

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

1.0 Legislative Authority

- a) The Municipal Act, 2001, S.O. 2001, Chapter 25, Section 270, as amended, states that a municipality shall adopt and maintain policies with respect to its procurement of goods and services.

2.0 Goals Of The Purchasing Policy

- 2.1 This policy sets out guidelines for the municipality to ensure that all purchases of goods and services provide the best value for the Township ratepayers. All things being equal, and having regard for the guidance of this policy, “best value” may be described as receiving the required quality and service at the lowest cost.
- 2.2 This policy shall provide guidance for an open and honest procurement program, with transparency as a cornerstone of the decision making process.
- 2.3 This policy shall provide a purchasing environment that is fair and impartial.
- 2.4 This policy shall promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.
- 2.5 A competitive bidding process is the preferred method of purchasing and as such Department Managers are encouraged to seek out new sources of supply, readily provide purchasing information to vendors in a cooperative manner and ensure that all mechanisms for purchasing contain clear and full disclosure of requirements.

3.0 Definitions

- 3.1 For the purposes of this policy,

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

“CAO” shall mean the Chief Administrative Officer for the Township.

“Committee” shall mean the Evaluation Committee as established by the CAO from time to time and used to evaluate RFP submissions.

“Council” shall mean the Council of the Corporation of the Township of Smith-Ennismore-Lakefield.

“Department Manager ” shall mean the head of a department operating within Smith-Ennismore-Lakefield, being the Manager of Building and Planning,

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

Clerk-Deputy Treasurer, Manager of Financial Services, Fire Chief, Manager of Public Works, Manager of Recreation Services and, for the purposes of this policy, shall include the Chief Administrative Officer where applicable.

“Emergency Purchase” shall mean a purchase made in a crisis situation where immediate action is required to prevent the possible loss of life, property or minimize a negative impact on municipal operations.

“Goods” shall mean supplies, wares, merchandise, material and equipment.

“Purchasing Designate” shall mean a person designated by a Department Manager to exercise any or all responsibilities of the Department Manager with respect to this policy.

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

“RFP” shall mean a Request for Proposal document that sets out general specifications for the commodity or service required when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services.

“Sealed bids” are bids submitted in a sealed envelope to a specified location, by a specified date.

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

“Tender” means a document that sets out particular specifications for the goods 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 the Township of Smith-Ennismore-Lakefield” herein is also referred to as the “Township”.

“Time Sensitive Purchase” shall mean a purchase made in a situation where immediate action is required to engage vendors to ensure that works are completed within a specific time frame to minimize a negative impact on municipal operations.

“Vendor” shall mean any person or enterprise supplying goods or services to the Corporation of Township of Smith-Ennismore-Lakefield.

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

4.0 Purchasing Responsibilities

4.1 Expenditure Authorization

Smith-Ennismore-Lakefield Council has ultimate authority and accountability for all expenditures. Council delegates this authority by the authorization of budgets or by specific resolution. This purchasing policy outlines how spending authority is to be used.

4.2 Department Manager Authorization and Responsibilities

4.2.1 The Department Manager shall be responsible for approval of accounts within the approved budget for their respective department, or any amendment to same, as approved by Council.

4.2.2 Reports to Council by a Department Manager that recommend budget amendments, capital expenditures or special appropriations shall contain purpose of expenditure, cost estimates or expenditure limitation, and the fund in which an appropriation has been provided. All reports recommending such matters shall also require endorsement by the Manager of Financial Services and the Chief Administrative Officer.

4.3 Purchasing Designate

A Department Manager may appoint a Purchasing Designate to exercise any or all responsibilities assigned to that Department Manager by this policy.

5.0 Purchasing Mechanisms

In determining which purchasing mechanism is the most appropriate, the Department Manager shall have regard for the goals as outlined in section 2, the purchasing responsibilities as outlined in section 4 and the dollar thresholds as stated in section 5. The efficient utilization of these mechanisms shall ensure that the ratepayers of the Township receive best value for their tax dollars.

