

PROCUREMENT AND PURCHASING POLICY

DEPARTMENT: All Departments

COVERAGE: Corporation Wide

DATE ADOPTED: March 17, 2021

REVISION DATE:

RELATED POLICIES: N/A

1. PURPOSE

1.1 The Rural Municipality of Lake Lenore No. 399 Procurement and Purchasing Policy (the "Policy") establishes the process for the procurement of goods, services, and construction by the Rural Municipality of Lake Lenore No. 399 (the "RM") in a manner that

- (a) Promotes open and fair competition (where a competition is deemed by the RM to offer best value);
- (b) Facilitates the best value for money in accordance with, among other things, *The Best Value in Procurement Act, 2015* (the "Act");
- (c) Uploads high ethical standards expected from a municipality;
- (d) Maintains the integrity of the RM's Strategic Plan;
- (e) Complies with all applicable trade agreements, including the Agreement on Internal Trade (AIT), Canadian Free Trade Agreement (CFTA), and New West Partnership Trade Agreement (NWPTA), and all other legal obligations, including but not limited to, municipal, provincial, and federal law as applicable and as amended.

1.2 This Policy addresses who has the authority to sign Agreements and approve payments.

2. DEFINITIONS

The following terms shall have the meanings as ascribed to them:

- (a) "**Administrator / CAO**" shall mean the Administrator of the Rural Municipality of Lake Lenore No. 399, or his/her designate.
- (b) "**Agreement**" shall mean a written document containing terms and conditions for a contractor or supplier to carry out certain work or provide certain products or services.
- (c) "**Agreement Value**" shall mean the total value of an Agreement.
- (d) "**AIT**" shall mean the Agreement on Internal Trade, as amended from time to time.
- (e) "**Budgeted**" shall mean those items (goods and services) that have been pre-determined as justifiable expenses by Administration and subsequently approved by Council in the Rural Municipality of Lake Lenore No. 399 Annual Budget following the budgeting process.
- (f) "**CFTA**" shall mean the Canadian Free Trade Agreement, as amended from time to time.
- (g) "**Community Project**" shall mean a project in which the goods and/or services to design and build the whole Project originate from and are provided by:
 - i) Residents, without cost or fee to the RM; or
 - ii) Philanthropic institutions, as a donation or grant; or
 - iii) Persons with disabilities; or
 - iv) A non-profit organization; or

- v) Any combination of the above.
- (h) **“Council”** shall mean the Council of the Rural Municipality of Lake Lenore No. 399
- (i) **“Director”** shall mean the RM employee who is in charge of a Department of the RM and is one step below the Administrator on the Organizational Chart chain of command.
- (j) **“Local Provider”** shall mean a business that provides goods or services locally to RM residents and businesses, and who also pays RM of Lake Lenore municipal property taxes.
- (k) **“Municipality”** shall mean the Rural Municipality of Lake Lenore No. 399.
- (l) **“NWPTA”** shall mean the New West Partnership Trade Agreement, as amended from time to time.
- (m) **“Project”** shall mean any development or facility which: (i) provides a good or service to the public on behalf of or in conjunction with the RM; or (ii) is located on lands owned or otherwise controlled by the RM.
- (n) **“Proponent”** shall mean any entity or individual who submits a response to a call for competitive procurement (i.e., an RFP or a Tender).
- (o) **“Purchase Order”** shall mean a document endorsed by the municipality to formalize a transaction with a vendor.
- (p) **“Reeve”** shall mean the Reeve of the Rural Municipality of Lake Lenore No. 399.
- (q) **“Request for Expressions of Interest”** or **“REOI”** shall mean a request to entities or individuals to submit confirmation they may be interested in participating in a potential project and in some REOIs to submit details regarding such participation.
- (r) **“Request for Proposals”** or **“RFP”** shall mean a non-binding request to entities or individuals to submit proposals for unspecified goods and/or services.
- (s) **“Request for Qualifications”** or **“RFQ”** shall mean a pre-qualification stage of the procurement process where a formal request is issued by the municipality to suppliers or contractors to submit an explanation and outline of their qualifications and ability to carry out the work or provide the goods or services required for a particular project.
- (t) **“Resident”** shall mean persons that have their primary dwelling at least two hundred forty (240) days per year within the RM of Lake Lenore No. 399.
- (u) **“Tender”** shall mean a request to entities or individuals to submit pricing for the supply of specific goods and/or services.
- (v) **“Value”** shall mean the monetary worth of goods and services as pertaining to this Procurement and Purchasing Policy.

3. PURCHASING PROCESS

3.1 Pre-Approval

All expenditures made by the municipality must be pre-approved prior to the purchase in one of the following manners:

- (a) Included in the approved Annual Budget;
- (b) Approved by Council Resolution;
- (c) Authorized by the Administrator/CAO as per article 4.1(a); or
- (d) Approved under a declaration of a Local State of Emergency.

3.2 Procurement

All goods and services shall be procured by the municipality in a way that is consistent with this policy and with the municipality’s goals and objectives.

