

THE CORPORATION OF THE TOWNSHIP OF SOUTH STORMONT

BY-LAW NO. 2015-115

BEING a by-law to repeal By-law No. 2008-98, being a by-law to adopt a Procurement Policy for the Township of South Stormont.

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WHEREAS the *Municipal Act, 2001*, S. 5 (1) provides that the powers of a municipal corporation are to be exercised by its council;

AND WHEREAS the *Municipal Act, 2001*, S. 5 (3) provides that the powers of every council are to be exercised by by-law;

AND WHEREAS the *Municipal Act, 2001*, S. 270 states that a municipality and a local board shall adopt and maintain a policy with respect to its procurement of goods and services;

AND WHEREAS the Township of South Stormont did pass By-law No. 2008-98 on December 17, 2008, being a by-law to adopt a procurement policy for the Township of South Stormont;

AND WHEREAS the Township of South Stormont deems it necessary to amend the Township's Procurement Policy.

NOW THEREFORE Council of the Township of South Stormont hereby enacts as follows:

1. That By-law No. 2008-98 is hereby repealed.
2. That the Township of South Stormont Procurement Policy, attached hereto as Schedule "A" and forming part of this by-law, is hereby adopted.
3. That any other by-law inconsistent with this by-law is hereby repealed.

READ AND PASSED in open Council, signed and sealed this 25<sup>th</sup> day of November, 2015.

Original signed - Mayor

Original signed - Clerk

Schedule "A" to By-law No. 2015-115

**THE CORPORATION OF THE TOWNSHIP OF SOUTH STORMONT**

Policies and Procedures	Effective Date: November 30, 2005 Revision Date: December 17, 2008 Revision Date: November 25, 2015
Title: Procurement Policy	Resolution No.:

**PURPOSE**

**1. LEGISLATIVE AUTHORITY:**

1.1 The *Municipal Act, 2001*, Section 270, provides that a municipality shall adopt and maintain a policy with respect to its procurement of goods and services.

**2. PURPOSE**

2.1 This policy establishes processes that will ensure efficient and effective purchasing in a transparent, fair and accountable manner.

2.2 Purchasing Principals and Goals

The purchasing principals and goals of the Township of South Stormont are as follows:

2.2.1 Efficient and effective purchasing ensures that the optimum quality, quantity and timely receipt of goods and services are obtained at the best value and appropriate cost on a continued basis.

2.2.2 A transparent and accountable purchasing process shall be maintained that encourages competition as practical, and is consistently fair and impartial.

2.2.3 This policy will promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountability.

2.3 Goods and services will be acquired through application of the highest standards of business ethics.

### **3. APPLICATION**

- 3.1 The purchasing policy applies to all purchases of goods and/or services by all departments and applicable committees of the Township of South Stormont.

### **4. DEFINITIONS**

- 4.1 For the purposes of this Policy,

“Acquisition” shall mean the process of obtaining goods and services.

“Approval” shall mean the authorization to proceed with the purchase or disposal of goods and / or services.

“Authority” shall mean the legal right to conduct the tasks outlined in this policy as directed by Council or delegated through the Chief Administrative Officer or Department Head. Authorized purchases are those that have prior approval of Council, including through budget approval.

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

“Blanket Purchase Order” shall mean an agreement wherein a vendor will sell certain goods and / or services to the Township for an agreed period of time with established terms and conditions.

“CAO” shall mean the Chief Administrative Officer for the Corporation of the Township of South Stormont.

“Clerk” shall mean the Clerk for the Corporation of the Township of South Stormont.

“Committee” shall mean a committee as designated by the Council of the Corporation of Township of South Stormont.

“Contract” shall mean a legal binding agreement between two or more parties. Such agreements will consist of:

- Purchase order, or
- Purchase order incorporating a formal agreement, or
- Formal agreement between two or more parties that creates an obligation to provide defined goods and / or perform defined services.

“Council” shall mean the Municipal Council of the Corporation of Township of South Stormont.

“Department” shall mean any Department within the Corporation of the Township of South Stormont. Various departments include but are not limited to Administration, Building, Economic Development, Finance, Fire and Rescue, Planning, Protection of Persons and Property – Other, Recreation, Transportation Services, Waste Management, Waste Water, and Water.

“Department Head” shall mean a head of a department operating within Township of South Stormont, being the Department Head of: Building, Corporate Services, Finance, Fire and Rescue, Planning / Economic Development, and Public Works.

