



Village of Chase Policy Manual

Title: ADM 11 (2010) – Purchasing

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Revised:

Date Effective: October 26, 2010

Reviewed:

Special Notes / Cross Reference: Replaces ADM-11, dated November 8, 1990

POLICY:

The Village of Chase will obtain services or make purchases from reliable suppliers, recognizing that, although price is important, other elements of value, including quality, ability to deliver at required times, service and customer relations all contribute to the total cost of goods and services.

PURPOSE:

To establish authority and procedures to commit or expend funds.

DEFINITIONS:

Council – is the Municipal Council of the Village of Chase

Invitation to Tender – is a formal request for sealed, competitive bids for the supply of specific goods or services in response to an advertised invitation. Submitted bids are opened in public. The tendered prices are provided without conditions and the award is made without negotiation.

Quotation – is a less formal request for pricing of goods or services, from selected sources of supply. Submitted quotes are not opened in public.

Request for Proposal – is a formal request for sealed submissions, to be used when there are alternative ways to meet a specific need. An advertisement describes an opportunity or problem and asks for solutions and costs. Suppliers are invited to propose what they consider to be the best way of meeting the Village's requirements. Submitted bids are opened in public.

Tangible Capital Asset (TCA) – is a non-financial asset having physical substance that:

- a) Is held for use in the production or supply of goods or services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets
- b) Has a useful economic life extending beyond an accounting period
- c) Is to be used on a continuing basis, and
- d) Is not for sale in the ordinary course of operations

NOTE: *This definition is also used in policy ADM – 5 Tangible Capital Asset Management. That definition takes precedence over this entry, which is included for reference only.*

Village – is the Village of Chase



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AUTHORITY:

1. Subject to applicable Village policies and bylaws, Council delegates to the Chief Administrative Officer the authority to commit or expend funds from the budget, subject to the following:
 - a) A limitation of \$50,000.00 on unspecified goods and/or services;
 - b) Up to the budgeted amount for goods and/or services that have been specifically identified in the five year financial plan bylaw; and
 - c) Up to the amount for which a quote, tender or proposal has been approved by Council.

2. Authority to accept any quotation, tender or proposal is delegated by Council as follows:
 - a) Chief Administrative Officer or their designate: up to \$50,000
 - b) Public Works Foreman: up to \$25,000
 - c) Corporate Officer: up to \$10,000
 - d) Chief Financial Officer: up to \$10,000
 - e) Fire and Rescue Chief: up to \$2,000

3. Delegated authority is subject to the following:
 - a) The expenditure is within the adopted five year financial plan bylaw;
 - b) The funds are available without borrowing;
 - c) The quotation, tender or proposal is to be awarded based on a combination of competitive pricing, quality of goods and/or services, availability, and a reputation for adhering to specifications, maintaining timely deliveries and a high quality of after sales service;
 - d) Multiple quotations are received for items between \$10,000 and the tender limits specified in **Invitations to Tender and Requests for Proposals**, below.
 - e) In the event that any of the above criteria are not met, the quotation, tender or proposal must be submitted to Council for approval, re-issued with amended specifications or the goods, services or project is cancelled.

4. When the authority to commit or expend funds is delegated, it carries with it the responsibility to ensure that:
 - a) The works, goods supplied or services rendered have met the standards contracted for.
 - b) Contracts will be let through the tender process where appropriate.
 - c) The price charged is that contracted for;
 - d) All terms and conditions of the contract are fulfilled
 - e) Funds are available in the five year financial plan bylaw; and
 - f) The commitment or expenditure is a real charge against the activity to which it is coded.



