

Purchasing Policy

POLICY TITLE: <i>Purchasing Policy</i>	ADOPTED BY: <i>Town Council</i>	EFFECTIVE DATE: September 9, 2024
ORIGIN: <i>Financial Services</i>	RESOLUTION #: 2024-733	PAGE NUMBER 1 OF 7

1. Purpose & Objective

The purpose of this policy is to ensure best value for money is obtained through a fair, open, transparent and competitive process for the purchase of goods, services and construction, and to establish appropriate limits with respect to purchasing authority in order to assist all departments of the Town of Lanigan operate effectively and efficiently.

2. Definitions

The following terms shall have the following meanings:

- (a) **“Agreement”** means a written document containing terms and conditions for a contractor or supplier to carry out certain work or provide certain products or services.
- (b) **“Agreement Value”** means the total value of the Agreement.
- (c) **“AIT”** means the Agreement on Internal Trade, as amended from time to time.
- (d) **“Best Value”** is determined by looking at the factors that determine value such as quality, expertise, life cycle costs, aesthetics, past performance, schedule, vision, adequate resources and price to determine the proponent offering the best value to the Town. Best value will be used to evaluate and award all RFP’s and the best value will be determined by setting out the evaluation criteria which will be used to determine the proposal with the best overall value to the Town.
- (e) **“Bid”** means an offer to supply goods, services and works by an outside party under defined terms and conditions.
- (f) **“Budgeted”** means those items (goods, services and construction) that have been predetermined as justifiable expenses by administration and subsequently approved by Town Council Annual Budget following the budget process.
- (g) **“Change Order”** means work that is added or deleted from the original scope of work of an existing contract.
- (h) **“CFTA”** means the Canadian Free Trade Agreement, as amended from time to time.
- (i) **“CAO”** means the Chief Administrative Officer of the Town of Lanigan, or delegate.
- (j) **“Community Project”** means a project in which the good and/or services to design and build the whole project originate from and are provided by:
 - i. Residents, without cost or fee to the town; or

- ii. Philanthropic institutions as a donation or grant; or
 - iii. Persons with disabilities; or
 - iv. A non-profit organization; or
 - v. Any combination of the above.
- (k) **“Consulting and Professional Services”** means services provided by architects, engineers, designers, planners, accountants, auditors, appraisers, software and financial consultants and any similar types of services not specifically detailed above.
- (l) **“Contract”** means a written document containing terms and conditions, signed under seal by both parties.
- (m) **“Council”** means the elected council of the Town of Lanigan.
- (n) **“Direct Award Contract”** means an agreement entered into by the Town for the purchase of goods, services and construction which has not been publicly advertised or for which written, telephone or electronic quotations have not been received from more than one vender.
- (o) **“Disqualified Bidder or Proponent”** means one who has been excluded from the pre-qualification tender or RFP process and is not considered due to expertise, ability, physical or financial reasons, past performance, or unsatisfactory references. A bidder who is eliminated via the pre-qualification, tender or RFP evaluation process is considered a disqualified bidder or proponent.
- (p) **“Emergency Operational Purchase”** means a purchase contract entered into by the Town when the procurement is being conducted in circumstances of emergency or unforeseeable urgency and could not have been predicted in advance.
- (q) **“Local Provider”** means a business which provides goods, services and construction locally to the Town residents and businesses, and who also pays municipal property taxes.
- (r) **“NWPTA”** means the New West Partnership Trade Agreement, as amended from time to time.
- (s) **“Pre-Qualification Process”** means a process to ensure there is a reasonable prospect that each bidder or proponent who participates in a tender or request for proposals has demonstrated the ability (expertise, physical ability to deliver, and financial resources) to perform the work in a satisfactory manner and is deemed for subsequent tender or RFP submission.
- (t) **“Project”** means any development or facility which:
 - i. Provides a good or service to the public on behalf of; or
 - ii. In conjunction with the Town; or
 - iii. Is located on lands owned or otherwise controlled by the Town.
- (u) **“Proponent”** means any entity or individual who submits a response to a call for competitive procurement.

