



TOWN OF SLAVE LAKE

Council Policy

Department:	Finance	Policy No:	FIN.FN-23-1002
Policy Title:	Purchasing	Issue Date:	11-14-2023

1. PURPOSE

- 1.1. In order to ensure compliance with Section 248 of the MGA (Municipal Government Act), CFTA (Canadian Free Trade Agreement), NWPTA (New West Partnership Trade Agreement), FOIP (Freedom of Information & Privacy) and other legislation.
- 1.2. To designate levels of signing authority for purchases
- 1.3. To maintain financial flexibility, viability and efficiency
- 1.4. To provide for openness, transparency and accountability in purchasing

2. POLICY STATEMENT

- 2.1. To define the purchasing standards of the Town of Slave Lake and to provide direction to Town employees, by means of a comprehensive Council approved purchasing policy, for purchases of goods and services.

3. DEFINITIONS

Chief Administrative Officer (CAO): The Senior Administrator for the Town of Slave Lake

Senior Management: Department Directors and CAO

Employee: Any individual employed by the Town of Slave Lake

Town: The Town of Slave Lake as duly incorporated in the Province of Alberta

Emergency Expenditure: A situation in which the municipality must expend money in order to protect people or property and which there is inadequate time for Council to give its prior authorization for the expenditure.

Amounts Legally Required to be Paid: Amounts to be paid by the Town that are deemed payable by a written legal opinion, Order of a Court or quasi judicial body.

4. RESPONSIBILITIES

- 4.1. Council: Council may authorize expenditures throughout the budget year through resolutions. Sources of revenue shall be identified at that time.
- 4.2. CAO: Ensuring purchasing policy meets the needs of the Town and holds to current legislation.
- 4.3. Directors: Ensure all employees are aware of and in compliance with this policy.
- 4.4. Managers: Assists Director in maintaining policy and promotes understanding with employees.

5. GUIDELINES

The Town of Slave Lake will adhere to the highest possible standards of business ethics, professional courtesy, and competence in all of its purchasing practices. The Town shall observe all applicable legislation i.e. Municipal Government Act, Internal Trade Agreement, Freedom of Information Provisions, NWPTA (New West Partnership Trade Agreement) and our own Policies and Guidelines. In particular, the Town shall provide fair and equal treatment to all suppliers and their representatives. The guidelines are applicable to the acquisition of all goods or services under the control of the Town of Slave Lake personnel.

All purchasing should be conducted in accordance with the guidelines identified within this document. Purchases for Town staffs personal requirements should not be made under any circumstances.

In any purchasing decision, the Town of Slave Lake shall take into consideration all factors in the final cost of a product or service. The following factors may be weighted differently depending upon the scope and nature of the service or product obtained:

- Transportation costs
- Quality
- Price
- Current accounts with the Town
- Availability (delivery time)
- Warranties
- Support and service availability
- Expertise in product / service area
- References of current / previous customers

Therefore, the lowest cost supplier may not necessarily be the chosen supplier depending upon the acceptance criteria for the goods or services purchased.

Payments for goods or services will be made when the Town is satisfied that the good(s)/services provided meet the specifications.

All purchases are to be governed by the objective of satisfying the following criteria.

- a) **ECONOMY** Purchasers should strive to achieve maximum economy in the acquisition of good and services, having regard for price, suitability, quality, safety requirements, performance, transportation costs, availability of service if required, compatibility with existing goods or services and to consider the complete life cycle cost.
- b) **EFFICIENCY** Purchasing should be conducted in a manner, which seeks to maximize the efficiency of the procurement process, ensuring that all applicable policies and guidelines are satisfied while minimizing the administrative effort or overhead associated with the procurement process.

