

## **PROCUREMENT POLICY**

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Effective Date:

### **POLICY**

It is the policy of The Town of North Rustico to acquire goods and services on a competitive basis and to ensure uniformity of rules and procedures in the purchasing of goods and services.

### **PURCHASING AUTHORITY**

- 1) The CAO for Town of North Rustico shall be the responsible authorities for the purchase of goods and services for The Town of North Rustico subject to the policy and procedure herein.
- 2) It shall be the responsibility of the CAO to ensure that purchases of goods and services are carried out in accordance with this policy.
- 3) Approval of the Town Council will be required to purchase goods and services that exceed a value of \$5,000.
- 4) The CAO is authorized to make contracts for the acquisition of goods and services for the purpose of carrying on the business of the Town, where the amount of the expenditure does not exceed \$5,000, in any one case, and where such expenditure is included in the approved budget allocation.

### **GENERAL**

- 5) Procurement of goods and services shall generally be undertaken through a competitive bid process in either of two ways, depending on the dollar value:
  - a) Bid by invitation
  - b) Public tender
- 6) The CAO shall encourage the consolidation and standardization of items used within the departments.
- 7) Under the direction of the CAO, purchasing authorities shall endeavor to combine the purchasing of common goods and services to achieve the most economical financial benefit to the Town. This may include cooperative purchases with other public sector agencies when it is deemed to be the most cost-efficient method of procurement.
- 8) The Authority shall ensure that, wherever possible and economical, specifications are prepared to provide for the expanded use of products and services that contain the maximum level of post-consumer recyclable waste and/or recyclable content, without significantly affecting the intended use of the products or service.
- 9) The Purchasing Authorities shall maintain a file system that records proof of verbal and written quotations and bids.

## **THE BID PROCESS**

### **10) Informal purchasing:**

Where the value of goods and services to be purchased is less than \$5000, in any one case, formal price comparisons are not required, although from time to time, some comparisons should be done to ensure that the Town is getting the best value for the dollar. Where the value of goods and services to be purchased is between \$5000 and \$25,000, three written quotations will be sought.

### **11) Bid by Invitation:**

Where the value of goods and services to be purchased exceeds \$5000 and less than \$25,000, in any one case, bids will be solicited by invitation in written form.

### **12) Public Tender:**

Where the value of goods and services to be purchased exceeds \$25,000, in any one case, public tenders shall be solicited through public advertisement.

### **13) Emergency Acquisition:**

Notwithstanding the above, in the case of a pressing emergency, where the delay resulting from inviting tenders or bids would be injurious to the public interest and/or the Town's assets, the CAO may approve the purchase and report it to the Council at the earliest date thereafter.

## **PUBLIC TENDER PROCESS**

### **14) SPECIFICATIONS:**

The purchasing authorities shall prepare specifications for the goods and services to be acquired by tender.

### **15) TENDER DOCUMENTS:**

Tender documents shall include the following:

- a) Form of "Instructions to bidders",
- b) Form of "Tender",
- c) Form of "Contract Agreement",
- d) Form of "General Conditions".
- e) Project drawings and/or specifications where required

The above documents shall include, at least, the closing date and time, the fact that all tenders must be in sealed envelopes clearly marked with the purpose of the tender.

### **16) PRIVILEGE CLAUSE:**

A statement shall be included in the advertisement that "The Town reserves the right to reject any or all tenders, not necessarily accept the lowest tender, or to accept any tender which it may consider to be in its best interest. The Town also reserves the right to waive formality, informality or technicality in any tender."

**17) TENDER OPENINGS:**

All tenders solicited by the Town shall close on Friday at 12:00 PM. All tenders shall be received by the staff at the Town Hall, who shall stamp the time and date received on the envelope and place the tender in a Tender Box. No tenders shall be received by Fax. However, amendments to tenders will be accepted if the tendered price is not revealed in the fax. At the appointed time for opening, the Purchasing Authority, member of Town Council, and one other person selected by the Purchasing Authority, shall meet in the Town offices. The Purchasing Authority will bring the Tender Box (which has been sealed by the Receptionist at the hour of closing) to a selected room for public opening. The public is permitted to view the tender opening in that room.

