services has~~

~~ultimate responsibility for Municipal procurement and will employ appropriate accountability measures to ensure that all procurement conforms to this policy.~~

While not intended to address every possible rule, regulation, or purchasing activity, this policy is intended to promote a consistent understanding of the authority, roles and responsibilities of those with delegated purchasing authority in most situations.

~~The procurement policy reference guide and procedure manual provides further direction for Municipal staff when contracting for goods, services and equipment.~~

## 2. SCOPE

~~This policy governs the acquisition of goods and services, by purchase or by lease, using Municipal funds from all sources, including operating, capital or other funds. Interpretation and administration of this policy is the responsibility of the Director of Financial Services who will establish all procedures and controls necessary to comply with all relevant statutory and legal obligations applies to all District staff and any third party consultants hired by the District, that are involved in the procurement of goods and services for use by the District.~~

~~This policy governs the acquisition of goods and services, by purchase or by lease, using District funds from all sources, including operating, capital or other funds except for: In accordance with this policy, the Department Director, or designate, must oversee the procurement of goods and services in their respective departments. The Director of Financial Services will ensure that all acquisitions are made according to this policy, sound business practices, and will employ appropriate accountability measures, thereby making procurement decisions defensible.~~

- ~~• Land and real property acquisitions;~~
- ~~• Utilities;~~
- ~~• Borrowing and investing of funds;~~
- ~~• Policing services;~~
- ~~• Memberships in professional associations;~~
- ~~• Payroll deductions.~~

## 3. PROCUREMENT PRINCIPLES

1. **Efficient** - after consideration of needs, alternatives, timing and availability of funds, acquire the necessary quality and quantity of goods and services in an efficient and cost-effective manner.
2. **Ethical** - act in a manner which provides potential suppliers equal opportunity to participate in the business of the ~~Municipality-District~~ and to ensure open and transparent procedures that withstand public scrutiny at all times. The ~~Municipality District~~ will implement appropriate procedures to avoid any perception of conflict of interests.
3. **Accountable** - ensure that the ~~Municipality-District~~ maintains its reputation as a preferred customer by documentation of approvals, retention of all documents for audit purposes and completing timely accurate transactions within all aspects of the

purchasing and contracting processes. ~~The Municipality will publicly post the outcome of any publicly posted supply request within 10 days of contract signing and/or issue of purchase order.~~

4. **Impartial** - the process of open competitive bidding on the acquisition and disposal of goods and services will be fair, transparent and non-discriminatory.
5. **Economical** - consider the total cost of ownership as defined by the ~~Municipality~~District in all contracts for goods and services.
6. **Co-operative** - participate with other governmental entities in co-operative purchasing programs and Province of BC Corporate Supply Agreements where the best long-term interests of the ~~Municipality~~District will be served
7. **Lawful** - comply with all applicable laws, municipal policies, domestic and international trade agreements.

8. **Social** - use procurement practices to promote social and economic development.

~~8.9.~~ **Environmental** – consider the environment and green house gas emissions in all purchasing decisions using approved environmental policies and the Climate Action and Energy Plan as guides.

#### 4. PURCHASING THRESHOLDS

1. A purchase order is required for all purchases, except as ~~describe in section~~otherwise stated in of this policy.
- ~~2. Department Directors are responsible for procurements within their Department's approved annual budget.~~
2. **Purchases ≥ \$500,000:** purchases greater than this value require approval by Council as per the Municipality's *Delegation of Authority Bylaw*.
3. Potential suppliers will be given fair opportunity to supply goods and services to the District by conducting competitive processes in accordance with the following thresholds:

<u>Value of Procurement</u>	<u>Competitive Process</u>
<u>0-\$19,999</u>	<u>Direct Award</u>
<u>\$20,000 - \$39,999</u>	<u>Informal Quotation (2-3 verbal)</u>
<u>\$40,000 - \$74,999</u>	<u>Informal Quotation (2-3 written)</u>
<u>\$40,000 - \$199,999 for Construction</u>	<u>Informal Quotation (2-3 written)</u>
<u>\$75,000 + for goods and services</u>	<u>Public Competition</u>
<u>\$200,000 + for Construction</u>	<u>Public Competition</u>