5.1 Small Order Purchases

The Department Manager shall be authorized to make Small Order Purchases of goods and services up to an amount of \$5,000.00 from such vendor and upon such terms and conditions as the Department Manager deems appropriate.

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

5.2 Quotation Purchases

- 5.2.1 The Department Manager shall be authorized to make purchases of goods and services for estimated expenditures exceeding \$5,000.00 and less than \$25,000.00 from such vendor and upon such terms and conditions as the Department Manager deems appropriate subject to first obtaining at least three (3) written quotations whenever possible.
- 5.2.2 Notwithstanding 5.2.1, when the preferred quotation exceeds the approved budget or exceeds \$25,000, the Department Manager shall obtain the approval of the Chief Administrative Officer.
- 5.2.3 At the discretion of the Chief Administrative Officer, any quotations may be referred to Council for disposition. In this event, the respective Department Manager shall prepare a recommendation in writing for Council to deal with the quotations received at a Council meeting.

5.3 Tender Purchases

- 5.3.1 The Department Manager shall not order goods or services exceeding \$25,000.00 without requesting and obtaining sealed tenders for the goods and services. At least three (3) bids shall be obtained whenever possible.
- 5.3.2 In the preparation of a tender, the Department Manager shall ensure that, as a minimum, the bid document includes the following five sections:
- (i) instruction to bidders
 - (ii) specifications of the goods and services
 - (iii) terms and conditions
 - (iv) prescribed format for the schedule of items and prices
 - (v) an authorized signature that binds the bidder to the terms of the bid document.
 - (vi) references
- 5.3.3 Administrative details concerning the processing of sealed tenders are included under section 8 of this policy.
- 5.3.4 After the opening of the tenders, the Department Manager involved in the calling of the tender shall review and check each tender making sure it meets the tender specifications.
- 5.3.5 The respective Department Manager shall prepare a tender summary report of the tenders received, including the names of all those submitting a tender and the tender amounts and security/deposit amounts (if applicable) and a recommendation in writing for Council to deal with the tenders received at a Council meeting.

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

5.3.6 Notwithstanding Section 5.3.4 & 5.3.5, where tenders are co-ordinated by the Municipal Engineer or Consultant for a designated project, the engineer or consultant shall prepare a recommendation in writing for the respective Department Manager for Council to deal with the tenders received at a Council meeting.

5.3.7 Council shall make the final determination as to the awarding of all tenders. The lowest tender, or any tender, not necessarily accepted.

5.4 Requests for Proposals

5.4.1 The Department Manager may use a Request for Proposal in place of a tender or quotation when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services. At least three (3) bids shall be obtained whenever possible.

5.4.2 A RFP bid document shall be developed by the respective Department Manager, with support and input from the Manager of Financial Services and Chief Administrative Officer. In the preparation of a RFP the Department Manager shall ensure that, as a minimum, the bid document includes the following seven sections:

- (i) instruction to bidders
- (ii) specifications of the goods and services
- (iii) terms and conditions
- (iv) prescribed format for the evaluation criteria
- (v) prescribed format for the scoring matrix
- (vi) prescribed format for the schedule of items and prices
- (vii) an authorized signature that binds the bidder to the terms of the bid document.
- (viii) references

5.4.3 Administrative details concerning the processing of sealed RFPs are included under section 8 of this policy.

5.4.4 After the opening of the RFPs, members of the Evaluation Committee shall review the documentation individually and score all RFP's using the prescribed scoring matrix. The Committee shall then be convened to review and discuss all scores. The Committee shall determine a common score and a final scoring matrix for presentation to Council.

5.4.5 The respective Department Manager shall prepare a RFP summary report of the RFPs received, including the names of all those submitting a RFP and the common scoring matrix as developed by the Committee for presentation to Council at a Council meeting.

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

5.4.6 Council shall make the final determination as to the awarding of all RFPs. The highest scored RFP, or any RFP, not necessarily accepted.