- (v) **“Public Tender”** means a process requiring the tender to be advertised in a local paper, or through electronic tendering and the tender opening to be made publicly.
- (w) **“Purchase Order”** means a document endorsed by the municipality to formalize a purchase transaction with a vendor.
- (x) **“Request for Expression of Interest (REOI)”** means a request to entities or individuals to submit confirmation, they may be interested in participating in a potential project and to submit details regarding participation.
- (y) **“Request for Proposals (RFP)”** means a non-binding request to entities or individuals to submit proposals for a specified good and/or service.
- (z) **“Request for Quotations (RFQ)”** means a method of purchase that is a competitive process where specifications for goods, services and construction and terms of purchase are established in sufficient details to allow the comparison of quotations from suppliers. Request for quotations shall involve obtaining, quotations by invitation of three vendors where practical.
- (aa) **“Qualified”** means that the bidder has the expertise and ability, physically and financially, to supply or perform the goods, services and construction tendered, bid or proposed, and whose past performance or references are satisfactory to the Town.
- (bb) **“Tender”** means a request to vendors with detailed specifications of the product or service requirement. Tenders are used for products and services that lend themselves to detailed and specific specifications which permits the evaluation against clearly defined criteria. The lowest qualified bidder meeting those specifications/criteria will be awarded the contract for the supply of those goods and services without negotiation. A tender is intended to create a bid contract. All tenders will be opened publicly.
- (cc) **“Town”** means the Town of Lanigan.
- (dd) **“Value”** means the monetary worth of goods, services and construction as pertaining to this policy.

3. Acquisition of Goods, Services and Construction

3.1 Purchase of goods or services \$0.00 to \$5,000.00

The following scale shall be used as a guideline when tendering or purchasing small items such as consumables for the Town.

PURCHASING THRESHOLD	POLICY
Under \$5,000.00	Purchase locally unless non-resident business cost is 10% less than resident business, tax included.

3.2 Purchase of goods or services \$5,001.00 to \$10,000.00

- (a) Purchases of more than \$5,001.00 to a maximum of \$ 10,000.00 require a minimum of three written quotations from qualified suppliers that provide the

necessary services and products. All local suppliers must be contacted and given the opportunity to submit a quotation.

- (b) A Request for Quotation, Request for Proposal or Public Tender may be used for the purchase of any goods or services for this threshold at the discretion of the department head.

3.3 Purchase of goods or services greater than \$10,000.00

PURCHASING THRESHOLD	POLICY
\$10,001.00 TO \$75,000.00	The following three options may be used for the acquisition of goods and services at the discretion of the departmental manager/director: 1. Request for Quotation. 2. Request for Proposal. 3. Public Tender.
Greater than \$75,000.00	The following two options may be used for the acquisition of goods and services at the discretion of the departmental manager/director dependent on the nature of the acquisition: 1. Public Tender. 2. Request for Proposal.

4. Acquisition Authorization

- 4.1 Departmental manager/director shall ensure that all purchase requests are formally documented and conform to the following authorization levels:

PURCHASING THRESHOLD	AUTHORITY
\$ 0.00 to \$25,000.00	Departmental manager/director
\$25,001 to \$75,000.00	CAO
Over \$75,000.00	Council approval by resolution

- 4.2 A departmental manager/director may designate signing authority to appropriate staff and are responsible to ensure proper control is maintained within their respective departments.
- 4.3 With the exception of clause 5.1, the provision for all purchases of goods, services, or works must be provided for in the current operating capital budgets as per the Town's current Budget policy.
- 4.4 Departmental manager/director shall ensure that all purchases made by the Town are consistent with any provincial, national or international trade agreements related to municipal procurement in Saskatchewan.
- 4.5 The Council is to be informed of all purchases/contracts greater than \$ 25,000.00 in a report attached to the list of accounts for approval which contains these purchases/contracts.

5. Emergency Purchase

5.1 Where unexpected or unforeseen events occur that cause significant impairment to the Town's ability to deliver safe and reliable service to residents, a departmental manager/director, in consultation with the Town CAO or their designate, may make necessary emergency purchases outside of the normal purchasing process to ensure the safety of employees and residents.