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#### 4.1. Summary

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Purchasing Card or Quick Quote (ITQ)	Quick Quote (ITQ) Price Only invited bids	Public formal ITT [best price] or RFP [best value] or NOI (sole source)	TA <sup>1</sup> -Compliant RFP, RFEI, RFPQ, NOI or ITT	Construction TA-Compliant Tender or RFP
≤\$10,000	≤\$25,000	≤\$75,000	≥\$75,000	≥\$200,000

## 5. TECHNOLOGY AND COMMUNICATIONS – APPROVAL REQUIRED

To ensure compatibility with existing equipment and support capabilities, all purchases that include a technology component must be authorized in advance by the Information Management/Information Technology Services Department. Technology components include, but are not limited to, software, desktop or server computers, peripherals, telecommunication devices, networking devices, display devices (projectors and televisions) as well as related services (including cloud-based services), support and maintenance.

## 6. EXCEPTIONS TO THE POLICY:

1. Where goods, services or construction are urgently required and delay would be injurious to life and/or property, the Director of Financial Services or their designate will authorize any and all actions to be taken and these will be considered as an exception to this policy.
  - i. At the conclusion of the Emergency conditions, the Director of Financial Services will report back to the CAO with the cost implications and summary of actions taken to mitigate the event.

## 7. SOLE SOURCE/SINGLE SOURCE SUPPLY

The Municipality/District may contract with a sole or single source, as defined below, in one or more of the following instances:

1. Low value purchases made by purchase card;
2. When a process (RFx) an ITQ, RFP, or ITT has been publicly issued and either none or only one acceptable response is received;
3. When a Notice of Intent (NOI) has been publicly posted and no reasonable objection has been received in accordance with the terms of the NOI;

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<sup>1</sup> TA means Trade Agreement: New West Partnership Trade Agreement and/or Canadian Free Trade Agreement

4. When utilizing a co-op group contract or Province of BC Corporate Supply Agreement;
5. Upon written approval of the Director of Financial Services or designate after submission of the [Direct Award and Sole Sourcing Form](#).

## 8. SPECIAL CATEGORY EXPENDITURES

Subject to compliance with applicable Municipal bylaws, policies and procedures (including properly budgeted funds), the following expenditures are exempt from sole sourcing procedures outlined in this policy, and purchase orders are not required:

1. Petty Cash (Reimbursement Form)
2. ~~Municipality-District~~ issued purchase card used in conformance to ~~the Municipal District's Purchase Card Policy-Program Administrative Procedure~~.
3. Training and Education (~~Cheque Requisition~~*Request for Payment*)
  - i. course payments/reimbursements
  - ii. conventions and conferences
  - iii. membership fees or dues
  - iv. periodicals, magazines, subscriptions
  - v. ~~staff~~ training, development, workshops (instructional services, not supplies)
4. Refundable Employee Expenses (*Request for Payment*)
  - i. travel expenses – meals, parking, hotel, airlines
  - ii. business meeting expenses
  - iii. personal vehicle allowance
5. Utilities
  - i. postage
  - ii. charges to other government bodies (water and sewer user rates, tipping fees)
  - iii. publicly regulated utilities
  - iv. telecommunications charges
  - v. courier service charges
6. General Expenses
  - i. RCMP contract payments
  - ii. payroll and benefit remittances
  - iii. ~~employee benefit plans~~
  - iv. operating grants and approved council grants
  - v. tax remittances
  - vi. insurance
  - vii. banking
  - viii. land purchases
  - ix. software licencing fees and support fees
  - ix. equipment maintenance contracts

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- x. lease payments
  - xi. land title and survey authority charges
  - xii. legal expenses and claim settlements
7. Special Category – Purchase Order Required:
- i. Externally Managed Projects – requires approval by the CAO to delegate purchasing authority to a construction management or general contracting firm for construction.
  - ii. Where the ~~municipality-District~~ has established a standard for goods, equipment or IT services and software.
  - iii. Goods or equipment acquired through public auctions.

## **9. MONITORING AND REVIEW**

- ~~1. The Director of Financial Services or delegate will monitor and review the application of the Municipality's procurement policy for sourcing and entering into contracts.~~

## **10.9. SURPLUS ASSET DISPOSAL**

1. If any goods or equipment owned by the ~~Municipality-District~~ are declared by any department to be surplus, the Director of Financial Services will authorize the disposal of the goods or materials in conformance with the ~~Municipality-District's~~ Surplus Assets Policy (Nov 2, 2005).