“Designate” shall mean a person authorized by Council, the CAO, or Department Head to act on his / her behalf for the purpose of this policy.

“Emergency Purchase” shall mean a purchase made in a crisis situation where immediate action is required to prevent the possible major loss of monetary, life or property.

“Goods” shall mean anything that is produced or manufactured and can be touched or held.

“Material Safety Data Sheets (MSDS)” shall mean the information required to be submitted by the vendor for all hazardous materials, including an index of chemical compounds with details of properties, handling details, precautions and first-aid procedures.

“Negotiation” shall mean the action or process of conferring with one or more vendors leading to an agreement on the acquisition of the required goods and / or services under the conditions of this policy.

“Procurement / Purchase” shall mean to acquire goods and / or services by purchase, rental or lease.

“Purchase Order” shall mean a written or electronically transmitted offer to purchase goods and / or services in an approved form, or a written or electronically transmitted acceptance of an offer where such offer has been made in an approved form.

“Quotation” shall mean an offer to sell goods and / or services to the Township or an offer to purchase surplus goods from the Township.

“Request for Proposal (RFP)” shall mean an offer to provide goods and / or services to the Corporation of the Township of South Stormont, where it is not practical to prepare precise specifications and where “alternatives” to detailed specifications will be considered, which may be subject to further negotiations. This process allows vendors to propose solutions to arrive at the end product, and allows for evaluation on criteria other than price.

“Services” shall mean items such as communications, natural gas, water, electricity, advertising, janitorial and cleaning services, consultant services, legal, surveys, medical and related services, insurance, leases for grounds, buildings, office or other space required by the Corporation and the rental, repair or maintenance of equipment, machinery, or other personal and real property.

“Sole Source” shall mean the purchase of goods and / or services that is unique to a particular vendor and cannot be obtained from another source.

“Tender” means 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.

“The Corporation of Township of South Stormont” herein is also referred to as the “Township” or the “Corporation”.

“Vendor” shall mean any person or enterprise supplying goods and / or services to the Corporation of Township of South Stormont, which includes contractors and consultants.

## **5. GENERAL CONDITIONS**

- 5.1 No employee or elected official shall purchase or offer to purchase, on behalf of the Township, any goods or services, except in accordance with this policy.
- 5.2 All purchases must be provided for and have sufficient funds remaining within the Council approved budget, unless specifically approved by Council following the method outlined within the Budgetary Control, Section 6.7.
- 5.3 Prior to Council approval of the current budget, a Department Head or designate may incur normal operating expenses.
- 5.4 Policies outlined within this policy to determine the appropriate purchasing method, does not prevent the use of a purchasing method with higher levels of controls. Prices and authority levels as stated in this policy are stated in amounts before applicable taxes.
- 5.5 No purchase shall be divided to avoid the requirements of this policy.
- 5.6 Any employee who intentionally and knowingly acquires or disposes of any goods and / or services for the Township in contravention of any provision of this policy, shall be subject to disciplinary action.
- 5.7 Any employee or Elected Official shall not approve or acquire goods and services outside of this policy, including negotiations of contracts for goods and services. Council approval of any purchase or offer to purchase under this policy is subject to the provisions of the *Municipal Conflict of Interest Act*.
- 5.8 This policy will adhere to all applicable Federal and Provincial legislation as required. Under the *Accessibility for Ontarians Act, 2005*, purchasing decisions will have regard to their impact on accessibility for persons with disabilities and the Township of South Stormont shall incorporate applicable criteria and features when procuring and acquiring goods, services or facilities, except when it is not practicable to do so. If it is determined that it is not practicable to incorporate accessibility criteria, an explanation will be provided upon request.

