

Section 3: Equipment & Supplies	Policy # 1200.00.01
Subject: Purchasing Policy	Revision # R-4

1. PURPOSE

All employees will obtain appropriate authorization and use appropriate processes when purchasing goods and services on behalf of the City of Courtenay.

2. OBJECTIVE

The objective of the Purchasing Policy is to provide guidance to all City of Courtenay employees and Council members with respect to purchasing activities. All purchasing activities shall meet the current and future needs of the City of Courtenay, providing positive contributions to social and environmental systems.

3. SCOPE

The Purchasing Policy applies to the purchase of goods and services by any City of Courtenay employee or Council member on behalf of the City of Courtenay. This policy governs the acquisition of goods and services, by purchase or lease, with municipal funds from all sources including operating and capital funds, as well as other funds held in trust or at its disposal.

The Director of Financial Services will provide the administrative direction to carry out the policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability, management and transparency.

4. RESPONSIBILITIES

4.1 All employees are responsible for:

- a) Maintaining high legal, ethical, managerial and professional standards.
- b) Obtaining “Best Value” for money by achieving fulfillment of specified needs including productivity, health & safety standards, quality and service life.
- c) Using a fair and transparent process when requesting for, receiving and evaluating quotations, proposals and tenders.
- d) Meeting the legal and ethical obligations in the acquisition of goods and services by purchase, lease or barter.
- e) Considering the environment in all purchasing decisions and selecting environmentally beneficial goods and services where the additional cost is not prohibitive.
- f) Securing purchase authorization prior to any purchase except Emergency Purchases.

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- g) Using formal contracts whereby the City gains an advantage by doing so by reduction of risk to the City.
- h) Identifying and investigating a full range of potential goods or service providers before selecting one for an exclusive contract.
- i) Obtaining appropriate authorization for all contracts.
- j) Obtaining legal assistance or advice if necessary for any non-standard clause in a purchasing contract.
- k) Ensuring that any contractor, consultant or vendor performing work on City property will maintain for the duration of the work:
 - a City of Courtenay Business License;
 - General Commercial Liability Insurance;
 - Professional Liability Insurance;
 - Vehicle Insurance, owned or non-owned;
 - a compliant WorkSafe BC account.
- l) Ensuring compliance with the BC Greenhouse Gas Reporting Regulation whereby any contractor, consultant or vendor performing work on City property will accurately record all fuel consumption during the work period and submit the information recorded to the City project representative.

4.2 Management Responsibilities

Management will have the following additional responsibilities:

- a) Ensuring all purchases within their authority are performed in accordance with this policy.
- b) Delegating purchase authorization in writing to appropriate levels and ensuring no payments are made without the appropriate authorization.
- c) Utilizing staff skilled in purchasing techniques including negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying techniques.
- d) Ensuring corporate standards are adhered to for all purchases.

4.3 Purchasing Division Responsibilities

The Purchasing Division will have the following additional responsibilities:

- a) Administration of the Purchasing Policy and continual review of corporate procurement of goods and services to ensure the City of Courtenay is receiving the Best Value.

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- b) Ensure that purchasing transactions are conducted ethically, professionally and transparently.
- c) Conduct Purchasing Policy use audits on an annual basis to ensure that the standards of the Purchasing Policy have been met.
- d) Provide procurement training as required or requested.
- e) Advise on the practicability of specifications to ensure a maximum number of competitive bids.
- f) Notify vendors who have expressed an interest in doing business with the City of the availability of the purchasing documents.
- g) Prepare necessary purchasing documents and process purchase orders.
- h) Advise and assist in the preparation of contracts when requested.
- i) Provide training and documentation on how to use the purchasing and inventory modules to users of the City’s financial management system.
- j) Maintain records of purchasing transactions as required.