## **11.10. CO-OPERATIVE PURCHASING GROUPS**

1. The ~~Municipality-District~~ may participate with other government entities where the long-term interests of the ~~Municipality-District~~ are best served.
2. Participation with other government entities does not override the need to comply with the ~~Municipal-District~~ procurement policy including applicable trade agreements.

## **12.11. SUPPLIER PERFORMANCE**

1. The ~~Municipality-District~~ reserves the right to measure supplier performance for the supply of goods or services against performance goals in a contract.
2. The ~~Municipality-District~~ may use a supplier's record of performance when evaluating the potential for future work with the ~~Municipality-District~~.

## **13. SUPPLIER DISPUTE RESOLUTION**

- ~~1. The supplier dispute resolution process will be referenced in any publicly posted request to supply.~~
- ~~2. The Municipality will conduct an administrative review of any supplier dispute.~~
- ~~3. The Director of Financial Services or their designate will be responsible for the dispute resolution process.~~

- ~~4. The aggrieved party must provide details of the complaint, to the best of their understanding, in writing, signed by an authorized representative of that party, within 30 days of the event that led to the complaint.~~
- ~~5. Despite any other action that may be initiated, the decision of the Director of Financial Services is final.~~

#### **14.12. SUPPLIER PREQUALIFICATION**

1. The ~~Municipality~~District may choose to prequalify service providers where there is a probability of services being required on an ongoing and when required basis or as part of a multi-stage procurement process.
- ~~2. A supplier not currently on a prequalification list may submit their qualifications once a year for consideration.~~
- ~~3.2.~~ The ~~Municipality~~District may remove a supplier from the prequalification list where performance is not satisfactory or does not comply with the contracted terms and conditions.

#### **15.13. LONG-TERM RELATIONSHIPS**

The following services favour the ~~Municipality~~District where there are long-term relationships. However, all of the following services will be put out for competitive proposals every five years, subject to the services meeting expectations:

1. legal services
2. insurance
3. banking
4. audit
5. engineering services
6. Paving

#### **16.14. ETHICAL CONDUCT AND PROFESSIONALISM**

A ~~District~~Municipal employee or authorized purchasing agent must not engage in any activity that may create, or appear to create, a conflict of interest. Such activities may include: accepting gifts or favours; providing preferential treatment; or publicly endorsing suppliers or products from suppliers doing business with, or soliciting business from, the ~~Municipality~~District.

No ~~Municipal~~District employee, ~~officer, elected official or agent for the District~~ may use the ~~Municipality~~District's identity or resources (e.g. corporate discounts) in the acquisition of goods or services for personal use or gain, unless specifically authorized by this or any other ~~Municipal~~District policy or employee purchasing program (e.g. municipal clothing program).

## APPENDIX A

### 17.15. PROCUREMENT AUTHORITY THRESHOLDS

The authority to procure goods and services are directed by the District's Delegation of Authority Bylaw. Any single expenditure over \$500,000 requires Council Approval. Spending Limits Delegated to Municipal Employees where funds have been allocated and approved by Council in setting the Financial Plan. Any single expenditure over \$500,000 will require Council Approval.

Position	Purchasing Limit
Chief Administrative Officer	\$500,000.00
Director	\$200,000.00
Deputy Director	\$75,000.00
Managers in Engineering and Operations Dept.	\$75,000.00
Assistant Manager in Engineering and Operations Dept.	\$75,000.00
Information Services Manager	\$75,000.00
Municipal Forester	\$75,000.00
Manager (all other Depts.)	\$10,000.00
Foreperson	\$10,000.00
Fire Chief	\$10,000.00
Deputy Fire Chief	\$10,000.00
Assistant Manager (all other Depts.)	\$5,000.00

