

THE CORPORATION OF THE TOWN OF WHITBY



PURCHASING POLICY

October 6, 2003

PURCHASING POLICY

TABLE OF CONTENTS

POLICY STATEMENT.....	4
OBJECTIVE.....	4
AUTHORITY.....	4
SCOPE AND APPLICATION.....	4
GENERAL.....	4
1. DEFINITIONS.....	4
2. RESPONSIBILITIES.....	7
2.1 COUNCIL TO:.....	7
2.2 CHIEF ADMINISTRATIVE OFFICER TO:.....	7
2.3 DEPARTMENT HEADS/MANAGERS TO:.....	7
2.4 TREASURER TO:.....	8
2.5 SUPERVISOR OF PURCHASING (HEREIN REFERRED TO AS THE SUPERVISOR) SHALL:.....	8
3. AUTHORITIES AND DOLLAR LIMITS.....	9
3.1 LESS THAN \$1,000.....	9
3.2 \$1,000 - \$5,000.....	10
3.3 \$5,000 - \$25,000 (INFORMAL QUOTATIONS).....	10
3.4 \$25,000 - \$50,000 (FORMAL QUOTATIONS).....	10
3.5 \$50,000 AND OVER (TENDERS).....	10
4. EXEMPTIONS.....	11
5. PROPOSALS.....	11
5.1 DEFINITION.....	11
5.2 \$1,000 - \$25,000.....	11
5.3 \$25,000 - \$50,000.....	11
5.4 \$50,000 AND OVER.....	12
6. CONSULTING AND PROFESSIONAL SERVICES.....	12
6.1 LESS THAN \$25,000.....	12
6.2 \$25,000 - \$50,000.....	12
6.3 OVER \$50,000.....	12
6.4 PROCEDURES.....	13
7. REPETITIVE PROJECTS/ASSIGNMENTS FOR CONSULTANTS FOR CONTINUOUS SERVICE.....	13
7.1 JUSTIFICATION.....	13
8. BID OPENING, EVALUATION AND AWARD.....	13
9. PRE-QUALIFICATION.....	13
10. NEGOTIATIONS.....	15
11. SOLE SOURCE PROCUREMENT AND JUSTIFICATION.....	15
12. TENDERS APPROVED DURING THE SUMMER RECESS OF COUNCIL.....	16

PURCHASING POLICY

13. EMERGENCY PURCHASE.....	16
14. CO-OPERATIVE PURCHASING.....	17
15. PROCUREMENT CARDS	17
15.1 RESTRICTIONS:	17
16. DISPOSAL OF SURPLUS GOODS AND EQUIPMENT.....	17
17. PROHIBITIONS.....	18
18. CONFIDENTIALITY.....	18
19. PROFESSIONAL AFFILIATIONS AND CODE OF PURCHASING ETHICS.....	18
20. ADMINISTRATIVE PROCEDURES.....	18
APPENDIX "A"	19
EXEMPTIONS	19
APPENDIX "B"	20
TENDERING IRREGULARITIES.....	20
ACQUISITION PROCESS	23
GOODS AND SERVICES	23
PROPOSALS	23
CONSULTING AND PROFESSIONAL SERVICES.....	24

PURCHASING POLICY

POLICY STATEMENT

The Corporation of the Town of Whitby will maintain an open, fair and competitive process to ensure that all goods and services are procured at the most economical value, without favouritism, and with consideration given to price, quality, quantity, service and delivery through the application of the highest standards of business ethics.

OBJECTIVE

The purpose of this policy is to:

- improve the efficiency of the public procurement process;
- promote the purchasing methods and purchasing “tools” outlined in the policy and procedures to allow staff to effectively carry out their responsibilities and acquire goods on time;
- ensure vendors be treated in a fair and equitable fashion;
- ensure the integrity of the public procurement process is adhered to, thereby ensuring that the taxpayers of the Town of Whitby receive the best value and/or product for the best price possible;
- being accountable to the public for procurement decisions.

AUTHORITY

The *Municipal Act*, 2001, Section 271 provides the statutory requirement for the municipality to adopt policies with respect to the procurement of goods and services by January 1, 2005.

SCOPE AND APPLICATION

This policy shall apply to The Corporation of the Town of Whitby and Local Boards thereof.