5. DEFINITIONS

- 5.1 **Barter** – an exchange of goods or services between two or more parties where no money changes hands.
- 5.2 **Best Value** – the most advantageous balance between performance, price and quality achieved through competitive procurement methods in accordance with stated selection criteria. Best Value may include the useful life of an asset.
- 5.3 **Bid** – an offer or submission in response to a Request for Quotation, Request for Proposal or Invitation to Tender issued by the City.
- 5.4 **Budget** – a financial plan outlining expected revenues and expenditures for operating or capital assets that is formally reviewed and approved by City Council.
- 5.5 **Climate Action Purchasing Principles** – purchasing products or services which minimize or provide favourable environmental impacts. Climate Action Purchasing Principles involve considering the costs and environmental consequences of a product in all stages of its life cycle.
- 5.6 **Contract** – an agreement between two or more parties, written or verbal, comprising of an offer, acceptance, and consideration.
- 5.7 **Contractor** – a person or a business that follows an independent trade, business or profession in which they provide goods or services to the public.

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- 5.8 **Emergency Purchase** - a situation where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.
- 5.9 **Goods and Services** – Goods include supplies, materials and equipment of every kind required to carry out the operations of the City. Services include contractors, consultants and other non-material requirements.
- 5.10 **Invitation to Tender** – a formal request for bids on goods and/or services from vendors, where the goods and/or services are able to be fully defined or specified.
- 5.11 **Local Business** – a business holding a valid City of Courtenay Business License.
- 5.12 **Purchase Authority** – all City employees shall be delegated procurement authority, in accordance with this policy, from their supervisor or the Director of Financial Services in writing.
- 5.13 **Request for Proposal** – a request for bids as to how the vendor would address the need identified that may not be fully defined or specified.
- 5.14 **Request for Quotation** – a request for bids for prices on specific goods and/or services from a vendor submitted in writing with an estimated total value of less than \$25,000.
- 5.15 **Sole Source** – purchasing when there is only one available vendor of a required product or service that meets the needs of the City. Negotiation is used to complete the terms and conditions of the type of purchase.
- 5.16 **Vendor** – any person or business that supplies goods or services to the City, also referred to as a Supplier.

7. PURCHASING AUTHORIZATION

7.1 Purchase Authorization Limits

- \$0 to \$5,000 Any full time City employee who has been delegated purchasing authority by a Manager, shall review and authorize any purchase approved in the annual budget with a total value of up to \$5,000.
- \$5,000 to \$25,000 A Manager shall review and authorize any purchase approved in the annual budget with a total value between \$5,000 and \$25,000.
- \$25,000 to \$100,000 A Director and the Director of Financial Services shall review and authorize any purchase approved in the annual budget with a total value between \$25,000 and \$100,000.
- \$100,000 or greater The Director of Financial Services and/or the Chief Administrative Officer shall review and approve any purchase

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approved in the annual budget with a total value above \$100,000.

7.2 Non-Budgeted Purchases

- a) City Council shall review and authorize any purchase greater than \$25,000 not approved in the annual budget that has the potential to affect the direction or financial results of the City.
- b) Contracts greater than one year in duration shall require the approval of the Director of Financial Services or designate.

7.3 Emergency Purchases

In emergency situations it is up to the judgement of the highest authority personnel on hand to make a responsible decision regarding obtaining goods and services. Any purchases made outside of normal purchasing procedures must be reported to the appropriate authority and to the Purchasing Division as soon as is reasonably possible.

7.4 Barter Transactions

Barter transactions shall follow the same process as for a standard purchase, in the amount of value of the Barter. The Director of Financial Services or designate must be notified of any Barter transaction before the transaction takes place.

7.5 Invoice Approval

Invoices shall be compared to the original purchase authorization document and/or vendor quotation. Invoices must be approved by a City employee who has been delegated purchasing authority for the value of the invoice.

8. PURCHASING METHODS

- \$0 to \$2,500
 - a) Verbal or written quotations from one or more vendor.
 - b) May be purchased without a purchase order.
 - c) Credit card, petty cash or cheque requisition may be used.
 - d) A formal Request for Quotation may be utilized.
- \$2,500 to \$25,000
 - a) Three (3) written quotations or proposals shall be sourced where practical and advantageous to the City.
 - b) Purchase orders will be used except for items such as utilities and rent.

