

Approved by Council, January 10, 2018

PROCUREMENT PROCEDURE POLICY

PURPOSE WHEREAS the Municipal Act, 2001, S.O. 2001, c.25, Part VI, s. 271 states that before January 1, 2005, a municipality and a local board shall adopt policies with respect to procurement of goods and services, including policies with respect to;

- (a) the types of procurement processes that shall be used;
- (b) the goals to be achieved by using each type of procurement process;
- (c) the circumstances under which each type of procurement process shall be used;
- (d) the circumstances under which a tendering process is not required;
- (e) the circumstances under which in-house bids will be encouraged as part of a tendering process;
- (f) how the integrity of each procurement process will be maintained;
- (g) how the interests of the municipality or local board as the case may be, the public and persons participating in procurement process will be protected;
- (h) how and when the procurement processes will be reviewed to evaluate their effectiveness; and
- (i) any other prescribed matter.

POLICY STATEMENT

To establish purchasing policies to ensure the most cost-effective methods are used to purchase goods and services for all Municipality departments. To ensure the prices paid for goods and services make optimum use of Municipality resources. To promote and maintain the integrity of the purchasing process and thereby to protect Council, vendors and staff involved in the process by providing clear direction and accountabilities. To maintain an open and honest process that is fair and impartial.

ROLE OF THE TREASURER

To coordinate and/or standardize the purchase of similar items by departments in order to optimize discounts available to the Municipality. To ensure that the procurement policies are adhered to by departments who have authorized spending limits defined or delegated through this policy.

PURCHASING PRINCIPLES

1. To promote the most cost effective and efficient use of Municipal funds and resources by acquiring the specified goods and services at the optimum quality, quantity, price, delivery and performance
2. To encourage open competitive bidding on all acquisitions and disposal of goods and services where practical.
3. Unless otherwise approved by Council to purchase goods and services only as approved in the annual budgets.
4. To obtain the most competitive offers from the most responsible and responsive vendors. To use vendors who comply with the provisions of the bid solicitation, including specifications and contractual terms and

conditions. To use vendors who can be expected to provide satisfactory performance based on reputation, references, past experience, and sufficiency of financial and other resources.

5. To structure specifications that does not exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.
6. To always consider the "total acquisition cost" rather than the lowest bid. This includes, but is not limited to, such factors as repairs, staff training, suitability, compatibility, warranty, trade-in values, recycling and disposal concerns.
7. To acquire goods and services with regard to preservation of the natural environment. This gives reference to the method of manufacture and the method of disposal.
8. To delegate the appropriate level of authority to enable Municipal departments to meet service requirements. To ensure that employees who are responsible for requisitioning and purchasing goods and services are accountable for their actions and decisions.
9. To participate with other publicly funded bodies in co-operative purchasing activities where they are in the best interest of the Municipality.

THE ACCESSIBILITY FOR ONTARIANS WITH DISABILITIES ACT (AODA)

In deciding to purchase goods or services through the procurement process for the use of itself, its employees or the public; Council, to the extent possible, shall have regard to the accessibility for persons with disabilities to the goods or services. (Ontario Regulation 191/11).

In accordance with the Ontario Regulation 429/07, Accessibility Standard for Customer Service, and the Ontario Regulation 191/11, the Integrated Accessibility Standards Regulation, the Municipality is required to train all third parties or persons who provide goods, services or facilities on behalf of the organization.

Completion of the Municipality's Accessibility Regulations for Contracted Services form (Appendix 1) is required by all third parties.

DRINKING WATER QUALITY MANAGEMENT SYSTEM (DWQMS)

All Contractors and Suppliers that undertake work on or supply materials for the Dutton Dunwich Water Distribution System shall agree to the DWQMS Standard requirements that all supplies must meet the AWWA and ANSI Standards.

Completion of the Municipality's DWQMS Contractor and Supplier Sign off Form (Appendix 2) is required.

APPROVAL LEVELS

Unless otherwise approved by Council, all purchases of goods and services must be approved in the annual budgets. The ability to incur the actual expenditures is delegated to Municipal staff based on the following approval levels:

- Up to \$ 50,000.00 - Department Head
- Over \$ 50,000.00 - Council

The dollar limits above refer to invoice cost inclusive of taxes.

No requisition, purchase, or contract shall be divided in order to avoid the requirements of the spending limits of this section.

