



Village of Fruitvale

Corporate Policy Manual

Policy Title: Purchasing **Policy #: FIN-2013-04**

Section:	FINANCE			
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POLICY:

The Administrator is responsible for the control of purchasing within the policy as established by Council, keeping the best interests of the taxpayer in mind. Effective purchasing is a critical support function for the Village of Fruitvale to responsibly manage the public funds placed in its trust. The purchasing system must be responsive, cost effective and as transparent as possible to public scrutiny. This policy is designed to assist Village staff in meeting these objectives and protecting the Village and its staff against potential litigation and perceived or actual conflicts of interest.

POLICY GOAL:

The primary objectives of the Purchasing Policy are:

- to ensure any contract for work is subject to principles of fairness and economic reason, and clearly understood by users and bidders;
- to obtain a product or service, recognizing that value represents a combination of quality, service and price;
- to support the local economy, where reasonable;
- to assure the principles of competitive purchasing and cost-effective decisions in a timely and appropriate manner while maintaining the necessary controls;
- to ensure the acquisition of goods and services meets the requirements of applicable legislation;
- to ensure that the purchasing policy is compliant with the Freedom of Information and Protection of Privacy Act; and
- to promote good will and clear communication in Village/supplier relations.

POLICY SCOPE:

Definitions

1. **CAO** means Chief Administrative Officer; the officer assigned the powers, duties and

functions itemized in section 147 of the Community Charter and Village of Fruitvale bylaw.

2. **Contract** means a binding agreement between two or more parties.
3. **Council** means the Council of the Village of Fruitvale.
4. **Emergency** means a situation where the immediate acquisition of goods or services is essential to prevent serious delays, further damage or restore minimum service.
5. **Goods and Services** includes all materials, commodities, equipment and all work to be performed or services rendered by other than Village of Fruitvale Employees.
6. **Invitation to Tender** means a formal competitive process to acquire a good or service that includes the public opening of sealed tenders and other formalities such as bid bonds and performance deposits.
7. **Petty Cash** means an imprest fund to be used for purchases of up to \$25.00 per transaction.
8. **Proposal** means an offer to provide for goods or services to the Village where the requirements cannot be definitely specified and may be subject to further negotiation.
9. **Purchase Order** means a written offer to purchase goods and services or a written acceptance of an offer where such offer has been made on the forms prescribed by the Village of Fruitvale.
10. **Request for Proposal** means an invitation to offer suggestions on product or service supply interests, and which is not an Offer to Purchase or Invitation to Tender.
11. **Request for Quotation** means a request to provide information as to a price for a specific good or service verbally or in writing, and which is not an Offer to Purchase or Invitation to Tender.

GUIDELINES:

- A. Purchasing contracts (other than reimbursements for travel expenses or other items purchased from third parties) with Village employees, Council members, or members of their immediate families will be entered into only with prior approval of Council.

Additionally, an employee who has a direct or indirect interest with the supplier should disclose this relationship and will be excluded from the quote or tender process.

- B. It is the responsibility of all employees to follow the Purchasing Policy of the Village of Fruitvale. Improper purchases will be the personal responsibility of the employee making the commitment and the Village reserves the right to recover from the employee as may be required or to effect other disciplinary action considered appropriate.

- C. Frankness, respect and fair dealing comprise the cornerstones for strong and lasting relationships with suppliers and vendors. Salespersons will be received as promptly and courteously as time permits. During negotiations, quotations received from one supplier will not be divulged to another.
- D. The selection of the supplier shall be based on the following criteria:
- i. lowest acceptable price;
 - ii. acceptable quality and performance capability;
 - iii. the quality of performance of previous contracts, orders or services;
 - iv. ability to meet all regulations and requirements;
 - v. local preference when all other criteria are met.
- E. Purchases of up to \$25.00 may be made through the use of petty cash. All petty cash vouchers shall be numbered before issuance, shall be signed by the individual making the purchase, and retained by the Financial Assistant as documentation for replenishing petty cash. Receipts for purchases shall be signed and coded and submitted to the Financial Assistant to be attached to the corresponding petty cash voucher.
- F. The Village may seek partners or join with other agencies to participate in quantity buying or other procurement processes (e.g. group RFPs, ITTs etc.) in order to maximize purchasing power.
- G. To preserve the image and integrity of the employee, the employer and the profession, business gifts other than items of small intrinsic value should not be accepted. Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of gifts or hospitality accepted should not be allowed whereby the recipient might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts. Council is bound by Community Charter Sections 105 and 106, "Restrictions on accepting gifts" and "Disclosure of gifts."
- H. The method of purchasing goods and services will be competitive where possible to
- reduce costs to the public through marketplace competition;
 - encourage innovation and efficiencies;
 - comply with applicable legislation; and
 - demonstrate fair and open selection criteria.

The level of competition required for Village purposes is based on the dollar value and nature of the purchase ensuring the cost associated with administering a competitive process is proportionate to the benefit received as a result of the competition. The chart in Appendix C lists the recommended methods of purchase based on the type of good or service being purchased, and the purchasing price (excluding taxes).