6. Direct Award Contract

6.1 Direct Award Contract can be awarded for all acquisitions where deemed in the best interest of the Town to do so with Council approval. Further, Direct Award sourcing may be used under the following circumstances without Council approval:

- (a) Where there is no response to a competitive process (public tender, RFP, RFQ);
- (b) To ensure compatibility with existing products and services, to recognize exclusive rights or to maintain specialized products that must be maintained by the manufacturer or its representative;
- (c) Where goods or services are in short supply due to market conditions, including geographic limitations and lack of competition;
- (d) Where goods or services are required expediently in order to make repairs to machinery and equipment required to maintain operations;
- (e) To purchase an item directly for resale (i.e. supplies for custom work);
- (f) To exercise a purchase option under a rental contract or lease; or
- (g) Emergency Purchases.

7. Specifications

7.1 Departmental Manager/Director or their designate shall be responsible for preparing specifications and any changes thereto. Specifications are to be clearly set out and detailed to ensure that proper consideration is given to such factors as technical compatibility, safety, regulations, etc. yet practical to assure competition. Where standards are required, specifications shall indicate the standard.

8. Tender/Bid/Proposal Acceptance Criteria

8.1 In the case of requests for proposals, the Town shall accept the proposal which, in the opinion of the Town, best meets the requirements of the Town, unless the proposal documents set out additional and/or other acceptance criteria.

8.2 In the case of public tenders, the Town shall accept the lowest qualified tender or bid meeting the Town's specifications, unless the tender documents set out additional and/or other acceptance criteria.

8.3 In all cases, the Town reserves the right to refuse any or all tenders, bids or proposals where the Town deems it to be in the best interest of the Town to

do so.

9. Awarding Contracts

9.1 The departmental manager/director shall award all contracts where funds have been provided for in the approved budget and where the contract is to be awarded the lowest qualified bidder meeting all criteria and specifications. Town Council shall award contracts where:

- (a) The lowest recommended bid would exceed the approved budget;
- (b) Funds have not been provided for in the approved budget, with the exception of purchases made under Section 5;
- (c) In the case of public tenders, the contract is not being awarded to the lowest qualified bidder meeting specifications;
- (d) The contract amount exceeds \$25,000.00; or
- (e) The Town CAO, for any reason, refers the award of the contract to Town Council.

10. Disclosure of Information

10.1 The awarding of tenders and associated winning bid will be public information. The CFTA Trade Agreement provides the specific information that must be disclosed, that information is reproduced below:

No later than 72 days after the award of each contract covered by this Chapter, a procuring entity shall publish a notice on one of the tendering websites or systems designated by its Party. The information shall remain readily accessible for a reasonable period of time. The notice shall include at least the following:

- (a) A description of the goods or services procured;
- (b) The name and address of the procuring entity;
- (c) The name and address of the successful supplier;
- (d) The value of the successful tender;
- (e) The date of award; and
- (f) If limited tendering was used, the conditions and circumstances described in Article 5.1 that justified its use.

The town will disclose this information on the SaskTender website and each department will report the successful bidder and award amount in their quarterly reports to Town Council for Both tenders and RFP's.

- (a) The Town shall not provide any supplier or contract information that would disclose proprietary information.
- (b) Where the department head deems appropriate, a debriefing session will be held for unsuccessful bidders/proponents after the contract award has occurred. The purpose of debriefing session is to aid unsuccessful bidders/proponents in presenting a better bid or proposal for future submissions.

11. Conflict of Interest

- 11.1 Conflict of interest is defined as a situation in which a person is in a position to derive personal benefit from actions or decision made in their professional capacity.
- 11.2 No Town employee shall place himself/herself or another in a position of advantage or conflict when acquiring goods and services on behalf of the Town. Potential conflicts should be referred to the CAO or his/her designate in advance for clarification.
- 11.3 All Town employees are prohibited from accepting any individual or personal gift, gain, advantage, or favor from contractors.

12. Exceptions

- 12.1 This policy does not apply to the purchase of the following goods, services or work from outside parties:
 - (a) Utility contract (i.e. telephone, power, energy);
 - (b) Contracts or agreements relating to employee compensation, reimbursement, training and education; or
 - (c) Entertainment services.

13. Responsibilities

- 13.1 The Town CAO shall be responsible for the interpretation of this policy.
- 13.2 The department head shall be responsible for initiating the purchase and ensure that all capital items acquired have been identified in the budget and fully approved by the Council prior to acquisition.