- 5.9 In accordance with Federal and Provincial Acts and the various trade agreements in place, there will be no local preference for purchases. The Township believes in fair, open competition for all vendors, regardless of their location and all vendors will be permitted to compete solely on the basis of their ability to provide maximum value, when and where the Corporation is required to disburse public funds.
- 5.10 While adhering to the *Municipal Freedom of Information and Protection of Privacy Act*, data received during a purchasing process will normally be considered as public information, unless clearly and specifically identified as confidential information within an individual bid submission, e.g. proprietary, personnel. Therefore, when bids are open in public, limited information will be announced (usually the name of each bidder and their total bid price) and any further information may remain confidential until all bids have been analyzed and evaluated.
- 5.11 Bids received may be evaluated on features such as, but not limited to, fulfilling requested specification, vendor's qualification, experience and past performance, material and equipment used, purchase terms, quality, methodology, scheduling, etc. Total acquisition costs will be considered rather than the lowest price submitted (including but not limited to, operating, training, maintenance, availability, staff time, warranties, payment terms, disposal, etc.)
- 5.12 Any purchasing or bid solicitation may be cancelled at any time up to contract award but preferably prior to the opening of bids. If only one bid is received the Township has the option of not opening the bid.
- 5.13 In the event that a Consultant is engaged to coordinate the purchasing of any goods or services, it shall be the responsibility of the respective Department Head to ensure that all conditions of this policy are adhered to.
- 5.14 In order to be eligible to perform work on Township property, all contractors must provide evidence of appropriate insurance and current Workplace Safety Insurance Board clearance. All contractors will follow the requirements under the Township's Health & Safety Policy and Program. Vendors must provide Material Safety Data Sheets (MSDS) for all relevant products being purchased by the Township.

- 5.15 MSDS must be maintained, with copies onsite, by the user Department for all relevant products.
- 5.16 No acquisition of any goods or services will be made from any Township employee, elected official, or their companies, unless prior approval is received from the CAO; each purchase will be considered on its individual merits. The CAO may also permit and consider in-house bids on its individual merits.
- 5.17 Conflict of Interest
- 5.17.1 A Conflict of Interest under this policy:
- a) means a situation where private interests or personal considerations may affect an employee's judgment in acting in the best interest of the Township, and / or
  - b) includes using an employee's position, confidential information or corporate time, material or facilities for private gain or advancement or the expectation of private gain or advancement, and / or
  - c) occurs when the procurement of goods or services benefits the employee or any member of the employee's family, friends or business associates.
- 5.17.2 Any potential Conflict of Interest shall be disclosed by an employee to the Township prior to bidding on, or awarding of, a contract. Any potential Conflict of Interest shall be referred to the CAO for review. If the CAO determines that a Conflict of Interest does exist, the CAO may award the contract with conditions, disqualify the employee as a qualified vendor or may withhold the assignment from the vendor associated with the Conflict of Interest.
- 5.17.3 If prior to or during the conduct of a Township assignment, the Department Head overseeing a contract has a potential Conflict of Interest, a report shall be made to the CAO and the CAO shall determine whether a Conflict of Interest exists and if so, the Department Head shall be removed from the project.
- 5.17.4 A Conflict of Interest under the policy shall also include a situation where the private interests of a consultant may affect the consultant's judgment in acting in the best interest of the Township.



- 5.17.5 All consultants retained by the Township shall disclose to the Township prior to accepting a contract any potential Conflict of Interest. Any potential Conflict of Interest shall be referred to the CAO for review prior to awarding of a contract. If the CAO determines that a Conflict of Interest does exist, the CAO may award the contract with conditions, disqualify the consultant as a vendor or may withhold the assignment from the consultant.
- 5.17.6 If during the conduct of a Township contract, a consultant is retained by another client giving rise to a potential Conflict of Interest, or becomes aware of a potential Conflict of Interest which did exist prior to accepting the contact, then the consultant shall inform the Township. If the CAO determines a Conflict of Interest exists and the consultant may be removed from the assignment.
- 5.18 No personal purchases shall be made by the Township for an employee, elected official or any appointed member of a Committee.
- 5.19 In all purchases, the best value shall determine award, providing that all specification requirements are met. Such specifications are to be generic or "as equivalent". All factors influencing the purchasing decision are to be included in the specifications.
- 5.20 Notwithstanding the provisions of this policy, the Township shall have the right to reject any bid at its absolute discretion. The Township also reserves the right to reissue the bid document in its original format or modified as it best suits the requirements of the Township.
- 5.21 Disposal of Surplus Goods
- 5.21.1 Identification and disposal of surplus goods, **excluding land**, will be completed by the applicable Department Head.
- 5.21.2 Surplus goods will be disposed in a manner that the Township will receive the highest return, including but not limited to:
- a) Trade-in towards the acquisition of other goods;
  - b) Public auction;
  - c) Issuance of a request for tender or quotation;
  - d) Donating to a charitable organization registered with the Canada Revenue Agency; or
  - e) Classifying as waste and scrapping, dismantling, destroying and / or disposing.

5.22 All purchasing activities will be subject to external audit.

5.23 This policy will be reviewed every five years or earlier as required.

## **6 PURCHASING RESPONSIBILITIES**

### **6.1 Council**

6.1.1 Council has ultimate authority for all expenditures. Council provides some authority to staff through their approval of the annual budget and Council also establishes procedures and limitations for staff through this purchasing policy.

