

Council Policy



Purchasing Policy

Policy Number: CFS154/2019

Approval Date: June 11, 2019

Supersedes Policy:

Council Policies - 8/2008 Fiscal Principles, Practices, and Policies; 183/2005 Fiscal Management; CF249/2010 Expenditures not Included in Budget;

Administrative Policies - FSA2/2016; Purchasing Card; FSA1/2016 Purchasing; and FSA3/2016 Tendering.

SECTION A

1.0 Purpose:

- 1.1 To outline the Town of Morinville's policy regarding expenditures and procurement of Goods and Services. This policy is a framework for establishing decision-making that will contribute to the Town's strategic goals which will be used to guide the purchasing process and facilitate appropriate control of expenditures for the Town.
- 1.2 The Purchasing Policy shall enable efficiency, effectiveness, compliance and standardization in the Town's procurement procedures, practices and processes that support the organization's accountability to the community.

2.0 Objective:

- 2.1 Ensure compliance with all applicable laws, regulations, bylaws, policies and trade agreements and adherence to the highest standards of ethical conduct;
- 2.2 Use of a competitive process for all purchases that are \$75,000 or greater for Goods and Services, and are \$200,000 or greater for Construction except where the Procurement Process meets specific jurisdiction as defined in this Policy and is in accordance with all applicable trade agreements;



Mayor



CAO

- 2.3 Ensuring sustainable procurement methods and geographic neutrality while avoiding preference for local supplies for purchases that fall within the requirement of a competitive process as outlined within all applicable trade agreements (contracts over \$75,000 for goods and services and construction contracts over \$200,000).

While adhering to all other terms and conditions outlined within this policy and the Administrative Purchasing Directive, Local Businesses will be given purchasing priority on contracts under \$75,000 for goods and services with a variance of 10% to a maximum of \$3,750 and construction contracts under \$200,000, with a variance of 10% to maximum of \$10,000.

- 2.4 Achieve the best value for the Town of Morinville through an open, fair, accountable and transparent procurement process; and
- 2.5 Communicate a clear and accountable procurement and purchasing process to the public.

3.0 Guiding Principles:

- 3.1 The Town of Morinville abides by the following principles for all Procurement related activities:
- Ethical behavior and conduct;
 - Open and effective competition;
 - Best value acquisition; and
 - Compliance with trade agreements and all pertinent legislation.
- 3.2 Ethical Behavior and Conduct
- Administration will behave with impartiality, fairness, independence, openness, integrity and professionalism when conducting business to ensure fairness to all actual and potential business partners and the public.
- 3.3 Open and Effective Competition
- Administration will ensure that all interested vendors are provided with opportunity to conduct business with the Town of Morinville and that all participants are subject to the same terms, conditions and requirements. Furthermore, that all Procurement documents and Contracts accurately reflect the requirements of the Town and are not unreasonably biased to favor a particular vendor.

3.4 Best Value Acquisition

- The Town encourages the consideration of overall cost in the acquisition of Goods and Services, including but not limited to: acquisition cost, operating and life cycle costs, salvage value and delivery. The Town will consider and evaluate the relevance of price and non-price factors prior to commencing the Competitive Process.

4.0 Definitions:

4.1 **“Administration”** An Employee or contract employee of the Town of Morinville.

4.2 **“Competitive Process”** A publicly posted open competition used for the Procurement of Goods and Services, including Construction.

4.3 **“Construction”** A construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work that also includes site preparation, excavation, drilling, seismic investigation, as well as the supply of products, materials, equipment and machinery if they are included in and incidental to the construction and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting Services related to the construction Contract unless they are included in the Procurement.

4.4 **“Contra”** A barter arrangement between two parties who exchange Goods or Services.

4.5 **“Contract”** A written agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for a valuable benefit, not including the sale of Town owned land or assets.

4.6 **Local Business** – A type of business that is based in a local area and provides a variety of commodities, goods, products or services that are needed to a local population.

4.7 **“Members of Council”** Individuals duly elected to serve Morinville pursuant to the Local Authorities Election Act.

4.8 **“Personal Reward Programs”** Incentive programs where a percentage of the amount spent is paid back to the card holder in any form, including but not limited to cashback or points.



Mayor



CAO

- 4.9 **“Procurement”** The acquisition by any means, including by purchase, rental, lease or conditional sale, of Goods and Services or Construction but does not include any form of government assistance or provisions by government organizations.
- 4.10 **“Purchaser”** A member of Administration who is responsible for the Procurement and/or purchase of any Good, Service or Construction.
- 4.11 **“Purchasing Card (PCard)”** A credit card provided by a recognized financial institution imprinted with the cardholder’s name, Town of Morinville, credit card number and validity period.
- 4.12 **“Quotation”** A statement setting out the estimated cost for a particular job or Service.
- 4.13 **“Scope of Work”** An accurate, detailed, and concise description of the work to be performed by the contractor, the owner, and all third parties in a Construction project or Contract for Services broken down into specific tasks and associated deadlines.
- 4.14 **“Service”** The action of helping or doing work, not including Construction, that is supplied or is to be supplied to the Town of Morinville or a member of Administration including Members of Council.
- 4.15 **“Situation of Urgency”** A situation where the purchase of the Good or Service is necessary because of an immediate risk to the health and safety of Administration or the general public or because of the possibility of serious damage to Town facilities or private property.

5.0 Scope:

- 5.1 This policy applies to all Members of Town Council and all members of Town Administration.

6.0 All Employees:

- 6.1 Shall procure and/or make purchases in compliance with all applicable trade agreements, including but not limited to:
- Canadian Free Trade Agreement (CFTA);
 - New West Partnership Trade Agreement (NWPTA); and
 - Canadian-European Union (EU) Comprehensive Economic and Trade Agreement (CETA).