GENERAL

1. DEFINITIONS

Acquisition	the process of obtaining goods and services
Agreement	means a formal written legal agreement or contract for the supply of goods, services, equipment or construction
Bid Deposit	means currencies, certified cheques, bond surety issued by a surety company or other company or other form of negotiable instrument to ensure the successful bidder will enter into an agreement

PURCHASING POLICY

Bidder	the person, firm or corporation submitting an offer to the Town of Whitby
Chief Administrative Officer	means the appointed executive deemed responsible for administering the business concerns of the Town of Whitby
Committee	a committee composed of one or more Members of Council, or a Committee appointed or approved by Council
Consulting and Professional Services	services requiring technical skills provided for a fee on the basis of a defined project or undertaking to recommend and assist in implementing solutions; and may include architects, engineers, designers, surveyors, management and financial consultants, brokers, soil consultants, real estate appraisers, Ontario land surveyors, and other consulting and professional services rendered on behalf of the Town of Whitby
Co-operative Purchasing	refers to the participation of two or more public agencies in a tender call
Council	means the Council of the Town of Whitby consisting of a body of elected officials
Department Head	the head of any of the Town's Departments appointed by Council to serve as Director of a department within the organization
Emergency	means a situation with potential to cause harm, death to persons; accrue liability to the Town: cause damage to property; or hamper the Town's operation and thus warrants operating outside of the requirements
Goods and Services	includes supplies, equipment, labour, materials, products, maintenance and service to be done, furnished or performed by a company or individual that are the subject of the contract
Informal bid	means a bid containing an omission or variation which does not adhere to the Information to Bidders and which may be cause to disqualify the bid
Information to Bidders	means the instructions and information given to prospective bidders in a request for quotation, tender or proposal

PURCHASING POLICY

Irrevocable Letter of Credit	means an irrevocable letter which shall be unconditional and on the Town's standard form containing a request that the party to whom it is addressed pay the bearer or a person named therein money as a result of failure to perform or fulfill all the covenants, undertakings, terms, conditions, and agreements contained in a contract
Labour and Materials Payment Bond	means a bond issued by a surety company to ensure that the contractor has paid his or her suppliers and thereby protects the Town against items which might be granted to suppliers should the contractor not make proper payments
Performance Bond	means a bond issued by a surety company executed in connection with a contract and which secures the performance and fulfillment of the undertakings, covenants, terms, conditions and agreements contained in the contracts
Personal Purchases	means a purchase of goods or services requested by an elected official, an appointed official or by any other employee of the Town in which the purchase is not for the Town or its purpose but is for the benefit and use of the person requesting such purchase
Proposal	means a sealed bid which contains an offer to perform a specified function or service or supply good at a particular price where specifications may be difficult to define or are restrictive in nature
Purchase Order	means the purchasing document used to formalize a purchasing transaction with a supplier
Qualified Bid	means a limited or conditional offer that modifies or does not meet some important terms, condition or specification of the bid invitation, which limitation or condition may constitute grounds to disqualify the bid
Quotation	means a sealed bid received as a result of a written or verbal request by the Town for the supply of goods or services
Real Property	includes lands, buildings, tenements and any interest, estate or right or easement affecting same
Requisition	(or Purchase Requisition) means a written or electronically produced request in an approved format and duly authorized to obtain goods or services

PURCHASING POLICY

Sealed Bid	means a formal sealed response received as part of a quotation, tender or proposal
Supervisor	means the Supervisor of Purchasing
Surety	means cash, certified cheque, bid bond, performance bond, labour and materials payment bond, irrevocable letter of credit or any other form as deemed necessary and stated in the terms and conditions within a tender
Systems Contract	refers to a master agreement between the Town and a supplier to facilitate the re-ordering of repetitive use material and place it at the point of consumption with the lowest possible administration costs. The process involves the supplier carrying inventory
Tender	means a sealed bid which contains a written offer in a specified form received from a supplier in response to a public invitation to supply goods or services at a particular price and which is opened publicly and subject to final approval by Council

2. RESPONSIBILITIES

2.1 Council to:

1. Approve and adopt this policy.
2. Actively support the Purchasing Policy.
3. Approve amendments as required.

2.2 Chief Administrative Officer to:

1. Approve amendments to this policy which are minor in nature and which do not result in a change to the intent of the policy.
2. Actively support the Purchasing Policy.

2.3 Department Heads/Managers to:

1. Be responsible for and ensure that all expenditures for their departments are in compliance with the purchasing and budget policies.
2. Designate employees within their departments the authority to submit a requisition for a purchase order to the Supervisor of Purchasing.
3. Actively support the Purchasing Policy.

PURCHASING POLICY

2.4 Treasurer to:

1. Recommend necessary amendments to this policy for the consideration of the Chief Administrative Officer and Council.
2. Provide final interpretations and rulings in regard to the interpretation and implementation of this policy.
3. Actively support the Purchasing Policy.