### **6.2 Chief Administrative Officer (CAO)**

6.2.1 The CAO has the authority to instruct a Department Head not to award a specific purchase and may direct staff to submit recommendations to Council for approval. The CAO must review and approve non-competitive or sole source purchases as outlined in this policy and be advised of occurrences of emergency purchases.

6.3 The Mayor and Clerk must sign all contracts, unless otherwise authorized (e.g. Delegation of Authority).

### **6.4 Department Heads**

6.4.1 Department Heads are responsible for all purchasing activities within their department and are accountable for adherence to this policy. They must ensure that all requirements of this policy are fully understood and followed by their respective staff.

6.4.2 Department Heads will designate the appropriate staff within their department with purchasing responsibility and identify each within an approval level and will notify the Finance Department of all designations.

6.4.3 Department Heads whose budget provides for the goods or services shall be responsible for the preparation of all specifications and / or terms of reference that may be necessary for the purchase. They will coordinate the necessary timing of purchased procedures and forecast lead-time when Council approval is necessary. They will also administer tender calls, evaluate bids, report to Council, when required, obtain any required contract signatures and monitor contracts.

6.4.4 The Department Head or designate will identify the appropriate expense account to which the purchase will be charged and must ensure sufficient funds remain in the Council approved budget.

6.4.5 Department Heads shall inform the CAO and Treasurer when non-compliance to this policy has occurred.

## 6.5 Staff

6.5.1 All staff of the Township of South Stormont and its Committees will adhere to this purchasing policy and its procedures. Staff designated by their Department Head will ensure that their purchase approvals are within the limits established in this policy.

6.5.2 Staff will report to their respective Department Head any inconsistencies to this policy that they become aware of.

6.5.3 Staff will also provide feedback to their Department Head on any inefficient purchases that are witnessed or instances of poor performance or supply of goods by vendors.

6.5.4 Any staff receiving a delivery of goods and asked by the vendor to sign delivery slips, freight bills, or bills of lading, must verify that the goods are not damaged and are correctly described with actual quantities received.

## 6.6 Finance Department

6.6.1 The Finance Department must ensure that payment for purchases will only take place upon receipt of a valid invoice or appropriate supporting documentation from a vendor and is responsible for ensuring that no payments are made without appropriate approval within the limitation outlined within this policy.

6.6.2 The Finance Department will maintain a listing of all employee purchase approval levels as designated by each Department Head.

6.6.3 The Finance Department will ensure all invoices are properly signed / initialed by appropriate staff as outlined within this policy.

6.6.4 A record of all quotations received on a purchase will be obtained from the issuing Department Head and attached to the applicable invoice for filing when payment is made.

6.6.5 The Finance Department is responsible for maintaining invoices and payment data in an orderly and secure fashion.

#### 6.7 Budgetary Control

6.7.1 Expenditures that are not included in the approved budget shall require Council's approval.

6.7.2 The approved current budget for expenditures shall not be exceeded without the prior approval of Council, except as outlined under the Emergency Method of Purchasing. Specific over-expenditures may be approved by Council if:

- a) the intent of the account is not changed;
- b) the department's budget as a whole is not over spent;
- c) total Township expenditures are within budget;
- d) Council determines the over-expenditure is in the best interest of the Township and provides specific authorization.

#### 6.8 Cooperative Procurement

6.8.1 Cooperative purchasing across Departments, with other Municipalities and / or organizations, is encouraged when beneficial and practical.

6.8.2 Arrangements may be made with one or more public entities for cooperative procurement in order to obtain the benefits of volume purchases or administrative efficiency.

6.8.3 When another public entity is conducting the procurement, the Department Head must ensure that the public entity has an approved Procurement Policy.

6.8.4 When participating in a cooperative procurement conducted under another public entity's Procurement Policy the budgetary controls, required approvals, and execution of contracts shall be in accordance with this policy.

## **7. TYPICAL PURCHASING METHODS**

### **7.1 Tenders (\$20,000.00 and over)**

7.1.1 Formal tendering practices shall apply for the purchase of all goods and services where the estimated value is or will exceed the amount of twenty thousand dollars (\$20,000.00)

7.1.2 Advertisement of tenders will be placed on the Township's website and / or in local newspaper(s) with the Department Head determining the most effective in each circumstance.