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PROCEDURES:

General Provisions

1. Council authorization is required for all purchases exceeding budgeted amounts.
2. Suppliers and Contractors will be selected based on competitive pricing, quality of goods and/or services, availability, and a reputation for adhering to specifications, maintaining timely deliveries and a high quality of after sales service.
3. Telephone orders may be placed for "rush" type goods or services where there is only one source. Orders must not be placed without first obtaining a price and an authorized purchase order.
4. Purchases of up to Fifty Dollars [\$50.00] may be processed through the use of "petty cash" without a purchase order.
5. With the exception of Emergency Expenditures or minor "petty cash" items, no purchases may be undertaken by Village staff without the prior completion of an authorized purchase order.
6. Funding for purchases up to \$10,000.00 may be expended without written quotations, proposals or tenders. Every effort must be made to obtain the best value, based on a combination of competitive pricing, quality of goods and/or services, availability, and a reputation for adhering to specifications, maintaining timely deliveries and a high quality of after sales service.
7. Written quotations must be obtained from a minimum of three suppliers and attached to the Village's copy of the purchase order as back up for expenditures between \$10,000 and the tender limits specified in **Invitations to Tender and Requests for Proposals**, below. Quotations will be opened on receipt by the appropriate department and are confidential until a supplier and/or contractor has been selected. Deviation from this clause shall be at the discretion of the Chief Administrative Officer, the Chief Financial Officer or Public Works Foreman. Justification for any deviation shall be recorded and attached to the purchase order.
8. Non-competitive situations are those in which the Village will not procure through quotation, tender or proposal in order to meet its requirements for goods and/or services. Non-competitive situations exist when:
 - a) True competition does not exist [e.g. sole source items];
 - b) Prices or sources of supply are determined by other regulatory bodies; and
 - c) Village objectives [standardization], operational requirements or administrative costs preclude competitive alternatives.
9. All information relevant to recording Tangible Capital Assets shall be forwarded to the Chief Financial Officer upon project completion or receipt of goods. Refer to Policy ADM – 5 Tangible Capital Asset Management for detailed information.

Invitations to Tender and Requests for Proposals



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General Procedures

1. All purchases of:
 - i) \$75,000 or more for goods
 - ii) \$75,000 or more for services or
 - iii) \$200,000 or more for constructionshall be subject to formal invitations to tender or requests for proposals. An attempt must be made to obtain at least three submissions.
NOTE: *The spending limits above are taken from the Trade, Investment and Labour Mobility Agreement between the provinces of British Columbia and Alberta.*
2. Specifications covering materials and services should be written broadly enough to encourage competitive bidding. Brand names may be used only to specify standards or where the materials or services are unique. Specifications covering construction projects shall be in accordance with the Village's Servicing Standards and applicable Construction and Building Codes.
3. When selecting suppliers and/or contractors to be invited to tender or to provide a proposal, the following should be considered:
 - a) The degree of competition required, commensurate with the type, size and dollar value of the requirement;
 - b) A reputation for adhering to specifications and maintaining timely deliveries
 - c) Quality of goods and/or services;
 - d) Availability when timely response to urgent demand is required; and
 - e) Proven track record of high quality after sales service;
4. Sufficient time must be allowed for the preparation and return of tenders or proposals prior to the date and time of closing.
5. The advertisement to submit bids for a tender or proposal must be placed in appropriate publications and internet notice boards for the product or service.

Preparation of Tenders and Proposals

1. Department managers and/or consultants are responsible for preparing, or having others prepare, the specifications for the goods and/or services that are to be purchased. The specifications must describe in advance the criteria and method of evaluation that will be used to determine the merits of the tenders and proposals. (See Invitations to Tender and Requests for Proposals, General Procedures, 3 above.)
2. Prior to the issuance of the tender or proposal, the Chief Financial Officer or designate will review all documents to ensure that funding is available for the project. In addition, the Chief Administrative Officer or designate will ensure that the proposed methodology for evaluating the tender or proposal is clear and consistent with the Village's practices.



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3. Prior to issuing the public advertisement for publishing, the department manager should inform reception personnel of the details contained in the advertisement.

