



## FINANCE POLICY

<b>TITLE:</b> Procurement Policy		<b>Policy # F-01-2019</b>
<b>Authority:</b> Chief Financial Officer	<b>Effective Date:</b> August 27, 2019 <b>Review Date:</b> annually	
<b>Issued By:</b> Deputy Corporate Officer <b>Issued Date:</b> August 27, 2019	<b>Approved By:</b> Council <b>Approved Date:</b> August 26, 2019 <b>Resolution #:</b> 14-08-19	

**Mission Statement:** *The Village of Ashcroft is a welcoming, safe and attractive community characterized by an exceptional climate and a strong sense of history and opportunity. As stewards of the community, Village Council is committed to providing accountable leadership by addressing our fiscal reality through strategic planning and building effective relationships.*

### **1. Purpose**

To establish a policy that provides procedures for purchasing supplies and creating agreements/contracts for goods and services for the Village of Ashcroft.

### **2. General**

Pursuant to the *Community Charter* [SBC 2003], Chapter 26, Part 5 Municipal Government and Procedures, Division 5 Officers and Employees, Section 149(d), Council may provide for the expenditure of municipal funds in a designated manner; and pursuant to the *Community Charter*, Chapter 26, Part 5 Municipal Government and Procedures, Division 6 Delegation, Section 154(1) (b) Council may by bylaw delegate its powers, duties, and functions to its officers and employees.

Council shall provide vision and a strategic plan for Administration to implement.

Council shall review and approve annually a final Five-year Financial Plan (operating and capital). Subject to these approved budgets, Council delegates the authority to Administration to manage the required procurement process(es), which include:

- the initiation of a solicitation or notification
- contract award
- vendor performance
- contract administration

in the delivery of the programs, projects, goals, and objectives as approved. Preference will be given to the vendor offering the Best Value to the City.

The Village of Ashcroft's procurement processes will comply with the requirements of regional, national and international trade agreements along with all applicable legislation.

All purchases must be made with the objectives of meeting operational requirements, maximizing value for each dollar disbursed, and providing vendors and service providers with an open, transparent, and fair opportunity.

Agreements will be in place before a vendor delivers goods or commences working on the delivery of services.

### **3. Approval to Proceed**

Through the annual budget processes and the approval of the Five-year Financial Plan, Council shall approve a funding source and give Administration the conditional authorization to proceed with the acquisition of goods, services, construction, professional services, and disposal of expired assets.

Amendments to the Financial Plan will be presented to Council for approval as required, and once approved the Financial Plan will be updated (recommendations in Council reports).

A written information report of the contract awards exceeding \$100,000 shall be provided to Council.

### **4. Definitions**

4.1. **Capital Expenditure:** means an expense associated to buy, maintain, or improve Village of Ashcroft fixed assets, such as buildings, vehicles, equipment, infrastructure or land.

4.2. **Chief Administrative Officer:** means the Chief Administrative Officer (CAO) of the Village of Ashcroft or their designate and includes anyone authorized by Council to act on their behalf.

4.3. **Chief Financial Officer:** means the Chief Financial Officer (CFO) of the Village of Ashcroft or their designate and includes anyone authorized by Council to act on their behalf.

4.4. **Professional Services:** means legal, financial audit, engineering and banking services provided to the Village of Ashcroft.

4.5. **Request for Tenders (RFT):** means a price-based bidding process that is used when the solution(s), specification(s), performance standard(s), and timeframe(s) are known.

Potential bidders are provided with all project information – except price – and the evaluation of the bids is based only on price. A RFT is rarely a multi-step process.

- 4.6. **Request for Proposals (RFP):** means a project-based process involving solution, qualifications, and price as the main criteria that define a winning proponent. The RFP is used mainly to acquire services when the Village wants to review and implement different and new solutions to a problem, project, or business process. An RFP can range from a single-step process for straightforward procurements to a multi stage process for complex and significant procurements.
- 4.7. **Request for Expression of Interest (REI):** means a process used when a requirement for a sophisticated, multi skilled team or specialized knowledge with a necessary skill set or experience is necessary. This methodology is sometimes used to find other contractors with the necessary expertise and attract interested in the project.
- 4.8. **Request for Information (RFI):** means a procurement procedure where suppliers are provided with a general or preliminary description of a problem or need and are requested to provide information or advice about how to better define the problem or need, or alternative solutions. It may be used to assist in preparing a solicitation document. No contract awards are made directly from a request for information.
- 4.9. **Request for Qualifications (RFQ):** means a process that will prequalify proponents for a particular requirement and avoid having to struggle with a large number of lengthy proposals. This process is useful when a great deal of interest, and the need to screen many contractors is required to move a project forward to a short list of proponents for a full RFP process. It will also limit the number of potential bidders who will be required to go to the expense of preparing a detailed proposal.