- c) **EQUITY** Purchasing activities should be conducted in manner which affords equal opportunity to potential supplies, while satisfying all policies and procedures. If a local source of supply can be found and can render the Town of Slave Lake as good a value as can be located elsewhere, it should be supported.
- d) **ENVIRONMENT** Purchasing should make a contribution to the protection of our natural environment by identifying material suitable for recycling or reuse and examining alternative and innovative disposal solution. Life cycle costing for purchased good or services should include the environmental effects of a product, such as landfill cost, potential legal penalties and degradation in air or water quality.
- e) **ETHICS** To ensure the integrity of the purchasing process, every customer, employee and supplier is entitled to the same level of honesty; courtesy and fairness. If there is any doubt that what is being done or asked to be done that might bring the integrity of the process into the question, the process should be suspended until the issue is resolved. Town personnel must refrain from soliciting and should exercise caution when accepting gifts, favours, or services from present or potential suppliers that might influence or appear to influence purchasing decision. Town personnel should exercise caution in all dealings with supplier or potential supplier of goods or services and should avoid becoming obligated to any supplier to engage in Town transaction from which personal benefit may be directly or indirectly derived, whether financial or familial. A potential supplier will not be disqualified due to the existence of an actual or perceived relationship as long as the nature of the actual or perceived

relationship is identified and acknowledged at the outset and does not constitute a conflict or interest of the Town of Slave Lake personnel involved. An additional person may be required to provide an objective opinion.

In some cases, the Town purchases certain services and goods through one company, without obtaining prices from several sources. This arrangement is established due to the uniqueness, quality and or type of service or goods provided by the contractor company. Periodically, the Town will review these arrangements to ensure quality service(s)/good(s) are being provided and the Town is receiving the competitive pricing. This arrangement of selective purchasing is required to ensure, Town business is conducted efficiently and effectively.

No Department of the Town should incur expenditures or commitments in excess of the budget or funding received and/or confirmed as receivable. This applies to all financial accounts including operating accounts and capital accounts.

The Town cannot buy from a supplier to sell to staff because of administrative costs and tax implications.

All personnel, having the responsibility for purchasing activities, are expected to adopt aggressive negotiation practices, consistent with legal and ethical standards, to ensure that the Town of Slave Lake acquires maximum benefit in all purchasing activities.

Occasionally, it may be necessary to exceed budgetary parameters due to emergency, legal requirement to pay, or other unplanned/unbudgeted expenditures to maintain service levels. No over-expenditure is permitted without prior discussion and approval with the CAO at which time, Attachment 2 of this procedure is consulted to determine the appropriate

course of action. Any request to incur over expenditure must be accompanied by a plan of possible funding.

Local Purchasing

The Town of Slave Lake recognizes the importance of supporting local business and contributing to the health of the local business community. Purchases may give preference to suppliers within the Town of Slave Lake. Quotations will be from local suppliers unless there are not enough suppliers within the Town of Slave Lake. If a local supplier and a non-local supplier provide quotes, the following preference factors will be added to the non-local supplier's quotation to obtain a comparative cost only if the estimated project cost is under the NWPTA (New West Partnership Trade Agreement) threshold:

<u>Cost of Purchase</u>	<u>Preference Factor</u>
Up to \$5000	5%
\$5001 to \$15,000	3%
Above \$15,000	0%

FULL DISCLOSURE WHEN USING LOCAL PURCHASING PREFERENCE FACTOR MUST BE GIVEN TO ALL VENDORS AT THE TIME THAT QUOTATIONS ARE TAKEN OR ADVERTISED TO ENSURE THAT THERE IS FAIRNESS TO ALL PARTIES INVOLVED IN THE PURCHASING PROCESS.

Purchase Order (PO) - serially controlled form in the format prescribed by the Town of Slave Lake, either in paper form or digital.

Standing Purchase Order (SPO) - Standing Purchase Orders are used to facilitate frequently recurring charges to the same vendor over a specified period of time. It allows the requester to order a particular commodity or service multiple times directly from a provider without having to generate a separate purchase order in each instance.

Purchase Order Control Form - the form used to record the issuance and return of purchase order books, either in paper form or digital.

Departments

Individual departments are responsible for:

Identifying specific needs for goods and services

Acquiring all goods or services in compliance with established guidelines.