2.5 Supervisor of Purchasing (herein referred to as the Supervisor) shall:

1. Report to the Treasurer.
2. Prepare and maintain administrative procedures required to implement the provisions of this policy.
3. Present such administrative procedures first to the Treasurer and then to the Chief Administrative Officer for their approval.
4. Monitor adherence to the regulations of this policy.
5. Acquire goods and services, including the leasing or rental of such goods and services in an efficient and cost-effective manner.
6. Make all purchases on a competitive basis, without favouritism, at the lowest overall cost consistent with quality, quantity, service and delivery except where a non-competitive commodity is required.
7. Ensure the greatest value for the Town by exercising professional purchasing practices, free from influence and interference, and encourage where practical, standardization and open and competitive bidding.
8. Participates in negotiating major contracts. (reference NEGOTIATIONS, Clause 10)
9. Participate in co-operative purchasing plans with other levels of government where it is deemed beneficial to the Town.
10. Promote the purchasing methods and tools outlined in this policy to allow staff to effectively and efficiently carry out their responsibilities and acquire goods on time.
11. Develop and maintain a database of reliable sources of supply.
12. Where directed, act as the Town's designated agent for the commitment of financial resources for the acquisition of goods and services, comply with approved purchasing policies and procedures, prepare Treasurer's Reports to Council regarding the award of tenders, quotes and proposals in consultation and cooperation with the user department.
13. Be responsible for the disposal of goods, equipment, supplies, and materials which have been declared surplus, worn-out or obsolete by the respective department head. Surplus material is to be disposed of by transferring to another department, returning to supplier, trading in on new equipment, advertising for sale, selling at Regional Auction or disposal.
14. Maintain vendor information by commodity and by supplier.
15. Co-ordinate the issuance of all tenders, quotations and proposal calls and receive submissions.

PURCHASING POLICY

16. Ensure the provision of Systems Contracting for the acquisition of office supplies, janitorial items and other repetitively used materials, operates efficiently and in such a manner as to remain beneficial to the Town.
17. Be authorized (or his/her designate) to sign/issue purchase orders or purchase commitment agreements that are in accordance with this policy.
18. Meet with Town staff to determine methods and procedures to use for the acquisition of operating and budget items.
19. Assist departments in the exchange and return goods that do not comply with the purchase contract or reconciling complaints which contradict the terms of the purchase contract.
20. Ensure end users working with the assistance of the Supervisor or designate, be responsible for the preparation of formal specifications when required and to provide same to the Supervisor.
Specifications shall be definitive as to quantity, quality and/or function. All specifications shall be approved by the originator and the Department Head concerned. The Supervisor or designate shall review all specifications to determine if they are in the appropriate form, indicate the minimum acceptable quality level, are commercially practical and in sufficient generic form to ensure competitive bidding.
21. Retain records of all purchasing transactions for at least two years and tenders, quotes and proposals for seven years.

3. AUTHORITIES AND DOLLAR LIMITS

The Supervisor, who reports to the Treasurer, is given the authority and responsibility of operating a centralized purchasing unit on behalf of the Town of Whitby in accordance with the requirements of this policy and shall act on behalf of the Town when entering into contracts with third parties for the purchase and disposal of all goods and services. The acquisition process shall be performed in accordance with the Code of Purchasing Ethics, established by the National Institute of Governmental Purchasing and the Purchasing Management Association of Canada and shall apply to all staff involved in the procurement process. Where funds are provided as defined in the appropriate budget, the Supervisor shall purchase the goods and services in accordance with the following policies.

3.1 Less than \$1,000

Where a requirement for goods and services is estimated to have a total purchase price less than \$1,000 and is not covered by a blanket order, Departments have the choice of obtaining requirements themselves on the understanding that staff use established procedures or by submitting a purchase requisition to the Purchasing Department. Departments must use the "blanket order" when these have been established for specific goods and services.

PURCHASING POLICY

3.2 \$1,000 - \$5,000

Goods and services with an estimated total purchase greater than \$1,000 and not exceeding \$5,000 shall be obtained by whatever method of communication deemed appropriate by the Supervisor. After consultation with the appropriate Department Head (or designate), an award shall be determined based upon terms and conditions beneficial to the Town.

3.3 \$5,000 - \$25,000 (Informal Quotations)

Three informal written quotations shall be obtained, if possible, for purchases between \$5,000 and \$25,000 and shall be so documented. The Supervisor, upon consultation with the Treasurer and the appropriate Department Head (or designate) shall approve an award upon such terms and conditions that are deemed beneficial to the Town on the understanding that the objectives of the purchasing policy in any competitive or direct purchase are met. A Treasurer's Report to Committee and Council is not required, unless costs exceeds budget

3.4 \$25,000 - \$50,000 (Formal Quotations)

The Supervisor shall solicit a minimum of three formal written quotations for goods and services with an estimated total purchase price greater than \$25,000 and not exceeding \$50,000. Where the compliant quotation meeting the specifications and offering the best value to the Town is acceptable, and subject to consultation with the Treasurer and the appropriate Department Head, the Supervisor shall approve the award. A Treasurer's Report to Committee and Council is not required, unless cost exceeds budget.