## **5. Guiding Principles**

- 5.1. Procure the goods and service requirements of all departments in an efficient, timely and cost-effective manner while maintaining the necessary controls;
- 5.2. Engage in an open bidding process while ensuring availability to all qualified or pre-qualified bidders;
- 5.3. Ensure maximum value is obtained during the acquisition of goods and services, including, where appropriate, the total cost, or “life cycle” cost of the product purchased. Total costs may include but not be limited to acquisition cost, disposal cost, residual value, training cost, maintenance cost, product performance and environmental impact;
- 5.4. Procure goods and services, taking into account wherever practical, the commitment to the environment and energy savings;

- 5.5. Ensure that maximum value is realized when disposing of surplus goods, materials and equipment;
- 5.6. Ensure the acquisition of goods and services meet the requirements of applicable legislation;
- 5.7. Ensure that the procurement policy is compliant with the Freedom of Information and Protection of Privacy Act;
- 5.8. Give preference to local suppliers of goods and services; this provision is assuming compliance with relevant legislation such as New West Partnership Trade Agreement (NWPTA) and Apprentice and Industry Training (AIT), and assuming their pricing, quality and experience are comparable with non-local suppliers.

In addition to the principles outlined above, Village employees will demonstrate ethical purchasing behavior including:

- i) **Declaration of Interest** - An employee who has a direct or indirect interest with the supplier should disclose this relationship and the employee is to be excluded from the quote or tender process;
- ii) **Confidentiality and Accuracy of Information** - The confidentiality of information received in the course of duty must be respected and should not be used for personal gain; information given in the course of duty should be true and fair and not designed to mislead;
- iii) **Business Gifts and Hospitality** - 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;
- iv) **Discrimination and Harassment** - No employee shall knowingly participate in acts of discrimination or harassment towards any person that he or she has business relations with; and,
- v) **Documentation** - 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 that the Village not only follows the policy but is able to demonstrate compliance.

## 6. Policy

### 6.1. **Purchase Limitations**

The following limits will apply to the purchase of goods and services for the Village of Ashcroft. The Public Works Foreman, and Chief Financial Officer will be accountable for their budget and purchasing.

<b>Position</b>	<b>Authorization Limits</b>
Delegated Employee	\$0 - \$2,000
Section Head (Public Works Foreman)	Up to \$5,000
Section Head co-signed by CFO prior to issue	\$5,001 to \$25,000
CAO's approval in addition to CFO;	\$25,001 or greater

Each signatory may delegate spending limits to designated individuals for specified or general purchases. This delegation must be in writing and must be provided in advance to the CFO's approval. The above limits are not to include provincial or federal taxes.

## 7. Procurement Procedures

7.1. **Special Professional Services:** The Village of Ashcroft requires long term consistency in areas such as audits, engineering, legal services and banking. Through the annual budget process and the approval of the Five-Year Financial Plan, Council shall approve the funding of, and give Administration the conditional authorization to proceed with the sole sourcing of goods and services relating to Professional Services as defined in this Policy.

7.2. **Proposals versus Tenders:** A proposal is different from a tender. Unlike an RFT, an RFP is not an offer, but only contemplates an offer. Unlike the receipt of a tender, the receipt of a proposal is not an acceptance, and therefore does not result in a contract. An RFP is used when the purchaser is looking for the best value solution to resolve a problem or to deliver a good or service, but is not exactly sure how to achieve it. A tender is used when the purchaser knows exactly what good or service they want and is looking for the best price to deliver it.

7.3. **When to Use a Proposal or a Tender:** When utilizing an RFT, you should know what you want done and how it should be done:

- i) If the good or service is clearly defined; or
- ii) If there is a detailed methodology, procedure, or material and performance expectation.