5.5 Exclusions

5.5.1 While having regard for the goals of this policy, Department Managers are encouraged to consider the skills of Township staff and breadth of Township equipment and seek out in-house bids where applicable. In this manner, the respective Department Manager shall prepare a written budget outlining all direct costs. The Department Manager(s), Manager of Financial Services and Chief Administrative Officer shall review the budget and have regard for:

- (i) cost
- (ii) department workload
- (iii) timeliness of project completion;

and upon completion of the review determine whether the in-house bid is appropriate to achieving the goal of best value for the Township ratepayers.

5.5.2 In addition, adherence to this purchasing policy is not required with respect to those items listed below:

- (i) Purchases for consulting services for a program where services have been awarded to a consulting firm on an on-going basis and when clearly identified in the budget.
- (ii) Purchase of replacement parts where the original equipment manufacturer (OEM) is the sole provider of that equipment.
- (iii) Single source supply.
- (iv) Any transaction specifically authorized by resolution of Council to be exempt from this purchasing policy.

6.0 Emergency And Time Sensitive Purchases

6.1 The Department Manager shall be authorized to make emergency and time sensitive purchases in excess of \$5,000.00 upon the approval of the Chief Administrative Officer. The Department Manager shall present a report to Council at its next meeting providing sufficient details on the purchase, emergency involved or timing rationale, and impact on approved departmental budget.

7.0 Communications

7.1 All bid documents, and their respective advertisement of invitation, shall state the date, time and place of bid closing.

7.2 The Township web site shall include a section dedicated to Purchasing. This section shall include a copy of current purchasing policy. All notices for tenders and RFPs shall be posted on the site.

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

7.3 Any other persons desiring to be present at the opening of tenders and RFPs may attend.

8.0 Administration

8.1 All tenders and RFPs shall be received at the Township of Smith-Ennismore-Lakefield Municipal Office, 1310 Centre Line, R.R. #4 Peterborough, Ontario for recording of date and time received and safekeeping pending the opening of same.

8.2 All tenders and RFPs shall close at 12 noon on the day specified in the advertisement.

8.3 Within three (3) hours of the closing all tenders and RFPs shall be opened publicly and the names of those submitting and the amounts shall be disclosed at the time of opening.

8.4 Tenders and RFPs shall be opened in the presence of the Department Manager and at least one other Department Manager and/or the CAO and any other person deemed necessary.

8.5 No contract or purchase shall be divided to avoid the requirements of this policy.

8.6 Vendor contact with Council members is prohibited and can be considered as grounds for disqualification from the selection process.

8.7 The Township may participate with other units of government, their agencies or public authorities in co-operative purchase ventures when the best interest of the Township will be served.

9.0 Financial Services

9.1 All invoices or accounts from vendors shall be forwarded to the Finance Department only after they have been properly marked as received, properly coded to the correct general ledger account and approved by the appropriate Department Manager.

9.2 Prior to the adoption of the annual estimates, the services provided shall continue at the level carried out the previous year. The Department Managers are authorized to incur expenses, and the Manager of Financial Services/Treasurer is authorized to pay the accounts, of such ordinary business transactions.

Township of Smith-Ennismore-Lakefield Purchasing Policy and Procedures

- 9.3 Prior to the adoption of the annual estimates, specific Council authorization is required for the hiring of additional employees, expenditures for special projects, capital purchases over \$5,000.00, consultant fees, land purchases and/or new services.
- 9.4 After the adoption of estimates, the Treasurer is authorized to pay the accounts approved by the respective Department Managers.

10.0 Purchasing Policy Improvements

In order to ensure that Council and staff are familiar with this policy and that the policy reflects best practices, it shall be reviewed in the first year of each Council term. The review shall be coordinated by the Clerk's department and shall include an initial review by the Department Managers, suggestion of any proposed amendments or additions, and a report by the Chief Administrative Officer with recommendation to Council.