7.1.3 If only one bid is received in response to a formal tender request, the Township has the option of not opening the sole bid and closing the call for tender. The applicable Laws for Competitive Bidding will be followed if re-tendering is contemplated.

7.1.4 Tenders shall be opened at a predetermined time by the Department Head, and a minimum of one other appropriate staff member will attend, preferably the Finance Department.

7.1.5 The Township will refuse to accept any tender that are:  
a) not sealed;  
b) received after the closing deadline; or  
c) submitted after a Tender has been cancelled.

7.1.6 Requests for withdrawal of a tender shall be allowed if the request is made before the closing time for the tender to which it applies. Requests must be directed to the Department Head in writing or in person with a signed withdrawal confirming details. The withdrawal of a tender does not disqualify a bidder from submitting another tender on the same contract.

7.1.7 Tenders received shall be evaluated on the basis of quantitative and qualitative criteria by an Evaluation Committee, subject to the Tender review provisions under this policy. The Evaluation Committee shall be comprised of the Department Head of the requisitioning Department and such other persons as deemed appropriated by the CAO.

- 7.1.8 Council will approve the successful tender and is under no obligation to accept the lowest or any tender. Council may, at its discretion, reject all tenders.
- 7.1.9 Department Heads will be responsible to request current insurance certificates, WSIB certificates, and any other documents as called for in the tender documents.
- 7.1.10 All tenders received and any other relevant data will be filed by the issuing department and maintained pursuant to the Township's Retention By-law.
- 7.1.11 If normal tendering procedures will not be effective, Council may approve an alternate method for specific purchases.
- 7.2 Written Quotation (between \$5,000 and \$20,000)
  - 7.2.1 Where the estimated value of goods and services to be purchased is five thousand dollars (\$5,000) or more but less than twenty thousand dollars (\$20,000) at least three (3) written, or electronically submitted quotations are required.
  - 7.2.2 Where written quotations from at least three suppliers cannot be reasonably obtained, the Department Head or designate shall make a record of such circumstance.
  - 7.2.3 The Department Head and CAO will approve the successful written quotation.
  - 7.2.4 A copy of the quotations received on each purchase shall be attached and maintained with the applicable invoice when approved for payment.
  - 7.2.5 Should purchases occur over an extended period of time and a purchase order is required, a blanket purchase order will be processed and retained by the Finance Department for future reference.

7.2.6 Services required on an hourly basis for routine but unpredictable work or specialized technical services must be completed in a competitive and transparent manner that allows equal opportunity for all potential suppliers. As deemed appropriate, the Township will solicit hourly rates and / or material costs from qualified suppliers. Qualified shall mean in full compliance with all legislated, insurance and safety requirements as outlined by this policy, familiar with the work location, and history of availability. Suppliers will not be permitted to submit prices after the closing date outlined in the solicitation notice, unless no suppliers have submitted for the required specific type of equipment, material or location. The Township will endeavor to utilize all qualified suppliers who have submitted pricing subject to location, quantity of work, price and past performance.

7.3 Oral Quotations (between \$2,000 and \$5,000)

7.3.1 Where the estimated value of goods and services is to be purchased is two thousand dollars (\$2,000) or more but less than five thousand (\$5,000), oral quotations are required.

7.3.2 When this method is used, at least three (3) oral quotations shall be obtained, when possible.

7.3.3 A record of all discussion pertaining to the oral quotations shall be attached and maintained with the applicable invoice when approved for payment.

7.3.4 The Department Head or designate, will approve the successful oral quotation following the receipt of written confirmation from the successful supplier.

7.4 Repetitive Purchases (less than \$2,000)

7.4.1 Comparison pricing and purchasing, if practical, will be done where repetitive purchases of goods and services with an estimated value of less than two thousand dollars (\$2,000) are contemplated.

7.4.2 Repetitive purchases of the same goods (i.e. office supplies) may be made repeatedly from the same vendor if comparison pricing is obtained periodically (not to exceed three years) to confirm continued cost effectiveness. Repetitive purchases will be approved by the Department Head or designate.

7.4.3 Should purchases occur over an extended period of time and a purchase order is required, a blanket purchase order will be processed and retained by the Finance Department for future reference.

## 7.5 Exceptional Purchasing Methods

### 7.5.1 Petty Cash

7.5.1.1 Payments may be made from a petty cash fund for small purchases when it is not feasible to purchase through the normal accounts payable process. The petty cash balance will not exceed a total of \$ 300.00 in any one location. The Department Head will determine if a petty cash fund is required, as well as identifying the employee who will be responsible for the petty cash.