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- c) For purchases of a recurring nature, a standing purchase order shall be used.
 - d) An advertised formal competition may be used, such as a Request for Quotation, Request for Proposal or Invitation to Tender.
- Greater than \$25,000
- a) An advertised and formal competitive bidding process must be used, such as a Request for Proposal or Invitation to Tender.
 - b) Advertisements must include an electronic public bidding service and may include local newspaper advertising where practical and advantageous to the City.
 - c) The formal competitive bidding process shall be coordinated by the Manager of Purchasing or designate.
 - d) A purchase order will be issued and a formal contract may be required.

9. CONTRACT APPROVAL

The Chief Administrative Officer, Director of Financial Services, and/or the Manager of Purchasing, under the Delegation of Authority Bylaw, shall approve all City contracts related to this policy.

10. SOLE SOURCE

10.1 City employees must obtain written approval from the Manager of Purchasing or designate for a Sole Source purchase for exceptions to the requirements of this policy. The Manager of Purchasing shall supply a report to the Director of Financial Services for all Sole Source acquisitions.

The City identifies a Sole Source purchase as follows:

- a) Where the compatibility of a purchase with existing equipment, facilities or services is a paramount consideration and the purchase must be made from a single source.
- b) Where an item is purchased for testing or trial use only.
- c) Where the acquisition is of a highly specialized nature and/or is available from only one vendor.
- d) Notwithstanding requirements within this policy, where a purchase is determined by Council to be fair and reasonable is made from a non-profit organization supported by the City.

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11. APPLICABLE LAW AND INTER-PROVINCIAL TRADE AGREEMENTS

- 11.1 The laws of the province of B.C. shall govern this policy.
- 11.2 Purchases under this policy are subject to the terms and conditions of the following inter-provincial trade agreements;
 - Agreement for Internal Trade (Mash Annex 502.4);
 - Trade, Investment and Labour Mobility Agreement and;
 - New West Partnership Agreement.

12. ENVIRONMENTAL PREFERENCES

12.1 Preference shall be given to the Climate Action Purchasing Guidelines where goods or services are available at competitive prices and the environmental benefits provided do not affect the intended end use.

13. ASSET DISPOSAL

- 13.1 The Director of Financial Services or designate must approve all disposal of asset requests.
- 13.2 The Purchasing Division shall coordinate all approved disposal of asset requests by means of public auction, public solicitation, trade-in, or by donation to a registered charity or non-profit organization.

14. PROHIBITIONS

- 14.1 The following activities are prohibited, unless specifically approved by Council:
 - a) The splitting of purchases to avoid the requirements of this policy by any method, including credit cards.
 - b) A purchase by an employee of any goods or services for personal use, whereby the employee utilizes City procurement methods, vendor accounts or pricing structures for personnel gain, as per the Conflicts of Interest Policy.
 - c) Purchase by an employee of any goods or services for personal use where freight, brokerage or other costs are at the expense of the City.
 - d) An employee shall not solicit or accept gifts, donations or free services for work-related leisure activities other than in situations outlined as acceptable under the Conflicts of Interest Policy.
 - e) Any purchase whereby an employee benefits from, or is reasonably perceived by the public to have benefited from, a City of Courtenay transaction over which the

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employee can influence decisions.

15. RELATED BYLAWS AND POLICIES

15.1 Delegation of Authority Bylaw

15.2 Corporate Climate Action Strategy including:

- Municipal Green Building Policy
- Green Fleet Policy and Procedures
- Climate Action Purchasing Principles

15.3 City of Courtenay Conflicts of Interest Policy

15.4 City of Courtenay Council Conflict of Interest Policy

15.5 City of Courtenay Strategic Implementation Plan

AUTHORIZATION: COW – June 27, 2011

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