3.5 \$50,000 and over (Tenders)

Goods and services with an estimated total purchase price greater than \$50,000 shall be obtained by the Supervisor by sealed public tender. Tenders will be advertised in a publication of general circulation, on the internet, or by invitation from a list of qualified bidders, or a combination thereof. Tenders will be issued, received and opened in public in accordance with established procedures, including the determination of tender irregularities included in Appendix "B". Tenders that are late, illegible, unsigned, contain insufficient deposit, contain uncertified cheques, or do not include a deposit, bond or surety, shall be rejected. The terms and conditions of the deposit, bond or surety are subject to the approval of the Treasurer.

In case of purchase arrangements that exceed one year or allow for extension for more than one year subject to satisfactory negotiations, and the value of the original term or value of any extension will result in the total contract price exceeding \$50,000 the report recommending acceptance shall reflect this.

After consultation with the appropriate Department Head and the Treasurer, the Supervisor will prepare a Treasurer's Report to Committee and Council for consideration of the recommendation.

PURCHASING POLICY

4. EXEMPTIONS

Items listed in Appendix "A" are excluded from the requirements of this policy and are not governed by the issuance of a purchase requisition or purchase order. These items must have been provided for in the Current or Capital Budgets of the department incurring the expenses and shall be subject to all other limitations and conditions within this policy. Notwithstanding, Department Heads are expected to provide details to the Treasurer and the Chief Administrative Officer of any contractual arrangements (under Appendix "A") with third parties that exceed \$25,000 annually or are for more than one year. These include, but are not limited to arrangements for insurance and brokerage, counselling, banking, audit, legal, survey and property appraisal.

5. PROPOSALS

5.1 Definition

Purchases may be made through the use of proposals (Request for Proposals) in those specific situations where a product and/or service cannot be adequately specified (i.e., technical products or specialty services). When appropriate, proposals shall be called by public advertisements and/or invitation. Quality, technical criteria, references and fees are some of the weighted criteria to be specified in a proposal call and shall be the basis for the evaluation of all submissions. The proponent with the highest overall weighted score is recommended for selection by an evaluation committee. The broad criteria may vary from project to project but should encompass experience, knowledge, professional reputation and integrity, stability, financials and specialty capabilities. Proposals shall be issued, received, opened and checked in accordance with established procedures. An evaluation committee will normally include representatives from the operating department commissioning the project, the purchasing department, and, often other affected users.

5.2 \$1,000 - \$25,000

Where it has been determined that proposals are to be used and the total purchase price is greater than \$1,000 and not greater than \$25,000 three informal proposals shall be obtained. The evaluation committee members shall analyze the proposals, tabulate the results and recommend an award, in consultation with the Treasurer, the Supervisor and the appropriate Department Head (or Designate). A purchase order shall be issued for the requirement. A Treasurer's Report to Committee and Council is not required, unless cost exceeds budget.

5.3 \$25,000 - \$50,000

Where it has been determined that proposals are to be used and the total purchase price is greater than \$25,000 and not greater than \$50,000 at least three written proposals shall be obtained, wherever possible. The evaluation committee members shall analyze the proposals, tabulate the results and determine a recommendation for award, in consultation with the Treasurer, Supervisor and the appropriate Department Head (or Designate).

PURCHASING POLICY

A purchase order shall be issued for the requirement. A Treasurer's Report is not required, unless cost exceeds budget.

5.4 \$50,000 and over

Where it has been determined that proposals are to be used and the total purchase price is greater than \$50,000, at least three written proposals shall be obtained, wherever possible. The evaluation committee members shall analyze the proposals, tabulate the results and determine a recommendation for award in consultation with the Treasurer, Supervisor and the appropriate Department Head (or Designate). A Treasurer's Report setting out the recommendation shall be submitted to Committee and Council for consideration of the recommendation.

6. CONSULTING AND PROFESSIONAL SERVICES

6.1 Less than \$25,000

Where it is estimated that Consulting and Professional Services will cost less than \$25,000 and funds are provided as defined in the appropriate budget, the initiating Department Head may obtain the services.