Accounts Payable will maintain a log book of purchase order books issued.

The log will indicate when and to whom the book was issued and the date that the book was returned.

6. PURCHASE ORDERS

A Purchase Order initiates the contractual obligation between the Town of Slave Lake and the supplier of goods or services to which it is addressed.

The Purchase Order authorizes the supplier to supply the specified goods and or services, subject to the terms and conditions that are specified on the Purchase Order or any attachment. The Purchase Order also establishes the Town of Slave Lake's obligation to pay the supplier for the specified goods and or service.

The Purchase Order should be completed in full by an individual with delegated purchasing authority prior to ordering goods or services on behalf of the Town and is to be signed by a person authorized to allocate budget dollars being spent. The approving individual is responsible to ensure that the purchase is appropriate and within the budget guidelines. The following information must be provided:

- Date
- Supplier name and address
- Number of items ordered
- Brief description of goods or services
- Firm price or if firm price is not available, an estimate with a note that an estimate is being provided
- Code of applicable expense account
- In the case of capital projects the letters CAP are to be denoted on the PO
- Signature of authorizing individual within their signing authority

SPOs

Standing Purchase Orders must follow all of the guidelines for PO's. SPO's are to be used only when there are frequently, weekly/monthly, recurring charges to the same vendor and deemed appropriate by the Department head. SPOs must be reviewed annually, every December by Department heads. An SPO cannot have a term longer than 1 year and cannot have a term set beyond the end of the current year in which it has taken effect. The SPO will set the maximum limit allowable. When an invoice exceeds the limit set the invoice must be signed off by the appropriate authorized person. SPO's are to be filled out and given to Accounts Payable who will keep a record of all current active SPOs. Accounts Payable will provide all Department heads annually a list of active SPO's within their department for review.

Completion of Purchasing Documents

Except in extraordinary circumstances, the purchase order is to be completed and approved prior to the placement of the order with the selected supplier.

Once a Buyer has met minimum requirements to determine supplier and has received authorization from the Department Head, the Purchase Order is to be completed and processed as follows.

For Goods/Services Received Immediately:

- i. Fill out PO with correct pricing amount, GST, total and budget code
- ii. Ensure that the approval signature is appropriate to the expenditure
- iii. Signature of Receiver line is signed by the Town employee designated to pickup goods or when services delivered.
- iv. Name of supplier must be completed
- v. Writing on all copies MUST be legible
- vi. White copy along with all relevant information, invoice/packing slips as supplied by the vendor is to be delivered to the Accounting/Finance Department for processing
- vii. The yellow copy is for the supplier if requested
- viii. The pink copy is for the originator

For Goods/Services Received at a Later Date:

- i. Fill out PO with correct pricing amount, GST, total and budget code
- ii. Ensure that the approval signature is appropriate to the expenditure
- iii. Name of supplier must be completed
- iv. When the goods/services are received, signature of Receiver line is signed by the authorized Town employee
- v. Writing on all copies MUST be legible
- vi. White copy along with all relevant information, invoice/packing slips as supplied by the vendor is to be delivered to the Accounting/Finance

Department for processing

- vii. The yellow copy is for the supplier if requested
- viii. The pink copy is for the originator

For Goods/Services using and SPO:

- i. Fill out the person requesting the SPO and the Department
- ii. Fill out the date the SPO is to take effect
- iii. Fill out the term the SPO is to be in effect,
- iv. Fill out the Vendor name and Vendor ID, as assigned by Accounts Payable
- v. Fill out the frequency of the payments
- vi. Fill out the maximum authorized limit the SPO can authorize. Amounts above this limit will need signature from an authorized person.
- vii. Fill out the budget code the expense is to be coded to.
- viii. Each Department head must sign all SPO's for their Department
- ix. SPO's MUST be reviewed annually every December by the Department head

Routing of receiving packing slips

Receiving or packing slips should be checked carefully at the time of delivery and any discrepancies noted.

The receiver will sign and date the packing slip(s) as verified, attach freight bill of lading, and forward to Accounts Payable to match against the Purchase Order issued.