7.5.1.2 All petty cash disbursements shall be evidenced by receipts. All petty cash and receipts must be kept in a secure location and will be reconciled each time it is replenished.

7.5.1.3 The petty cash shall be reconciled and replenished at the end of each calendar year.

### 7.5.2 Exemptions

7.5.2.1 Notwithstanding any other provisions of this Policy, the acquisitions of the items listed in this section do not apply to the guidelines of this Policy and shall be subject to applicable Policy and Procedures as may be established from time to time.

7.5.2.2 The following Goods and Services are hereby declared to be "Exempt" from this policy:

- a) **Training and Education**, including but not limited to conferences, courses, conventions, memberships, seminars, periodicals, staff and Council training, staff and Council development, staff and Council workshops.
- b) **Employee Expenses**, including but not limited to meal allowances, travel / hotel accommodations, and miscellaneous non-travel.



- c) **Employer's General Expenses**, including but not limited to payroll deduction remittances, licenses (vehicles, radios, etc.), debenture payments, grants to agencies, payment of damages, tax remittances, charges to / from other Government or Crown Corporations, employee income, and lease payments.
- d) **Professional and Special Services**, including but not limited to remuneration for Council, committees, appointees and volunteer firefighters, witness fees, arbitrators, legal settlements, insurance claims, banking services, real estate appraisals, and auditors.
- e) **Services** such as postage, courier, water and sewer charges, electricity, telecommunications and advertising.

### 7.5.3 Request for Proposal Method (RFP)

- 7.5.3.1 This method of purchasing is used only where the expertise for developing proper specifications lies in the hands of a supplier, or where additional information is required and it is impractical to call tenders.
- 7.5.3.2 When this method of purchasing is used, a minimum of three (3) suppliers, where possible, shall be given a written outline of the objective, purpose and need of the goods and services required.
- 7.5.3.3 Requests for Proposals will be advertised in a local newspaper(s) and by invitation.
- 7.5.3.4 Written proposals shall be received at a predetermined time by the Department Head, and a minimum of one other appropriate staff member.
- 7.5.3.5 The Township will refuse to accept any RFP that are:
  - b) Received after the closing deadline, or
  - c) Submitted after an RFP has been cancelled.
- 7.5.3.6 Requests for withdrawal of an RFP shall be allowed if the request is made before the closing time for the RFP to which it applies. Request must be directed to the Department Head in writing or in person with a signed withdrawal confirming details. The withdrawal of a RFP does not disqualify a bidder from submitting another RFP on the same contract.

7.5.3.7 Proposals received shall be evaluated on the basis of quantitative and qualitative criteria by an Evaluation Committee, subject to the Bid Review provisions under this policy. The Evaluation Committee shall be comprised of the Department Head of the requisitioning Department and such other persons as deemed appropriated by the CAO.

7.5.3.8 The Department Head must submit a cost-effective or beneficial justification report to the CAO. The Department Head and CAO will approve proposal purchases costing less than \$ 20,000 and Council will approve purchases over this amount.

#### 7.5.4 Non-Competitive Purchasing

7.5.4.1 Non-competitive purchasing or sole source purchasing cannot be used to avoid competition or to discriminate against specific suppliers. Non-competitive purchasing may be used under the following circumstances:

- a) When only one supplier or contractor can meet the specification or technical requirements or possess unique skill,
- b) When the emergency method of purchasing is required,
- c) When compatibility with existing products is necessary or to recognize exclusive licenses or copyrights,
- d) When maintenance is required on specialized products by the original manufacturer or work is performed according to a warranty or guarantee,
- e) Where a statutory monopoly exists or restriction imposed by the Provincial Government,
- f) When goods or services are purchased from another level of government,
- g) When no bids were received in a competitive process,
- h) When the purchase is already covered by a lease-to-lease purchase agreement where payments are partially or totally credited to the purchase price,
- i) The Township requires goods or services for which another party has secured a contractor through a tender process with established unit prices within the past eighteen (18) months, and it is considered to be beneficial and cost effective to extend unit prices for the goods and / or services to the Township.
- j) When the item is in short supply due to market condition,

- k) When a competitive process would be impractical, uneconomical (e.g. travel expenses, training and education, resource material).

7.5.4.2 The Department Head must submit a cost-effective or beneficial justification report to the CAO. The Department Head and CAO will approve sole source purchases costing less than \$ 20,000 and Council will approve purchases over this amount.