6.2 \$25,000 - \$50,000

Where it is estimated that Consulting and Professional Services will cost between \$25,000 - \$50,000 and the funds are provided as defined in the appropriate budget, the initiating Department Head, in conjunction with the Treasurer and Supervisor, shall either:

- obtain written approval from the Chief Administrative Officer to acquire the services of a particular company or individual; **OR**
- obtain written proposals;
The initiating Department Head, in conjunction with the Treasurer and Supervisor shall determine the award. A Treasurer's Report to Committee and Council is not required, unless cost exceeds budget.

6.3 Over \$50,000

Where it is estimated that Consulting and Professional Services will cost over \$50,000 and the funds are provided as defined in the appropriate budget, the initiating Department Head, in conjunction with the Treasurer and Supervisor, shall either:

- submit a report to Council to obtain approval to acquire the services of a particular company or individual; **OR**
- obtain written proposals and obtain Council approval of the recommended Consultant.

PURCHASING POLICY

6.4 Procedures

Where it is decided to obtain written proposals, established procedures must be followed.

7. REPETITIVE PROJECTS/ASSIGNMENTS FOR CONSULTANTS FOR CONTINUOUS SERVICE

7.1 Justification

Where it has been deemed beneficial to the Town to retain a Consultant on a project where previous involvement in earlier stages of the project may have ensued, the funds are provided as defined in the appropriate budget, and the cost shall not exceed \$50,000, the initiating Department Head shall submit a report to the Chief Administrative Officer recommending the appointment of the Consultant and request an exemption from the terms of this policy outlining the reasons for so doing. For projects over \$50,000 the initiating Department Head shall submit a report to Council requesting an exemption from the terms of this policy outlining the reasons for so doing.

8. BID OPENING, EVALUATION AND AWARD

Bid submissions are opened in public in accordance with the closing time, date and location specified in the bid request. Members of the public may attend bid openings or may receive the information via the tender results phone line made available after the bid opening.

All bid submissions are subject to evaluation after opening and before award of contract.

Bids may be evaluated not only on the price submitted but also on quality, delivery, service, equipment and facilities, and the capability of the bidder to meet the requirements and/or criteria specified in the document.

After municipal contracts have been awarded, information is available to the public, subject to the provisions of the Freedom of Information and Protection of Privacy Act.

9. PRE-QUALIFICATION

Suppliers of goods, services and construction may be pre-qualified prior to the issuance of a call for tenders. The qualification process must be consistent with the principles of open and fair access to the opportunity as specified in this policy.

The purpose of the pre-qualification process is to select a number of bidders prior to the competitive sealed bid process. The process further ensures that each bidder can demonstrate that they have the ability to provide the necessary resources and expertise to satisfactorily complete the work required.

PURCHASING POLICY

The following provide some circumstances where the pre-qualification process would be considered:

1. the work involved is complex
2. may contain multi-faceted activities
3. may require specialized expertise, equipment, materials or financial requirements.

Whether a competitive sealed bid or a proposal call will follow, the pre-qualification is the first step and would set out the criteria requiring bidders to provide information such as:

- a) experience on similar work, specifying the firm and the staff that were assigned
- b) references provided from previous clients on similar work performed
- c) resumes of key supervisory personnel who would be assigned to the work
- d) verification of applicable licences and certificates
- e) health and safety policies
- f) financial capabilities
- g) indication of the firm's liability insurance limits
- h) a completed Canadian Standard Form of Contractor's Qualification Statement (CCDC-11-1996). This is an industry accepted form which outlines the contractor's qualifications and allows for the inclusion of details of experience related to this type of work

The pre-qualification process is advertised (either in the Daily Commercial News, local paper or both) and specifies all of the information addressed above. Further, the advertisement makes two important statements, as follows:

"Any incomplete submission or submission that fails to provide all of these requirements may be subject to disqualification".

"The Town of Whitby reserves the right to reject any or all submissions and to limit the number of general contractors who will be invited to tender this project, and to select only those contractors which the Towns deems most appropriate and most qualified to undertake this project."

An evaluation committee will normally include representatives from the operating department commissioning the project, the purchasing department, and, often other affected users. Prior to the submissions being received, the committee establish the weighting to the criteria that has been specified in the advertisement and come to agreement as to the number of respondents that will be shortlisted. Upon receipt of the submissions, staff then evaluate and rank the submissions and recommend the short list of acceptable bidders to participate in the subsequent competitive sealed bid.