Invoice Routing

To facilitate exercising control over the receipt of invoices, all suppliers should be instructed to forward invoices to Town of Slave Lake Accounts Payable.

Accounts payable will only process payments that match Purchase Order, have been duly authorized and have back - up detail confirming receipt of goods and/or services.

7. General Purchasing Method

The Town of Slave Lake shall utilize the following purchasing methods:

a. **Direct Purchase Method**

The Direct Purchase process is utilized in obtaining goods or services for the operations of the Town of less than \$5,000. In this process, no quotation is required.

b. **Quotations**

The quotation process is to be used when:

- i. the costs of goods or services is greater than \$5,000 but less than or equal to \$75,000 for goods, \$75,000 services, \$200,000 for construction, and
- ii. the purchase is for routine operational or capital needs.

In a quotation process, the Town shall:

- i. provide drawings and/or specifications to describe the goods or services required.
- ii. provide any quotation acceptance criteria, if applicable
- iii. obtain quotations from a minimum of two suppliers, wherever possible

- iv. results of the Quotation request will be held on file by the applicable department.

Request for Proposals

The Request for Proposal process is less formal than the Tender Process, usually involving cost amounts with the service component being more significant than the provision of standard off-the-shelf types of goods. The process is generally utilized in, but not limited to, the following types of purchases:

- i. purchases greater than \$10,000
- ii. equipment or supplies where the specifications vary widely amongst a limited number of qualified vendors
- iii. professional services
- iv. consulting services

In a request for Proposal process, the Town shall:

- i. state the nature of the goods and services desired, and
- ii. invite a minimum of two qualified suppliers, wherever possible, to respond, and
- iii. results of the Request for Proposal will be kept on file by the applicable department.

Tender Process

The tender process is a formal method of obtaining competitive prices for goods and services. This method is generally for the supply of goods and services with a dollar value that is equal to or greater than \$75,000 for goods, \$75,000 for services and \$200,000 for construction. These thresholds are in accordance with the NWPTA (New West Partnership Trade Agreement)

Under NWPTA regulations, no preference can be given to Vendors.

All tenders are to be advertised according to NWPTA regulations.

Prequalification of Vendors is permitted to ensure that only those Vendors or Group of Vendors who meet all necessary criteria for bidding purposes are allowed to submit a tender. There is to be no negotiation after closing unless specified in the tender document.

- All tenders must include the date and time of the competition closing.
- All tenders must indicate that submissions are to be sealed and delivered to the address specified, with the content clearly noted.
- All tenders are to be dated and time stamped upon receipt at the location specified and are to remain unopened until the closing time for that competition has passed.
- Any submissions which are received after the closing date and time are to be returned unopened to the originator. Such submissions may be opened solely to determine the return address of the submission.
- It is the responsibility of the vendor to ensure their bid has been received into competition without exception.
- Electronic transmission tenders will not be accepted unless otherwise stated. Electronic tenders will only be accepted in the format acceptable to Town software systems.
- All tenders shall be subject to public opening. The time, location and conditions of the public opening shall be made known in advance and shall be contained in the competition documentation provided potential suppliers.
- Only the name of the supplier and the total cost or price in the submission are to be released during a public opening and thereafter.
- The lowest or any tender will not necessarily be accepted.

- Requirements for tenders awarded are; anyone or combination of the following,
- 10% of total cost certified cheque
- Irrevocable letter of credit
- Letter of guarantee
- Performance bond
- Labour bond
- Material bond
- Or other requirement specific to the tender

The tender will be an irrevocable bid by the vendor.

To assist the Town of Slave Lake in having a good defence in case of a "legal" challenge to a tender procedure, including the following clause, in advertising and tender packages will assist.

"The Town of Slave Lake reserves the right to accept or reject any or all tenders and to waive irregularities and informalities at its discretion.