## APPENDIX B

### 16. ROLES AND RESPONSIBILITIES

Mayor & Council	<ul style="list-style-type: none"> <li>Sets the principles, authorizations and approval limits for how the District conducts its procurement.</li> <li>Sets the annual District Budget, which all capital and operating procurements must be within</li> </ul>
Director of Finance	<ul style="list-style-type: none"> <li>Sets the procurement procedures to be followed for all procurement, in accordance with the policy set by Council.</li> <li>May authorize certain purchases outside of the normal process, but only where provided for in the Procurement Policy (e.g. approval for emergency purchases.)</li> </ul>

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<u>Directors and Managers</u>	<ul style="list-style-type: none"> <li>• <u>Responsible for adherence to the Procurement Policy and procedures.</u></li> <li>• <u>Responsible for managing and administering contracts following execution of the contractor or issuance of the PO.</u></li> </ul>
<u>All Employees</u>	<ul style="list-style-type: none"> <li>• <u>Responsible for compliance with the Procurement Policy and procedures. Employees should seek direction from their Supervisor/Manager if unsure.</u></li> </ul>

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## 18.17. DEFINITIONS

*Best value* - To establish the best value of goods/services/construction/facilities offered, bids may be evaluated not only on purchase price and total cost of ownership, but also on environmental and/or social considerations, delivery, servicing, and the capacity of the bidder to meet other criteria, all stated in the bid/proposal documents.

*Bid bond* - A financial guarantee that protects the ~~Municipality~~District against loss if the bidder withdraws its bid or does not, within a specified time required, enter into a formal contract.

*BC Bid* – the British Columbia government electronic sourcing mechanism in which procurement opportunities for goods and services are listed and in accordance, as may be required, with the New West Partnership Trade Agreement and other legislated requirements.

*"Bonfire"* – The District's electronic bidding system and online procurement portal.  
<https://northcowichan.bonfirehub.ca/>

*Competitive bid* - A competitive solicitation process such as an Invitation to Tender (ITT); or Request for Proposals (RFP); or Request for Quotation (RFQ), or Negotiated Request for Proposal (NRFP); or Request for Supplier Qualifications (RFSQ). in competition with other suppliers.

*Confidentiality* - Subject to the British Columbia *Freedom of Information and Protection of Privacy Act* and the Canada Free Trade Agreement, the ~~MUNICIPALITY~~DISTRICT considers the information it receives from suppliers or other external parties, including responses to requests for supply, to be confidential information and will exercise reasonable care to protect the confidentiality of that information.

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*Conflict of Interest* - Where an employee of the ~~Municipality~~District has financial or other interest in goods or services which the ~~Municipality~~District desires to acquire or dispose of, the employee is disqualified from approving the transaction or being an evaluator on any proposals notwithstanding their written authority governed by applicable bylaws.

*Contract* - An agreement in writing or a verbal commitment between the ~~Municipality~~District and one or more parties which create obligations that are enforceable or otherwise recognizable at law.

*Consultant* – a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

*Debriefing* - After a competitive process has been concluded and a contract awarded to the successful proponent, unsuccessful proponents may contact the ~~Municipality~~District to gain an understanding of where their proposal might be improved for future bid opportunities.

*Designate* - A Municipal employee who is authorized, in writing, by the applicable responsible authority to temporarily make procurement decisions on behalf of another.

*Direct award* - A supplier is invited by a purchasing organization to negotiate and/or sign a contract for goods or services, without going through a competitive process. A direct award can be sole source (there is only one) or single source (there is more than one, but a competition is not required).

*Emergency Purchase* – A purchase made due to an unexpected and urgent request which may affect the health, safety, environment, life and or property, or the welfare of the public; or cause delays, liabilities or damages to the ~~Municipality~~District.

*Engineering Services* – professional services offered for the undertaking of projects including but not limited to feasibility studies, planning studies, computer modelling, design, pre-design, detailed design, tendering, construction inspection or construction administration, project management. The services procured may include a variety of disciplines that might make up a project team including but not limited to civil engineering, mechanical engineering, chemical engineering, geotechnical engineering, electrical engineering, controls engineering, process engineering, architectural services, environmental services, archeological services, planning services, land development services, landscape architecture services, communications services, First Nations consultation services.

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*Informal Quotation* - A verbal or written commitment by a supplier to provide goods or services for a specified price.

*Invitation to Quote (ITQ)* - ~~An ITQ is~~ a price-based competitive solicitation process used for lower-value contracts where there is a clear set of specifications and the ~~Municipality~~District wants to find the lowest price.