#### 7.5.5 Emergency Method

7.5.5.1 Notwithstanding the provisions of this policy, the following shall only apply in case of an emergency, when an event occurs that is determined by the Department Head or the CAO to be:

- a) a threat to the public,
- b) the maintenance of essential Township services,
- c) the welfare of persons or of public property,
- d) the security of the Township's interest and the occurrence requires the immediate delivery of goods or services and time does not permit for competitive bids, or
- e) the purchase / contract is part of a legislative requirement which requires immediate delivery of goods or services and time does not permit for competitive bids.

7.5.5.2 All emergency purchases must be approved by the Department Head and reported to the CAO.

7.5.5.3 Where this method of purchasing results in an over-expenditure or an unbudgeted expenditure the Department Head shall report the circumstance of the expenditure to Council at the next regular meeting.

#### 7.5.6 Credit Card

7.5.6.1 Credit cards are permitted for travel purposes, training registration, booking reservations, purchases required via telephone and / or internet, miscellaneous small purchases, and emergency situations. All purchases must have the required documentation (including itemized receipts) submitted and approved by the responsible cardholder.

7.5.7 Employee Reimbursement

7.5.7.1 Employees must submit itemized receipts for reimbursement of any and all expenses.

**8. CONDITIONS APPLICABLE TO ALL BID SUBMISSIONS**

8.1 The following conditions apply to all bid submissions:

8.1.1 Bid documents must be submitted and received in the manner as specified in the bid document.

8.1.2 Bids received at the designated Township location later than the specified closing date and time will be returned to the bidder.

8.1.3 All bids will be subject to best value evaluation by the Department Head to determine the low bid.

8.2 Bids may be rejected for any of the following reasons:

8.2.1 Bids received after the specified closing date and time as specified in the bid document.

8.2.2 Bids do not comply with the requirements at time of closing as specified in the bid document.

8.2.3 Bids that are incomplete, conditional or obscure, or which contain additions not called for, erasures, alterations or irregularities of any kind.

8.2.4 Do not meet specification requirements.

8.2.5 The Township may, in its absolute discretion, reject a submission by the bidder / proponent, or any officer or director of the bidder / proponent if it is or has been engaged, either directly or indirectly through another corporation, in a legal action or claim against the Township, its elected or appointed officers and employees in relation to:

- a) any other contract or services; or
- b) any matter arising from the Township's exercise of its powers, duties, or functions.

8.2.6 In determining whether or not to reject a submission under 8.2.5, the Township will consider whether litigation or a claim is likely to affect the bidder's ability to work with the Township, its consultants, representative, and whether the Township's experience with the bidder / proponent indicates that the Township is likely to incur increased time and / or legal costs in the administration of the contract if it is awarded to the bidder / proponent.

### 8.3 Tie Bids

8.3.1 In the case of any tie bids, the successful Bidder will be determined by a draw, conducted by the applicable Department Head and a second employee. The tied Bidders may be present, if they wish to attend.

## **9 MARKET CONDITIONS**

9.1 Notwithstanding the provisions of this policy, where market conditions are such that long term price protection cannot be obtained for goods or services, the Department Head or designate may obtain competitive prices for the short term or as reasonable price protection and firm market pricing is restored.

## **10 APPROVAL OF PAYMENT FOR ALL METHODS OF PURCHASING**

10.1 Council has ultimate authority for all expenditures and delegates this authority by the approval of annual budgets and this Procurement Policy. Formal approval of the annual budget constitutes financial approval to proceed with the purchases contained in the budget while following the processes outlined within this policy.

10.2 Following the appropriate method of purchasing outlined above, all invoices submitted to the Finance Department for payment must be approved by staff member(s) with the following purchase authorization levels as designated by the Department Head:

Designated Approval Levels are as follows:

- a) Level 1 or Level 2: Up to \$ 2,000 and / or regular reoccurring invoices (i.e. monthly hydro, phone etc.)
  - Those designated by the Department Head

- b) Level 3: Up to \$ 10,000 and / or invoices relating to tenders / RFPs that have received the approval of Council
  - Those designated by the Department Head
- c) Level 4: Up to \$ 20,000 and / or invoices relating to tenders / RFPs that received the approval of Council
  - Department Head and CAO