PURCHASING POLICY

10. NEGOTIATIONS

The Supervisor, in conjunction with the Department Head (or designate) and Treasurer, is authorized to enter into negotiations without formal competitive bids, under the following circumstances:

- 10.1** Where there is only one known source of supply;
- 10.2** Where two or more identical bids are received;
- 10.3** When bids have been solicited and no responsive bid has been received, or the lowest bid received exceeds the estimated cost;
- 10.4** When all bids fail to comply with the specifications or conditions and it is impractical to recall;
- 10.5** Where the extension or reinstatement of an existing contract would prove most cost-effective or beneficial;
- 10.6** When due to market conditions, required goods or services are in short supply;
- 10.7** Emergencies, which could not be foreseen, that could be a threat to public health or safety, and require immediate delivery of supplies and/or performance of service;

The methods of negotiation shall be those accepted as standard negotiating procedures that employ fair and ethical practices. The information pertinent to and the results of all such negotiations shall be reported to the respective Department Director, the Treasurer, and, at the discretion of the Chief Administrative Officer, shall be reported to Council.

11. SOLE SOURCE PROCUREMENT AND JUSTIFICATION

The procurement of materials, parts, supplies, equipment or services without competition, is done under exceptional and limited circumstances.

Sole source items require detailed documentation from the requesting department to justify their purchase and to ensure that the cost proposed by the vendor is reasonable. A Sole Source justification letter or memo must accompany the requisition and be signed by the appropriate Department Head and Chief Administrative Officer. A recommendation to approve a purchase under a sole source justification for an amount in excess of \$10,000 must be approved by the Chief Administrative Officer and, in excess of \$50,000, by Council.

PURCHASING POLICY

Sole source suppliers may be used in the following instances:

- a) When products or services can be obtained from only (1) person or firm
- b) The expertise of an individual organization or individual is deemed specifically required by the municipality
- c) Patents, copyrights, control of raw material or other such conditions preclude competition
- d) Regulations by utility companies prohibiting unrelated companies to perform work on their systems
- e) When the procurement is for technical services in connection with the assembly, installation or servicing of equipment of a highly technical or specialized nature
- f) When the procurement is for parts or components to be used as replacements in support of equipment specifically designed by the manufacturer
- g) The contractor is already at work on the site (based on existed contracted job and/or service)
- h) Health and Safety

12. TENDERS APPROVED DURING THE SUMMER RECESS OF COUNCIL

Whenever possible, tenders are scheduled to close in accordance with the schedule of tender closing dates provided by the Supervisor. However, in some cases, it is necessary to close tenders during the months of July and August.

The Chief Administrative Officer, in consultation with the Mayor and the appropriate Department Chairman, is authorized to accept tenders for various projects, equipment, etc., which may be received during the summer recess of Council, provided such tenders are within, or do not exceed by more than 10%, the approved budget allocations.

In the event that such tenders exceed the approved budgeted allocations by more than 10%, the tenders may only be accepted following further consultation with the Council.

A Treasurer's Report will be presented to the Operations Committee in September for information purposes, regarding all tenders which have been accepted during the summer recess.

13. EMERGENCY PURCHASE

Under circumstances where the immediate purchase of goods or services is essential to prevent serious delays, further damage, threat to life, restore minimum service, the employee shall, on the approval of the appropriate Department Head (or designate) obtain such goods and services at the lowest obtainable prices given considering the emergency nature of the situation.

- 13.1** In the event that the purchase amount exceeds \$5,000, the Treasurer is to be notified at the earliest possible time.

PURCHASING POLICY

- 13.2** In the event that the purchase amount exceeds \$50,000 the Treasurer and/or Chief Administrative Officer shall be notified and report of the incident shall be submitted to the appropriate Committee and Council at the earliest possible time.

14. CO-OPERATIVE PURCHASING

The Supervisor may enter into arrangements with Municipalities, local boards and other public bodies or public authorities on a co-operative or joint venture basis where there are economic advantages and where the best interests of the Town would be served in so doing; providing that under such arrangements the method of acquisition used is a competitive method similar to that described in this policy; and the awarding and reporting of such contracts is generally in accordance with the requirements of this policy.

15. PROCUREMENT CARDS

The Town of Whitby has established a procurement card program to provide an efficient and effective means with which to make purchases of small value, or that are repetitive. The Supervisor is the Plan Administrator of the Purchasing Card program. Established policies and procedures for the use of the procurement cards are outlined in the Administrative Policy Manual for the P-card program.

15.1 Restrictions:

The Purchasing Card shall not be used:

- a) when a contract or tender is in effect for the product;
- b) for personal use including personal vehicle expenses;
- c) for computer hardware or software except as provided in Clause 11 of this policy;
- d) when the total purchase price exceeds the single purchase limit on the card;
- e) when a competitive bid is required under this policy.

Cash advances are strictly prohibited.