*Invitation to Tender (ITT)* – ~~An ITT is~~ a price-based competitive solicitation process used for higher-value contracts where there is a clear set of specifications and the ~~Municipality~~District wants to find the lowest price.

*Notice of Intent (to contract) (NOI)* - A public notice to potential suppliers of the intent by the Municipality/District to make a direct award or negotiate a contract with a chosen supplier, without a competitive process.

*Performance Bond* - A financial guarantee, provided by a bonding company, that the contractor will perform as set out on the contract award or the Municipality/District has the right to invoke the bond.

*Purchase Order (PO)* - A (PO) is the Municipality/District's written offer to a supplier stating all terms and conditions of a proposed transaction for goods or services. Alternatively, the PO can be used to confirm the terms of an agreement which have already been negotiated, including verbal orders.

*Proponent* – the term to describe vendors submitting proposals in response to a competitive request to supply.

*Purchasing Card (P-card)* - A P-card is the corporate purchasing card issued to departments and or staff for purchases as per the terms and conditions of the P-card policy.

*Request for Expression of Interest (RFEI)* – A non-binding process used to find suppliers who are interested in providing the goods and services for a project or contract.

*Request for Information (RFI)* – A non-binding process used by the Municipality/District to gather information from the marketplace during the planning stage of procurement. This process may request ballpark pricing for budgeting purposes, availability of suppliers to meet anticipated timelines, or other information that will help the Municipality/District plan the solicitation process.

*Request for Proposals (RFP)* – A binding solicitation process used to seek both competition and innovative solutions from proponents.

*Request for ~~Pre-qualification~~ Supplier Qualifications (RFPQ)* - A non-binding process in which suppliers may put forth their qualifications to be considered to perform services or supply goods on an as and when required basis. A RFPQ may also be used as the first stage of a two part procurement process.

*Single Source* - A contract directly awarded to a supplier, without a competitive process, where other potential suppliers may be available. However, due to defensible conditions, a competitive bid process was waived.

*Sole source* - A contract directly awarded to or negotiated with a sole supplier, without a competitive process. With a sole source, it has been demonstrated that there is only one capable and available supplier.

*Solicitation* – The act of obtaining bids, quotes, offers, or proposals.

*Standard* - Where the Municipality/District adopts a single standard or brand for equipment, goods, hardware or software to ensure compatibility, safety, and / or quality to ensure the Municipality/District can be fiscally responsible. Any standard or

standards-related measure that the MunicipalityDistrict adopts or maintains will not be more trade restrictive than necessary to achieve its legitimate objectives.

*Subcontractor* - A person or organization that enters into a contract with a contractor to perform work or deliver goods, as part of the contractor's obligations under a contract with the MunicipalityDistrict. The contractor is responsible for all subcontracted work as per the terms and conditions of the contract.

*Supplier* - A vendor who has been selected through a procurement process to supply goods or services.

*Supplier complaint review* - Where a supplier has concerns that they have not been treated in accordance with the MunicipalityDistrict's procurement policy, during a competitive bid process or contract award, they can submit their concerns in writing to the Director of Financial Services.

*Supplier declaration of conflict of interest* - The supplier declares, to the best of its knowledge, that there is no actual or potential Conflict of Interest relating to the preparation of its competitive proposal, and/or the supplier does not foresee an actual or potential Conflict of Interest in performing the contractual obligations under consideration by the MunicipalityDistrict.

*Supplier performance* - Measurable indicators that can be tracked to assess predetermined contract performance goals. Supplier performance can include subjective evaluations of the supplier by Municipal-District staff during the performance of a contract.

*Total cost of ownership (TCO)* - TCO takes into account not just the initial purchase, but also the ongoing maintenance and operations costs, transition and disposal costs. TCO may include but is not limited to the costs related to shipping, packaging, energy, warranty, consumable supplies, transition costs, training and the like.

*Unsolicited proposal* - A proposal from a supplier received by the MunicipalityDistrict which has not been solicited through a competitive process.

## **18. RELATED POLICES & PROCEDURES**

- Delegation of Authority Bylaw
- Procurement Procedures and Guidelines
- Purchasing Card – Administrative Procedure
- Surplus Assets Policy

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