The majority of purchases will be purchased under the following methods:

- Informal quotes – for low dollar value or commodity type items employees will typically get quotes from multiple sources with the quote amounts documented on the purchase order (PO).
- Formal quotes – where higher dollar value (more than \$10,000) or non-routine items are required, employees will endeavor to get written quotes from a minimum of three suppliers.
- Request for Quote (RFQ) – where the items required are over \$40,000 and are for specific known or identifiable products, purchasing will issue and manage a formal quote process including: providing a description of the products or services required, advertising of the opportunity if time and budget permit, managing the responses, providing consolidation of the results, reviewing and recommending by the initiating department for awarding and issuing of the PO.
- Request for Proposal (RFP) – where the items required are over \$40,000, and proposals are desired regarding how to complete a product or service for the Village, purchasing will issue and manage a formal Proposal process including: providing an overview of the products or services required, advertising of the opportunity if time and budget permit, managing the responses, providing consolidation of the results, reviewing and recommending by the initiating department for awarding and the issuance of the PO. Award of the RFP will be based on the criteria in guideline D of this purchasing policy as well as any additional criteria as stated in the individual RFP documents.
- Invitation to Tender (ITT) – where items required are over \$40,000, and tenders are desired regarding how to complete a product or service for the Village where the project specifications and result are known, purchasing will issue and manage a formal tendering process including: providing an overview of the products or service required, advertising of the opportunity if time and budget permit, managing the responses, providing consolidation of the results, reviewing and recommending by the initiating department for award and the issuance of the PO.

All goods and services are to be acquired in accordance with this policy unless authorized on an exception basis by the CAO or Council.

There are specific purchases which may be excluded from this recommended method of purchase including but not limited to the following:

- Recurring or Non-Competitive Expenditures – for specifically identified items, such as training and statutory payments that are excluded from the procurement methods outlined above
- Sole Source – All sole sourcing requests will require justification to the CAO who may or may not be involved in the negotiation. Any sole source purchase exceeding \$50,000 will require a Staff report to Council.
- Emergency Purchases – will be made as required and will be duly authorized. Wherever possible, the Village will attempt to engage in an open procurement

process for all purchases, but in some cases where there is a Sole Source for a good or service, these purchases will occur through negotiation and with the goal of obtaining the best value for the Village

- I. All steps in the procurement process will be documented in writing. The Village is subject to Freedom of Information and Protection of Privacy legislation, therefore purchasing decisions will be subject to public scrutiny from time to time. It is critical not only to follow this policy but to demonstrate compliance.

- J. The following employees are authorized to utilize the Village Master Card. All Master Card purchases must include a Master Card requisition form or a signed copy of the receipt or invoice (and whenever possible the appropriate accounting code should be included).
 - 1) Chief Administrative Officer
 - 2) Executive Assistant
 - 3) Financial Assistant
 - 4) Office Assistant (on direction and with the initialed approval of 1,2 or 3)
 - 5) Clerk/Steno (on direction and with the initialed approval of 1,2 or 3)

Appendix "A"

**Spending Limits Delegated to Village Employees Where Items Have Been
Approved by Council in the Budget**

Position	Purchasing Limit
➤ CAO	\$ 50,000
➤ Executive Assistant	\$ 50,000
➤ Public Works Foreman	\$ 15,000
➤ Water Works Foreman	\$ 15,000
➤ Financial Assistant	\$ 2,500
➤ Lead Hand	\$ 2,500
➤ All other regular employees	\$ 1,000

Appendix "B"

The items listed in this Appendix are those for which a purchase order is not required unless specifically requested by the vendor.

1. Petty Cash items in accordance with the petty cash procedures described in this policy.
2. Training, education and conferences.
3. Memberships and subscriptions.
4. Refundable employee expenses.
5. Insurance.
6. Lease payments.
7. Utilities and other recurring monthly charges such as Telus, Municipal Finance Authority (MFA), FortisBC, etc.
8. Payroll related expenses.
9. Credit card purchases

Appendix "C"

Recommended Methods of Purchase

The following outlines the recommended methods of purchase based on the type of good or service being purchased and the purchasing price (excluding taxes). All purchases, regardless of method of purchase, must be authorized in accordance to the limits identified in Appendix A.

PURCHASE CATEGORY	VALUE	PURCHASE ITEMS DESCRIPTION	PURCHASE METHOD	SUPPORTING DOCUMENTS	PAYMENT METHOD
General Purchase	Less than \$1,000	Random, low value purchase	No formal purchasing process required	PO	From invoice, credit card or petty cash
	Between \$1,001 and \$10,000	All purchases	Informal quotes	PO	From invoice
	Between \$10,001 and \$40,000	All purchases	Formal quotes	PO	From invoice
	Greater than \$40,000	Standardized items	RFQ	PO and Contract	From invoice
		Non-standardized items	RFP	PO and Contract	From invoice
Construction Contracts	Less than \$10,000	Construction of new buildings (engineering, infrastructure and parks) or renovations of existing buildings	Informal quotes	PO	From invoice
	Between \$10,001 and \$40,000		Formal Quotes	PO	From invoice
	Greater than \$40,000		RFQ/RFP/ITT	PO and Contract	From invoice
Consultant Contracts	Less than \$10,000	Contracts with individuals or firms who provide technical and professional services	Informal quotes	PO	From invoice
	Between \$10,001 and \$40,000		Formal Quotes	PO	From invoice
	Greater than \$40,000		RFQ/RFP/ITT	PO and Contract	From invoice
Recurring or Non-Competitive Expenditures	Any amount over \$1,000	Items listed in Appendix B	No formal purchasing process required	N/A	From invoice
Emergency Purchase	Any amount over \$1,000	See Definition	No formal purchasing process required	PO	From invoice
Sole Source	Between \$1,001 and \$50,000	When a single supplier is the only reasonable choice or would offer better value	No formal purchasing process required	PO	From invoice
	Any amount over \$50,000		No formal purchasing process required	PO and staff report to Council	From invoice