16. DISPOSAL OF SURPLUS GOODS AND EQUIPMENT

The Supervisor is authorized to dispose of surplus or obsolete goods and equipment by offering it to other departments, or, if no longer useful for municipal purposes, may dispose of the material by:

- a) general advertising to secure sealed bids;
- b) direct contact with appropriate dealers to view the used goods and submit offers to purchase;
- c) public auction; or
- d) other methods as deemed appropriate

PURCHASING POLICY

The revenue from the sale of used goods and equipment shall be credited to the Equipment Reserve Fund.

17. PROHIBITIONS

17.1 No employee or member of Town Council, Committee or Board shall bid on the sale of goods except those disposed of by public auction. This restriction shall not apply to the disposal of used equipment at a fixed price less than \$100.00;

17.2 No personal purchases shall be made by the Town for any employee, member of Council, Committee or Board, unless specifically authorized by Council; and

17.3 No requirement for goods or services shall be divided to avoid the requirements of this policy and the total project or annual requirement shall be considered.

18. CONFIDENTIALITY

No employee or any appointed or elected official shall divulge unit prices paid by the Town for goods, works and/or services unless Council may otherwise direct, except that the total price in the case of public tenders or quotations may be revealed.

19. PROFESSIONAL AFFILIATIONS AND CODE OF PURCHASING ETHICS

In order to maintain and promote simplified standards and specifications, and with changing market conditions, Purchasing staff involved in the procurement process maintain membership and subscribe to the principles and purchasing ethics established by the National Institute of Governmental Purchasing Inc. and the Purchasing Management Association of Canada.

20. ADMINISTRATIVE PROCEDURES

This policy shall be read in conjunction with any written administrative procedures.

PURCHASING POLICY

APPENDIX "A"

EXEMPTIONS

The following items are excluded from the requirements of this policy in that the expenditures do not require a purchase requisition or a purchase order. It is anticipated, however, that the objectives of this policy will be promoted in any expenditures for goods or services.

1. Petty Cash
2. Training and Education
 - a) Conference, course, convention and seminar
 - b) Magazines, books, periodicals, subscriptions
 - c) Membership
3. Refundable Employee Expenses
 - a) Advances
 - b) Meal Allowances
 - c) Travel
4. Special Fees
 - a) Counselling Service
 - b) Medical Service
 - c) Banking, brokerage or underwriting service
 - d) Insurance and related costs (Liability, Property etc. Premiums, Payments and Adjusting Fees)
5. Professional Fees
 - a) Consultant fee related to litigation
 - b) External Auditor
 - c) Legal services fee
 - d) Ontario Land Surveyor
 - e) Property Appraisal
6. Utility Services
 - a) Gas
 - b) Sewer and Water
 - c) Postage and related costs
 - d) Hydro
 - e) Telephone
7. The acquisition of real property.
8. Tenders or quotations for goods or services to be provided by Utilities, Provincial or Federal Agencies, Crown Corporations, Municipalities, public agencies, when similar goods or services are not available from other sources.

PURCHASING POLICY

APPENDIX "B"

TENDERING IRREGULARITIES

Tender irregularities will be dealt with as specified below:

<u>IRREGULARITY</u>	<u>RESPONSE</u>
Late bids.	Late bids will not be accepted and will be returned unopened. Bids will be deemed to have been received when the envelope has been stamped with the time and date of receipt by Town staff.
Specified tender envelope, or label, not used.	Automatic Rejection, unless specified otherwise.
Tender envelope not sealed.	Unsealed bids will not be accepted for deposit in the tender box.
Bids not completed in ink.	Automatic rejection.
Bid does not meet major and mandatory specifications.	Automatic rejection.
Bid does not acknowledge addenda.	Automatic rejection.
Tender form does not have bidder's Corporate Seal or statement "I have the authority to bind the Corporation" but has bidder's signature.	One working day to correct.
Original ink signature missing from signature page.	Automatic rejection.
Qualified bids (bids qualified or restricted by an attached or added statement).	Automatic rejection.
Bids received on documents other than those provided in the request.	Automatic rejection.