GENERAL PROCUREMENT PROCEDURES

The following are authorized procedures for the procurement of goods and services:

<u>Procedure</u>	<u>Project Cost</u>
Petty Cash	Not to exceed \$200.00
Direct Purchase Process	Not to exceed \$15,000.00
Informal Quotation Process	Not to exceed \$50,000.00
Request for Tender/Proposal Process	Greater than \$50,000.00

See Emergency Purchases for additional information on procedures.

The dollar limits above refer to invoice cost inclusive of taxes.

No requisition, purchase, or contract shall be divided in order to avoid the requirements of the spending limits of this section.

Where goods and services of a similar type are to be supplied on a repetitive basis from one or more suppliers either over a period of time in a calendar year or over the course of a season, those goods and services shall be purchased in accordance with the provisions of this Bylaw applicable to goods and services having a price or value equal to the total estimated cost of all such similar goods and services to be supplied in the whole calendar year or during the course of the entire season as the case may be. The appropriate procedure above will be utilized according to the total dollar value.

A brief description of each procedure follows.

PURCHASES NOT TO EXCEED \$200

Petty Cash

1. A petty cash fund will be maintained at the Municipal office to meet the requirements of acquisition of goods and services having a value of \$200.00 or less.
2. Petty cash purchases shall be made from the competitive marketplace where practical.
3. All petty cash disbursements shall be evidenced by Petty Cash summary slips. The slips will accompany the cheque requisition form used to replenish the fund monthly.

PURCHASES NOT TO EXCEED \$15,000.00

Direct Purchase Process

1. Purchases with an estimated value not greater than \$15,000.00 may be made without securing written quotes. Verbal quotes from at least two suppliers are recommended for any purchases over \$2,500.00.
2. Notwithstanding the procedure chosen, it shall demonstrate that fair market value was achieved.

PURCHASES NOT TO EXCEED \$50,000.00

Informal Quotation Process

1. Purchases with an estimated value not greater than \$50,000.00 shall be obtained using a competitive process. The requirements of the competitive process may be waived under authority of the Council of the Municipality of Dutton Dunwich. In this case, the competitive process will be replaced by the negotiated method. Should the negotiated method of purchase be employed, the Council of the Municipality of Dutton Dunwich must clearly state that this was the case and give the justification for the decision.
2. The Department Head shall obtain written quotes from suppliers without formal advertising or receipt of sealed bids. At least three (3) written quotes, where practical, shall be obtained from those vendors able to supply the goods or services in a responsible and responsive manner.
3. The supporting documentation will be submitted to and reviewed by the Treasurer to ensure completeness and compliance with the prescribed policy and procedures and estimated budget as approved by Council.

PURCHASES GREATER THAN \$50,000.00

Request for Tender/Request for Proposal Process

1. The acquisition of all goods and/or services having an estimated value greater than \$50,000.00 shall be obtained using a Request for Tender or Request for Proposal process and may require vendor pre-qualification. The requirements of the competitive process may be waived under the authority of the Council of the Municipality of Dutton Dunwich. In this case, the competitive process will be replaced by the negotiated method. Should the negotiated method of purchase be employed, the Council of the Municipality of Dutton Dunwich must clearly state that this was the case and give the justification for the decision.
2. The Tender/Proposal documents will be received, opened and summarized by a committee comprised of the Department Head and Treasurer or alternate.
3. A written report with recommendation will be forwarded to the Council for approval.

REQUEST FOR TENDER VERSUS REQUEST FOR PROPOSAL

A Request for Tender shall be issued for purchases exceeding \$50,000.00 where all of the following criteria apply:

1. two or more sources are considered capable of supplying the requirements,
2. the requirement is adequately defined to permit the evaluation of tenders against clearly stated criteria,
3. the market conditions are such that tenders can be submitted on a common pricing basis,
4. it is intended to accept the lowest priced compliant bid without negotiations.
5. The municipality may keep a list of contractors who are pre-qualified to perform the type of work to be tendered.

In order for a contractor to be added to the pre-qualified list, they must be approved by Council. Council shall require a written request as well as such other information as experience, available equipment, staff and training or other information Council may feel appropriate.

A Request for Proposal should be issued where one or more of the criteria for issuing a Request for Tender cannot be met, such as:

1. owing to the nature of the requirements, 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
2. it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement.

In general, the Request or Proposals process encourages different solutions from vendors and actively searches for better and more creative ideas for supply of goods and services. It provides a process whereby the negotiation and award is based on demonstrated competence, qualifications and the technical merits of the Proposal at a fair price.