Mayor



CAO

- 6.2 Shall comply with all applicable laws, regulations, bylaws and policies.
- 6.3 Shall authorize only the purchases within their approval thresholds. All dollar figures in the policy are inclusive of all applicable additional fees or charges, including but not limited to Goods and Service Tax (GST), environmental tax, and disposal surcharges.
- 6.4 Shall not subdivide, split, or otherwise structure Procurement documents in order to reduce the Procurement value and avoid the requirements of this policy.
- 6.5 Shall not use Personal Reward Programs when making purchases with Purchasing Cards or through Purchase Orders.
- 6.6 Shall not make any purchases using any form of Contra or any other form of an exchange of products for Services or vice versa.
- 6.7 Shall protect information received in relation to a Competitive Bid Process or the award of a Contract in accordance with the provisions of the *Freedom of Information and Protection of Privacy Act, RSA 2000, Chapter F-25*.

7.0 Directors, Managers, or Designates

- 7.1 Shall identify the need for Procurement and develop requirements and specifications to be satisfied through the process.
- 7.2 Shall, after identifying a need for Procurement:
 - determine the type of Procurement document required and develop a work plan including but not limited to the specifications, Scope of Work, and evaluation criteria; and
 - Identify any applicable conditions which must be adhered to if grants are to be used in whole or in part to fund the Procurement.
- 7.3 Shall support the appropriate education to employees involved in the process.
- 7.4 Shall monitor and advise Supervisors on budget availability and potential sources of funding.
- 7.5 Delegate purchasing authority to staff as required and when approved by the Chief Financial Officer or Designate.
- 7.6 May authorize the release of holdbacks, letters of credits and bonds upon Contract completion.



Mayor



CAO

8.0 Chief Financial Officer or Designate:


- 8.1 Shall oversee and monitor the financial duties of carrying out the Competitive process.
- 8.2 Shall have final approval on all delegated Purchasing authority and shall, from time to time, monitor and track the Purchaser limits and amend as needed.
- 8.3 Shall oversee and track the budget restrictions and advise on budget constraints.

9.0 Disqualification

- 9.1 For the purposes of this section, Bidder and Supplier shall be deemed to include any related entity and any partner, principal, director or officer of such Bidder or Supplier as well as any other legal entity with one or more of the same partner(s), principal(s), director(s) or officer(s).
- 9.2 A Bidder or Supplier may be excluded from eligibility to submit a bid, proposal or quote or a submitted bid, proposal or quote may be summarily rejected and returned to a Bidder or Supplier where the Town, in its absolute sole discretion, determines that one of the following circumstances has occurred:
 - the Bidder or Supplier is or has been involved in litigation with the Town, its elected officials, or employees;
 - the Bidder or Supplier has failed to pay an amount owed to the Town when due and owing (including without limitation any tax arrears outstanding);
 - there is documented evidence of poor performance, nonperformance or default by the Bidder or Supplier in relation to any contract with the Town or goods, work or services otherwise provided to the Town;
 - the Bidder, Supplier or its personnel have demonstrated abusive behavior or threatening conduct towards Town employees, their agents or representatives;
 - the Bidder or Supplier has been convicted of a criminal offence including but not limited to fraud or theft; or
 - The Bidder or Supplier has been convicted of any quasi-criminal offence pursuant to applicable legislation or regulations including but not limited to the Occupational Health and Safety Act, where the circumstances of that conviction demonstrate a



Mayor



CAO

disregard on the part of the Bidder or Supplier for the health and safety of its workers, Town employees or the general public.

- 9.3 In arriving at a determination for the disqualification of a Bidder or Supplier pursuant to this section, the Town will consider whether the circumstances are likely to affect the Bidder or Supplier's ability to work with the Town, its consultants and representatives, and whether the Town's experience with the Bidder or Supplier indicates that the Town is likely to incur increased staff time and/or legal costs in the administration of any dealings with the Bidder or Supplier.
- 9.4 Based on the severity of the events leading to the disqualification, the Town shall establish the duration of the period during which the disqualification shall be effective.
- 9.5 In the event the Town concludes that a Bidder or Supplier should be disqualified pursuant to this section, it shall first provide written notice to the Bidder or Supplier indicating the Town's intention to disqualify the Bidder or Supplier, its reasons for doing so, and the duration of the intended disqualification. Such notice shall indicate that the Bidder or Supplier will have a period of at least fourteen (14) days to respond to such notice in writing, setting out (if the Bidder or Supplier so chooses) any reasons it opposes or disputes either the disqualification or the duration of the disqualification.

Any notice of appeal from an affected Bidder or Supplier received by the Town within the time frame set out in section 9.5 shall be reviewed and considered by the CAO, who may either uphold, overturn, or vary the terms of disqualification. Any such decision will be final and not subject to further appeal, and will be communicated in writing to the Bidder or Supplier.

10.0 Expiry Date

- 10.1 For the purpose of ensuring this Policy is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this policy expires December 31, 2022.
- 10.2 This policy shall remain in effect if the review date passes prior to formal review.



Mayor



CAO

SECTION B

1.0 Reference to other Policy and Legislation

- 1.1 Municipal Government Act
- 1.2 Canadian Free Trade Agreement
- 1.3 New West Partnership Trade Agreement
- 1.4 Administrative Purchasing Directive
- 1.5 Council Signing Authority Policy
- 1.6 Council Tangible Capital Asset Policy
- 1.7 Morinville Emergency Management Bylaw
- 1.8 Chief Administrative Officer Bylaw

2.0 Persons Affected

- 2.1 All staff

3.0 Review/Revision History and Author



Barry Turner
Mayor



Stephanie Labonne
Chief Administrative Officer