When utilizing an RFP you may know what you want done, but you may not know how it should be done, that is:

- (a) If the goods or service is not clearly defined; or
- (b) If there is no detailed material or performance specification; or
- (c) If you are looking for a general solution to a problem; or
- (d) If the proponent's solutions are expected to be quite varied and/or difficult to evaluate.

**7.4. Information Gathering:** Information gathering activities are processes used to obtain information on the availability of goods or services, the availability of potential suppliers, and the level of interest in the procurement. These activities are not competitive processes as they are not requesting a quote or proposals.

**7.5. Request for Expression of Interest/Request for Information:** When utilizing an REI/RFI the document should include:

- i) Clearly define the opportunity and the project;
- ii) Provide a solid plan with time lines;
- iii) Clearly state your priorities.
- iv) Include a general outline of the evaluation criteria for the subsequent RFP selection, or for any intervening stages;
- v) Address potential questions and invite those who are interested to respond; and
- vi) Instructions to the potential respondents may also include submission length and required content, such as:
  - (a) Team/corporate partners;
  - (b) Key personnel;
  - (c) Financial and surety information (if applicable)
  - (d) Project experience; and
  - (e) Approach to the project.

**7.6. Request for Qualification:** When utilizing a RFQ the document should include:

- i) Description of the project;
- ii) Provide a project plan with time lines;
- iii) Clearly present your priorities;
- iv) Suggest a submission length, and
- v) Ask for the same basic contractor information as an Expression of Interest.
- vi) This process also needs to identify the minimum requirements or pass/fail tests that each contractor must satisfy in order to be invited to participate in the RFP; and
- vii) Set out the criteria that would otherwise appear as "mandatory" in the RFP.

**7.7. Benefits of an RFQ:** There are several benefits in using this process:

- i) Unqualified or inexperienced contractors are removed from the selection process;
- ii) It is less costly to the proponents;
- iii) You will likely receive better proposals from proponents who feel they have a good chance of winning; and
- iv) Fewer proposals will reduce the evaluation burden.

**7.8. Important Notice:** Often REI and RFQ are combined under the “Expressions” banner to prequalify potential or interested suppliers. However, departments are encouraged to use the RFQ for the prequalification process as it more clearly communicates to potential bidders and proponents that the process is looking for qualifications not just expressions of interest.

## **8. Procurement Guidelines**

The following procedures will apply to the purchase of goods and services for the Village of Ashcroft. Each department head is provided with a budget amount for their respective working areas and is responsible to ensure the amount does not exceed the amount allocated in the current budget without prior consent and consideration by the CFO, CAO and/or Council.

- 8.1. Items up to \$10,000 will require no procurement process for purchase and will be approved by the appropriate department head and/or the CFO.
- 8.2. All individual items valued between \$10,001 and \$25,000 should be purchased after a minimum of three quotes are obtained, when practical, for price comparison and quality of goods. The lowest or any bid may not necessarily be accepted. The Department Head and CFO or CAO will determine which quote will be accepted.
- 8.3. All individual items over \$25,000 up to \$100,000 will require three (3) quotes for price comparison and quality of goods. The lowest or any bid may not necessarily be accepted. The Department Head and CFO or CAO will provide a recommendation to Council to seek approval for all tenders.
- 8.4. For all of the above there may be times when three (3) quotes will not be available due to the uniqueness of the product or extraneous situations the purchase was made under. A brief written explanation will be provided and attached to the purchase order for review by CFO, CAO, Council, Auditors or the Public.
- 8.5. All projects over \$100,000 will require a full RFP process and the RFP will be, at a minimum, posted on Village of Ashcroft website, BC Bid and Civic Info. Whenever possible the local qualified contractors will be notified that the contract will be posted.