EMERGENCY PURCHASES

Where a situation arises requiring the immediate procurement of goods or services essential to prevent serious delays in the work of any Department or which might involve danger to life, health or safety of employees, or the public, or to prevent damage to property, a Department Head may purchase the required goods or services notwithstanding any other provision of this policy. As soon after the purchase as reasonably possible, the Department Head shall provide a written report to the Treasurer and Council.

DISPOSAL OF SURPLUS OR OBSOLETE ASSETS

Disposal of surplus assets is the responsibility of the Treasurer. The Treasurer may delegate responsibility for disposal of certain assets, if it is beneficial to the Municipality to do so.

Where any goods, equipment or inventory stocks are surplus, obsolete or not repairable, they shall be declared surplus by the disposing department to the Treasurer. The Treasurer shall have the authority to transfer surplus assets to other using departments. When no other use can be found, they will be added to the surplus list for disposal. The using department will be credited with the net proceeds from the sale of their surplus assets. If, in the opinion of the Department Head, a higher return can be achieved by trade-in or in the case of inventory items by sale to the original vendor or similar vendor, they shall have the authority to sell such goods at the highest price. If it is determined that the goods have no residual value, the Municipality may dispose of them in an accredited landfill site.

Sale of surplus assets shall be made to the highest responsive bidder. This may be by sealed bid or by offering the goods at public auction. Various public auctions are available at the present time. It is the responsibility of the Treasurer to maintain a list of the various auctions and to determine which auction provides the most cost effective and efficient means of disposal of the assets. The sale shall be made in accordance with the provisions of this policy where applicable. No surplus asset will be sold directly to a Municipality employee. This does

not prohibit any Municipal employee from purchasing surplus assets being sold through public auction.

CONFLICT OF INTEREST

1. No requisition, vouchers, petty cash funds or any other order, written or verbal, shall be issued or personal goods and/or services for employees of the Municipality, any member of Council, or the public.
2. No purchase of goods or services shall be made from any employee of the Municipality, or from any company in which an employee of the Municipality has an interest. A contract for goods or services placed with a relative of an employee of the Municipality shall be declared and that employee shall not be placed in a position to supervise or approve the execution of that contract.
3. No employee or elected official shall purchase surplus assets except by bidding on the same at public auction or by sealed bid.

LOCAL PREFERENCE

All else being equal, preference will be given to purchase goods and/or services firstly from Municipality of Dutton Dunwich based businesses, secondly from businesses located in the Municipality of Dutton Dunwich and thirdly from Canadian owned businesses.

SPECIFICATIONS

Specifications are the responsibility of the using Department and should be maintained in a file or database by the Department Head or the Treasurer.

AWARD CONSIDERATION

In addition to price, consideration may be given to the following in determining the lowest responsible bidder:

1. the ability of, capacity, and skill of the bidder to provide the goods or services requested,
2. the ability of the bidder to perform the contract or provide the services promptly or at the time specified without delay or interference,
3. the character, integrity reputation, judgement, experience and efficiency of the bidder,
4. the quality and performance of pervious contracts, good or services,
5. the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the goods or services,
6. the quality, availability and adaptability of the goods or contractual services to the particular use required,
7. the ability of the bidder to provide future maintenance and services for the items acquired and the number and scope of conditions attached to the bid.

EXEMPTIONS

Exemptions from Procurement Policies.

This Procurement Policy establishes the purchasing policies and practices applying to the purchase of all types of goods and services with exception of the following:

1. the borrowing and investing of money
2. the rental, lease, purchase and sale of property, land or accommodation

3. the admission or registration for conferences, conventions, courses, workshops and seminars
4. memberships in professional and vocational associations and their publications
5. utilities including hydro, gas, basic telephone
6. employee benefits
7. insurance
8. the hiring of contract employees
9. licenses, certificates and other approvals required
10. engineering services
11. legal services
12. planning consultant services
13. hourly paid contractors
14. auditing services

GENERAL

This policy shall be read with all necessary changes of genders and changes of singular to plural which may be required in its context.

Notwithstanding the provision of this policy, the Municipality of Dutton Dunwich shall have the right to reject the lowest or any bid in its absolute discretion.

ADMINISTRATION

The Treasurer will bring forward from time to time amendments to this Bylaw to update, whether adding new clauses or adjusting those currently in force. This Bylaw will be subject to complete review and will be submitted to Council for approval at the beginning of each new term of Council.