The Purchasing Authority shall ensure that a recorder records the proceeds at the opening, including the names of those persons in attendance and the amounts of the bids.

Tenders received after the closing shall be returned unopened to the bidder.

**18) TENDER AWARDING:**

It shall be customary to award the tender to the bidder of the lowest price meeting the specifications. The Town reserves the right to make an award for reasons deemed to be in its best interest. An award shall not be made in any circumstances to a firm that did not submit a bid on the original tender call.

All tenders valued at less than \$5,000 shall be approved in accordance with the purchasing authorities stated in this policy.

All tenders valued in excess of \$5,000 shall require a report from the Purchasing Authority, including a recommendation, to the Council. The Council shall consider the recommendation of the Purchasing Authority in making its decision.

In the event that all of the bids received exceed the budgeted appropriation, the Purchasing Authority shall do one of the following:

- a) Cancel the project.
- b) Make an award to the lowest acceptable bidder based on the budget overrun, and the significance and priority of the proposed project.
- c) Undertake negotiations in the scope of the work with the bidder submitting the lowest acceptable tender to reduce or alter the scope.

**19) PURCHASE ORDER/CONTRACT:**

After approval, a formal contract or a Purchase Order shall be prepared for the total amount of the goods and services which is to be signed by the appropriate authority, and the successful bidder.

**CALL FOR PROPOSALS**

- 20) When seeking professional services or goods that cannot be rigidly defined under Tender specifications, the Purchasing Authority shall prepare a Request for Proposal (RFP). The RFP shall generally describe the scope of work or goods entailed, and would invite written proposals from prospective suppliers which detail the methodology to be utilized, the time frame for completion, and an estimated cost for completion of the outlined work. The

Purchasing Authority may stipulate an amount for the services to enable a more fair evaluation of the proposals.

- 21) The selection of the successful bidder shall be based on consideration of the scoring of a number of relative factors, and shall not be selected on the basis of price alone. The authority is then authorized to negotiate a final contract with the selected bidder. All final contracts valued in excess of \$5,000 require the approval of Town Council.

### **SURPLUS MATERIAL**

- 22) Goods, supplies and assets which are declared surplus by the Purchasing Authorities shall be offered to other departments of the Town, or sold in the most effective manner to obtain the highest return, by Tender, auction, negotiation or quotation, in accordance with this Policy.
- 23) Employees and Councillors of the Town, or their agents, shall not be permitted to bid on the purchase of surplus material, unless it is a sealed bid process.

### **PROFESSIONAL SERVICES**

- 24) Professional services include insurance, auditing, banking, legal, and engineering services.
- 25) Generally these services will be subject to a Request for Proposal process on a three-year basis. The CAO and the Council, or a Committee appointed by Council, are responsible to carry out that process and file a recommendation with the Town Council for the three year appointment.
- 26) The Council, or Committee and CAO, or his designate, shall prepare the specifications for these services, call for proposals, carry out the necessary interviews, and prepare a recommendation for Council approval.

### **RECEIPT OF GOODS AND SERVICES**

- 27) Immediately upon the receipt of goods, authorized staff shall ascertain that the goods are received as ordered, relating to quantity and condition. Rejection of delivery shall be reported to the purchasing authority.
- 28) A receiving report shall be prepared and signed by the authorized person, and it shall be forwarded to the Accounting Staff to be attached to the purchase order.
- 29) Services received may not have a receiving report, and in those cases the purchasing authority's signature on the invoice shall signify that the service has been provided in an acceptable manner.
- 30) If goods are received in an unacceptable condition, the purchasing authority and the Accounting Staff shall be notified by the receiver. The supplier and the carrier shall be notified of the situation.

**PAYMENT FOR GOODS AND SERVICES**

- 31) Payment may be made by the CAO, or his designate, to the supplier if the supplier invoice is accompanied by a receiving report, a purchase order and approval of the purchasing authority. The Accounting Staff, or a designate, shall verify that all appropriate steps and approvals for the acquisition of the goods and services are in place.