- 8.6. Prior to any major capital project, the Village's Engineering firm will provide a report to Council advocating the need for the proposed project. Upon Council's approval, the Village's Engineering firm will be appointed to assist with the project including the grant application/reporting, RFP process and to provide the necessary expertise to ensure the project is completed to industry standards.
- 8.7. All RFP reviews will take place at the Village Office unless stipulated differently in the tendering document. The following procedures may be utilized for the RFP process:
- i) RFP's will state that the Village will not necessarily accept the lowest bid;
  - ii) RFP's may require bid deposits as determined in the RFP package in order to protect the best interest of the Village in having the project completed;
  - iii) RFP bidders should be notified that only sealed bids will be accepted until the closing time and date of the bids. This will allow for more flexibility in reducing conflict of interest issues;
  - iv) RFP envelopes shall be stamped or handwritten with the time of receipt (date and time);
  - v) RFP's received shall be listed;
  - vi) RFP's must be kept in a secure place;
  - vii) RFP's may be submitted by fax or email depending on the terms in the RFP;
  - viii) RFP amendments may be sent by fax or email prior to the closing date and time depending on the terms in the RFP by the bidder to the RFP recipient;
  - ix) RFP amendments will be forwarded to all the known bidders and posted to BC Bid, Civic Info, Village website and any other site where the RFP is posted;
  - x) RFP opening shall be formal, correct and well documented;
  - xi) RFP openings shall list the names of the bidders, the amount of the bids, the revised prices (if any) and the total of each bid;
  - xii) RFP openings will list all attendees and their affiliations;
  - xiii) RFP openings will have present: the CAO or designate, and if applicable, the Engineer representing the Village;
  - xiv) RFP openings shall start promptly as per the designated closing time in the RFP package;
  - xv) RFP packages received late shall be returned to bidder, unopened with RFP envelope marked "Late RFP/Unopened";
  - xvi) RFP review will be done by the engineer/staff with a full report and recommendation to Council on the reasons why and who the successful bidder should be. This may take some time as the review of the packages may need some further clarifications;
  - xvii) RFP bidders will be advised of the disposition of the bidding process.
  - xviii) RFP successful bidder will require a signed contract which may have some further changes from the original bidding process; and
  - xix) RFP final contracts will be submitted to Council for final approval before work can commence.



## 9. Exemptions

A department may request exemption from any or all the purchasing methods outlined in this policy by submission of a report to the CFO, or to Council when the request is made by the CAO or CFO. Exemptions cannot be utilized to avoid competition or to discriminate between suppliers. Reasons for exemptions need to be documented and are to be attached to the purchase requisition. What follows are situations which may cause for purchases to be excluded from the recommended methods of purchase:

- 9.1. **Recurring or Non-Competitive Expenditures** - these are for specifically identified items, such as training and statutory payments, that are excluded from the procurement methods outlined above.
- 9.2. **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 time is of the essence or otherwise necessary immediately, sole source for products or direct award of contract service may be necessary to safeguard infrastructure, Village operations and mitigate liability for the benefit of the local population.
- 9.3. **Sole Source** - All sole sourcing requests will require justification to the CAO and prior approval. Instances where Sole Source of Direct Award may be considered include:
  - i) In cases where the market is controlled by a statutory or natural monopoly;
  - ii) To ensure compatibility with existing technology and/or equipment;
  - iii) When no bids were received;
  - iv) If the expertise or product exists with only one supplier;
  - v) In emergency situations where time is of the essence;
  - vi) Where there is a demonstrated value to continue consultant services into the next phase of a project or service. Whereby bringing in a new service provider could be detrimental to project quality, unduly extend the project completion date, or increase the cost of service; and
  - vii) Consulting and professional service contracts may be awarded for a defined period of time on the basis of intimate knowledge of Village operations, demonstrated competence, qualifications and a history of satisfactory working relationships with the municipality subject to section 5.1 of this policy.

## 10. Non-Compliance

A Statement of Non-Compliance is required when the Village becomes aware of an incident of non-compliance. The statement must be completed with any relevant supporting documentation and an explanation of what happened and why. This statement is to be

used for auditing purposes and reviewed by the CAO. Upon review, the CAO will determine the appropriate action which may include:

- i) Further educations about the Village of Ashcroft Procurement Policy;
- ii) Review of the incident and investigate if a revision of the policy is necessary; or
- iii) Disciplinary action.

## **11. Vendor Performance**

Vendors who have entered in to a contract with the Village will be provided with a performance evaluation at the conclusion of the contract. The purpose of this is to hold the vendor accountable for their obligations and to ensure the Village has received the best value for the taxpayer. Furthermore, this creates an atmosphere that fosters better communication and results in improved vender relationships:

- i) Appendix A is to be used for consulting contracts.
- ii) Appendix B is to be used for all other contracts.

## **12. Review of the Policy**

This policy is required to be reviewed every four years, preferably within the first year after a general municipal election is held.

## **13. Conclusion**

Upon adoption of this policy, all of the past policies related to purchasing, tendering, RFP standards, and limitations will be considered repealed.