**See Appendix A, for breakdown and authority.**

- 10.3 Standard recurring expenditures that are a part of normal day-to-day business activities may be processed with approval from staff designated with Level 1 authority. These types of expenses are regular and expected, budgeted for and are not optional. Late payment charges should be avoided and discounts taken when practical. Regular purchases include, but are not limited to, utilities, communications, postage, payroll remittances and licenses.
- 10.4 Invoices pertaining to tenders and / or contracts previously awarded by Council may be processed with approval from staff designated with Level 2 or Level 3 authorities.
- 10.5 Finance Department personnel will ensure that invoice's mathematical accuracy, correct unit cost and quantities and will affix their signature or recognizable initials on the invoice to indicate to the Finance Department that the invoice is approved for payment.
- 10.6 Only individuals identified with approved signing authority on the Township commercial bank account are authorized to open or close accounts with vendors.
- 10.7 Receipt of goods or services must be confirmed before payment is approved. All payments must be properly authorized, be accurately accounted for and be supported by appropriate documentation.

### **PURCHASING APPROVAL DEPARTMENT HEAD & DESIGNATE**

The Township of South Stormont Procurement Policy outlines specific purchasing methods that must be followed for all Township acquisitions of goods and services. The policy states that following the appropriate method of purchasing, all purchases submitted to the Finance Department must be authorized by staff member(s) within the approval levels as designated by the Department Head. The applicable Department Head must approve payment of invoices.

Completion of this form authorizes that \_\_\_\_\_  
(please print employee's name)

Please indicate approval level

Level 1: Up to \$ 500.00 and/or regular occurring invoices (i.e monthly electricity, communications, etc.)

or

Level 2: Up to \$ 5,000 and/or invoices relating to tenders/ proposals that have received approval of Council

or

Level 3: Up to \$ 10,000 and/or invoices relating to tenders/proposals that have received approval of Council (managerial positions only)

or

Level 4: Up to \$ 20,000 and/or invoices relating to tenders/proposals that have received approval of Council (Department Heads & CAO only)

and/or

Employee is also a Petty Cash Custodian

Please note any restrictions by goods and/or vendor (i.e. equipment parts or payroll deductions): \_\_\_\_\_  
\_\_\_\_\_

This Approval Level has been designated by:

Department Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I have read the Purchasing Policy and agree to my designated Approval Level above:

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Employee's initial to be used on invoices approved for payment: \_\_\_\_\_

**Please forward completed Invoice Payment Approval form to the Township Finance Department and a copy will be returned to the employee.**  
Date completed by Finance Department: \_\_\_\_\_

**APPENDIX A**

Expenditure (exclusive of taxes)	Purchasing Mechanisms	In Addition to Current Year Budget Approval the Approval Authority is:
\$ 0.00 – \$ 99.99	Minor Purchases –minor purchases may be reimbursed from the petty cash. A petty cash slip is to be completed and signed by staff (upon the receipt of cash).	Those designated by Department Head.
\$ 100.00 – 499.99	Small Order Purchases – No purchase orders is required but, if applicable the packing / delivery slip must be signed by the applicable Department Head or designate.	Those designated by Department Head.
\$ 500.00 - \$ 1,999.99	Random Purchases – Purchase Orders are required for all purchases within this category. A minimum of two verbal quotations may be obtained for the item to be purchased and recorded.	Those designated by Department Head.
\$ 2,000.00 - \$ 4,999.99	Oral Quotations – Purchase Orders are required for all purchases within this category. All attempts must be made to obtain at least three (3) oral bids.	Supervisors and others as designated by Department Head.
\$ 5,000.00 - \$ 9,999.99	Written Quotations – Purchase Orders are required for all purchases within this category. All attempts must be made to obtain at least three (3) written quotations whenever possible.	Supervisors and others as designated by Department Head.
\$ 10,000.00 - \$ 19,999.00	Written Quotations – Purchase Orders are required for all purchases within this category. All attempts must be made to obtain at least three (3) written quotations whenever possible.	Department Head or designate and CAO.
\$ 20,000.00+	Tender - Bids to be provided to bidders in written format and received by the Clerk at the designated time and location in a formal sealed process being: Bids must be clearly labeled detailing the project name, bidders name and address.	Approval required from Council by resolution or by-law.
\$ 10,000.00+	Request for Proposal may be obtained should written quotations or tenders not be feasible.	Department Head or designate and CAO. Request over \$ 20,000 require approval from Council.

Note: A Blanket Purchase Order qualifies as a Purchase Order for repetitive purchases, providing the Blanket Purchase Order is reviewed regularly as per this policy, and for a term no longer than 3 years.