Acceptance of Sealed Bids

1. Staff receiving sealed bids shall adhere to the following procedures:
 - a) Upon receipt of the sealed bid, immediately record the date and time received on the outside of the sealed envelope. The staff member receiving the bid must also initial the envelope.
 - b) If a fax amending a sealed bid is received, confirm that the date and time received printed on the FAX is accurate and initial the recorded information on the faxed document.
 - c) If a telephone call is received from a supplier or contractor wanting to amend a sealed bid, advise them that the bid can only be amended by fax or hand delivered letter. Note the time, date and name of the caller and which company they represent.
 - d) Original bids and written or faxed amendments are not acceptable after the official closing time and date. Information received after the closing time and date should be time and date stamped and will be returned unopened to the sender.
 - e) Original bids must be received in a sealed envelope or as per f) below.
 - f) An original bid received in the form of a fax or an email is acceptable, but is to be discouraged. Upon receipt, such documents shall be enclosed within a sealed envelope and the date, time, method of delivery and signature of the receiving staff person shall be recorded on the outside of the envelope.
 - g) The Village of Chase assumes no liability for the security, completeness or time of receipt of any bid documents.
2. Sealed bids will be opened at a public session on the date and time specified in the advertisement. The Chief Administrative Officer or designate and the applicable department manager or their designate shall be present at the opening.
3. Following the opening of tenders or proposals, the Chief Administrative Officer or their designate, the applicable department manager or their designate and/or any consultants retained by the Village shall review the submitted material.
4. The department manager is responsible for ensuring that all criteria of the tender or proposal are met. Criteria may consist of insurance, bonds, irrevocable letter of credit, confirmation of figures contained in the documents and conformity with the "Instructions to Bidders" in the specifications. The CAO and/or consultant may assist this review prior to awarding the contract.
5. Original documents are to be stored in a secure cabinet.

Awarding of Tender or Proposal

1. A report to or by the Chief Administrative Officer will be included on the next appropriate Council agenda. The report will make a recommendation on the preferred vendor and the rationale for the recommendation. The following criteria shall be utilized to rate submissions:
 - a) Do the proposed works, goods supplied or services rendered meet required standards?



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- b) Is the bid is within the budgeted amount?
 - c) Are all terms and conditions of the tender are fulfilled?
 - d) Does the bidder have a good reputation for adhering to specifications, maintaining timely deliveries and providing high quality after sales/project service?
 - e) Will the bidder be available when timely response to urgent demand is required?
2. The tender or proposal is to be awarded based on the criteria and methods detailed in this policy.

Internal Purchasing Control

1. All purchases must be undertaken with a pre-numbered purchase order, duly signed by authorized personnel. All purchase orders must be accounted for to ensure numerical continuity of documents to prevent unauthorized purchases and to strengthen the Village's overall system of internal control.
2. The following should be included on all purchase orders:
 - a) Date
 - b) Vendor name and address
 - c) Description of materials or services purchased with applicable pricing and taxes
 - d) General Ledger Account to charge expenditure
3. A copy of all duly authorized purchase orders must be submitted to the Finance Department.
4. To ensure that payments are made on a timely basis and as a safeguard against duplicate payments, payments shall be made by invoice. Supplier statements will be reconciled monthly to ensure that the Village has been invoiced for all items and that all invoices have been paid or are in the process of being paid.

Subsequent Payment

1. As invoices arrive at the Village office, the duly authorized purchase order will be matched to the appropriate invoice.
2. Where appropriate, the Finance Department shall assemble a voucher package which includes the supplier invoice and the authorized purchase order. This package is then initialed by the department manager to indicate receipt of goods and returned to the Finance Department.
3. Cheque signing authority is designated by Council resolution.
4. All invoice terms are "net 30 days" from date of invoice. Early payment may be made in order to take advantage of discount terms and conditions. Where the terms of this policy and those of other documents differ, this policy shall prevail.
5. For all purchases exceeding the tender limits specified in **Invitations to Tender and Requests for Proposals**, above, a departmental manager must provide written confirmation, in memo



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format, that the purchase meets specification requirements and is acceptable for payment. The memo shall be addressed to the Director of Finance with a copy to the Chief Administrative Officer. Payment will only be made after receipt of this documentation.

Emergency Expenditures

1. Notwithstanding any of the foregoing, in the event of an emergency, the Chief Administrative Officer has the authority to expend whatever funds are reasonably necessary to deal with an emergency. Prior to expending or committing such funds, the Chief Administrative Officer shall use his best efforts to contact the Mayor or Deputy Mayor, advise them of the nature of the emergency and the amount of funds to be committed or expended and obtain their approval.