PURCHASING POLICY

<u>IRREGULARITY</u>	<u>RESPONSE</u>
Bid security	
a) Signature of bidder and/or bonding company missing when bid bond requested.	Automatic rejection.
b) Not provided or not in the form and amount specified.	Automatic rejection.
c) Not sufficient.	Where security is required and amount of security is expressed as a percentage of the total tender sum, automatic rejection unless the insufficiency is trivial or insignificant. Where security is required and the amount of security is specified in request, automatic rejection.
Agreement to provide performance securities is not provided or is not in the form specified.	Automatic rejection.
Part bids (all items not bid).	Automatic rejection, unless allowed for in the request.
Bids containing minor clerical errors.	One working day to correct and initial errors. The Town reserves the right to waive initialling and accept tender.
Changes to bid documents that are not initialled and are minor (e.g. tenderer's address is amended by over-writing but not initialled).	One working day to correct and initial change. The Town reserves the right to waive initialling and accept tender.
Unit prices in Schedule of Prices have been changed but not initialled.	One working day to correct. The Town reserves the right to waive initialling and accept tender.
Other mathematical errors which are not consistent with unit prices.	Unit prices shall govern and the tender will be corrected accordingly. The Town reserves the right to waive initialling and accept the tender as corrected.
Failure to return the documents as specified.	Where complete documents are specified, automatic rejection.

PURCHASING POLICY

IRREGULARITY

RESPONSE

Bid received from a bidder who was not approved as a qualified bidder from a pre-qualification process.

Automatic rejection.

Bid received from a bidder who did not sign-in at mandatory site visit when instructed to do so in the tendering instructions.

Automatic rejection.

Pages are missing from bid.

One working day to supply the missing pages where in the opinion of the Town, the missing pages(s) would not directly affect the bid submitted. The Town reserves the right to waive the need to receive the missing pages and accept the tender or to reject the tender outright at the discretion of the Manager.

Bid which suggests that the bidder has made a major mistake in calculations.

Decision will be on a case-by-case basis in consultation with the Treasurer.

Withdrawal of bids.

Withdrawal of bid after closing time will not be allowed.

Tie bid.

The Supervisor may use one of the following methods of dealing with tied bids, based upon the specific situation.

- Negotiate with the tied bidders to break the tie.
- Request the tied bidders to submit new bids.

Completion date is other than specified in the tendering specifications.

One working day to clarify the completion date being offered. The Town reserves the right to waive the clarification of the completion date and accept the tender, or to reject the tender outright.

PURCHASING POLICY

ACQUISITION PROCESS

GOODS AND SERVICES

CATEGORY	METHOD OF OBTAINING	ROLE OF DEPARTMENT/ROLE OF PURCHASING
Purchases less than \$1,000	Use established procedures.	Departments can handle purchase directly.
\$1,000 - \$5,000	Use established procedures.	Purchasing assists Department, upon request, for goods to be obtained.
\$5,000 - \$25,000	Three informal written quotations.	Specifications forwarded to Purchasing who obtains informal quotes and consults with Department prior to making award.
\$25,000 - \$50,000	Three formal written quotations.	Specifications forwarded to Purchasing who obtains formal quotes and consults with Treasurer and Department. Department memo confirms acceptance prior to making award. No reporting to Committee or Council unless cost exceeds budget.
Over \$50,000	Use of tender process.	Specifications forwarded to Purchasing who advertises and issues tender, receives and opens in public in accordance with established procedures. After consultation with Department and Treasurer, Purchasing will prepare Treasurer's report to Committee and Council for consideration.

PROPOSALS

CATEGORY	METHOD OF OBTAINING	ROLE OF DEPARTMENT/ROLE OF PURCHASING
\$1,000 - \$25,000	Use established procedures.	Purchasing in consultation with Department shall determine award and Purchase Order is used.

PURCHASING POLICY

CATEGORY	METHOD OF OBTAINING	ROLE OF DEPARTMENT/ROLE OF PURCHASING
\$25,000 - \$50,000	Three informal written proposals.	Initiating Department shall forward specifications to Purchasing. Purchasing shall issue, receive and open in accordance with established procedures. Evaluation committee shall analyze proposals, tabulate results and determine a recommendation for award, in consultation with Treasurer, Purchasing & Department Head. A Purchase Order shall be issued for the requirement. No reporting to Committee or Council unless cost exceeds budget.
Over \$50,000	Three written proposals.	Initiating Department shall forward specifications to Purchasing. Purchasing shall advertise, issue, receive and open in accordance with established procedures. Evaluation committee shall analyze proposals, tabulate results & determine recommendations for award in consultation with Treasurer, Purchasing and Department Head. A Treasurer's Report setting out the recommendation shall be submitted to Committee and Council for consideration.

CONSULTING AND PROFESSIONAL SERVICES

CATEGORY	METHOD OF OBTAINING	ROLE OF DEPARTMENT/ROLE OF PURCHASING
Less than \$25,000	Use established procedures.	Initiating Department may obtain services.
Over \$50,000	Offers two options in conjunction with established procedures.	Initiating Department, in conjunction with the Treasurer & Supervisor, shall either: A. Obtain Council approval to acquire the services of a particular company or individual; <u>OR</u> B. Obtain written proposals and obtain Council approval of the recommended consultant.