Without limiting the generality of the foregoing, the Town of Slave Lake may consider any other factor besides price and capability to perform the work that it deems in its sole discretion to be relevant to its decision, including but not limited to the following:

1. Any past experience with the Bidder, or lack thereof;
2. The result of any reference check done by the Town of Slave Lake
3. Information relating to the financial state of the bidder, however obtained.

The Administration will determine if the Tender is to be by open or invitational tender, depending on Department circumstance and pertinent Legislation and the Internal Trade Agreement. If the Town of Slave Lake wishes to rely on selection criteria other than price, that criteria should be specified. Detailed criteria for tender submission will be prepared by the pertinent Department Head or his/her designate.

In circumstances where the compliance of this Policy would place the Town in jeopardy, which includes, but is not limited to receiving competitive pricing for the supply of goods and services deemed necessary by the administration of the Town, Council may, by 2/3 majority, pass a resolution which approves of dispensing with compliance with this Policy.

Vendor Selection Worksheet

During the tender/purchase process the Vendor Selection Criteria Worksheet, (attachment 1), will be completed before seeking quotes or tenders. In this manner, project criteria, e.g. cost, delivery time, warranty, etc., are all taken into consideration first before contracts and quotes are accepted by administration.

8. PURCHASING AUTHORITY

The authority for purchases is obtained from Town Council via this policy and approval of the annual budget that identifies allowable expenditures by department and programs. Capital expenditures are also approved via budget approval, although related individual by-laws may also be passed for authorization of borrowing. Within this framework, the authority for individual purchases is described below.

Council Resolution	Over \$80,000
CAO	Up to \$80,000
Directors / Fire Chief	Up to \$40,000
Project Manager	Up to \$40,000
Managers	Up to \$10,000
Supervisors / Mechanics	Up to \$5,000
Family and Community Support Coordinator	Up to \$5,000
Other authorized staff that hold a PO Book	Up to \$1,000

All purchases, which are charged to the account of the Town with various suppliers, must be preceded by the issuance of a Purchase Order/SPO. The following payments do not require a Purchase Order: purchases made with the Town's Royal Bank Visa card, government transfer payments, petty cash, expense accounts, progress payments for capital projects, professional fees, instructor fees and volunteer honorariums.

It is the ordering department's responsibility to ensure that goods or services ordered and invoiced for, have been received in satisfactory condition.

9. EMERGENCY SITUATION

This policy will not supersede the Town Emergency Response Plan Policy which dictates the procedures of the necessity to protect people and property of the Town of Slave Lake.

A situation in which the municipality must expend money in order to protect people or property and which there is in inadequate time for Council to give its prior authorization for the expenditure. Written quotes will not be required; however, it must be indicated on the purchase order that the immediate purchase was necessitated by an emergent situation. Within a reasonable time after making the emergency expenditure, a brief written description of the emergency circumstances must be attached to the purchase order. Report to contain, nature of the threat posed by the emergency, the reasons the delegated officer believed there was inadequate time for Council to give prior authorization, the nature and amounts of each expenditure.

10. AMOUNTS LEGALLY REQUIRED TO BE PAID

Whenever circumstances allow, these amounts will be included in the annual budget adopted by Council.

Council delegates the CAO to make such payment and verify and authorize it. Verification shall consist of a written legal opinion or Order of a Court or quasi judicial body.

Such CAO approved expenditures shall be reported to Council monthly. Reports will include nature of the legal obligation, method of verifying that obligation exists, nature and amount of the expenditures.

6. CONTRAVENTIONS OF THE POLICY

- 6.1. Employees found in contravention of this policy may face disciplinary action and may have their purchasing authority revoked.

7. REVIEW OF THE POLICY

- 7.1. This policy will be reviewed periodically, or as circumstances dictate, to ensure its effectiveness and relevance.

8. RELATED POLICIES

8.1. Credit Card Use Policy

9. APPROVAL and REVISION CONTROL

ISSUED BY	APPROVED BY:	DATE:
Mayor	<i>Ward</i>	11/16/2023
Chief Administrative Officer	<i>John</i>	2023/11/20