The municipality acknowledges that following a competitive procurement process for goods and services will result in the lowest price in most situations, but it may not be appropriate,

economical, or administratively reasonable for some procurement situations, and therefore, the following processes shall be followed:

- (a) For purchases below \$75,000, local providers shall be sourced wherever possible, provided that safety and security are not jeopardized, and provided that the costs of purchasing from local providers is not greater than seven percent (7%) above the costs of sourcing from providers outside of the RM of Lake Lenore No. 399 region.
- (b) For purchases below \$75,000, no single provider shall be unilaterally sourced when other local providers offer equivalent goods or services. Attempts shall be made to make purchases on a rotational basis to all local providers of equivalent goods or services provided that the cost of such purchases is not greater than seven percent (7%) above the costs of sourcing from any single provider.
- (c) Value up to \$5,000: No competitive procurement process is required.
- (d) Value of \$5,001 to \$25,000: The municipality shall obtain written quotations from at least two (2) contractors or suppliers. Quotes may be received by email, fax, telephone, or in person.
- (e) Value of \$25,001 to \$75,000: The municipality shall obtain quotes from at least three (3) contractors or suppliers; or, at the discretion of the Administrator/CAO, if deemed to be in the best interest of the municipality, the municipality may utilize a competitive procurement process (i.e., Tender, RFP, REOI, or RFQ) to select the successful proponent.
- (f) Value of \$75,001 and greater: The municipality shall utilize a competitive procurement process of its choosing in order to select a successful proponent to provide the goods or services.
- (g) Notwithstanding the foregoing value thresholds, the municipality shall be entitled at any time to utilize a competitive process regardless of the value where it deems it necessary, appropriate, or desirable in the circumstances.
- (h) The municipality may make its selection of a successful proponent based on whatever criteria the municipality deems appropriate, in its sole discretion, and in keeping with article 1.1.

3.3 Documentation

The municipality shall utilize appropriate documentation in all of its purchasing processes. Purchase Orders are used where there is no agreement, and in such cases wherever possible for equipment, materials, and supplies, unless the purchase is being made by credit card.

- (a) Credit Card Forms must be used when making any purchases with the credit card.
- (b) If it was not possible to use a Purchase Order at the time of purchase, then the invoice shall be approved as per article 4.1 before the cheque is issued.
- (c) Agreements are to be engaged for projects and services valued at \$5,000 or more, and/or which exceed a twelve (12)-month period.

Administration may enter into long-term service and purchase agreements (exceeding one year) providing it is in the best interest of the municipality to do so, taking into account price, stability, increased cost savings, or any other means that provides increased value to municipal residents.

- (d) Provision of recurring services must be initially engaged through the use of the aforementioned Purchase Order or Credit Card Form, or a signed agreement, and recurring documentation is not required with each payment.

3.4 Payment for Goods and Services Rendered

After the goods have arrived or the services have been completed, they will be assessed for quality, and the associated invoice will be reviewed for accuracy before the authorized staff person approves the issuance of the payment as per article 4.1.

4. AUTHORIZATIONS

4.1 Authorizing Purchases

Purchasing Authorities have the authority to authorize single purchases within the following value parameters:

(a) For budgeted items:

- i) Purchases up to \$500 must be signed and authorized by the employee making the purchase OR the Administrator/CAO;
- ii) Purchases \$501 up to \$5,000 must be signed and authorized by a Director OR the Administrator/CAO;
- iii) Purchases of \$5,001 and greater must be signed and authorized by the Administrator/CAO and the Reeve.

(b) For non-budgeted items:

- i) Purchases of \$5,000 and above require a resolution by council at a duly convened meeting.

4.2 Signing Authority

(a) All cheques for expenditures are to be co-signed by two of the following signing authorities:

- i) The Administrator/CAO; and one of
- ii) The Reeve or
- iii) The Deputy Reeve.

(b) All agreements are to be co-signed by two of the following signing authorities, within the values, unless otherwise specified by resolution of council:

- i) Up to \$5,000: signed by the Director, and/or the Administrator/CAO, and/or the Reeve;
- ii) \$5,001 up to \$10,000: signed by the Administrator/CAO, and/or the Reeve;
- iii) \$10,001 and above: signed by the Administrator/CAO and the Reeve, and a resolution of Council at a duly convened meeting is required to approve any agreement valued at \$10,001 or greater prior to being signed.

5. GENERAL

5.1 The values limits in this policy exclude applicable taxes.

5.2 No single purchase shall be divided in order to avoid any restrictions identified in this policy.

5.3 If, at the sole discretion of the municipality, a project is deemed to be a community project, then this purchasing policy shall not apply to such goods or services provided to the community project by an entity other than the municipality. The community project shall be subject to any other regulation put forward by the municipality to regulate the development of such community projects.

This procurement and purchasing policy shall continue to apply to any goods or services procured or provided by the municipality to the community project. For the sake of clarity, if the municipality will procure or provide any good or services for the community project, then any procurement procedures utilized by the municipality shall not be used to:

- (a) avoid competition; or
- (b) discriminate between suppliers; or
- (c) protect the municipality's current suppliers from competition.