

Section/Number: Financial Administration – 006	Approval Date: (DD/MM/YY)												
Subject: Purchasing Policy	Amendment Dates:												
<p>Policy</p> <p>All contracts for services will be made in a manner that is open, transparent and fair. All contracts must be signed by the Mayor and/or Senior Administrative (SAO) or their designated alternatives and must be in adherence with the guidelines set out in this policy.</p>													
<p>Definitions:</p> <p>Definition of “Emergency” includes:</p> <ul style="list-style-type: none"> i. An imminent or actual danger to life, health and safety of an official or an employee while acting on behalf of the city, town or village; ii. An imminent or actual danger or injury or destruction of real or personal property belonging to the city, town or village; iii. An unexpected interruption of a public service; iv. An emergency as defined by the Emergency Management Act and/or the emergency plan formulated there under the city, town or village; v. A spill of a pollutant as contemplated by Section 5.1 of the Environmental Protection Act R.S.N.W.T. 1988, c. E-7 and by Part 8, section 193 of the Canadian Environmental Protection Act 1999, c.33 and; vi. Issuance of a non-compliance or directive order under a statute by a Territorial or Federal authority. 													
<p>Guidelines</p> <ol style="list-style-type: none"> 1. Authority to negotiate contracts for goods and services up to twenty-five thousand dollars (\$25,000.00) is delegated by Council to the Senior Administrative Officer (SAO). <p>Delegation of Spending Authority :</p> <table border="1" data-bbox="188 1499 1430 1692"> <tr> <td>Director or Manager of Public Services</td> <td>\$15,000</td> </tr> <tr> <td>Director of Finance</td> <td>\$15,000</td> </tr> <tr> <td>Director of Community Services</td> <td>\$10,000</td> </tr> <tr> <td>Director of Protective Services</td> <td>\$10,000</td> </tr> <tr> <td>Community Economic Development Manager</td> <td>\$10,000</td> </tr> <tr> <td>Head Librarian</td> <td>\$5,000</td> </tr> </table> <ol style="list-style-type: none"> 2. A standard format shall be used to ensure all required terms and conditions are included in the contract. 		Director or Manager of Public Services	\$15,000	Director of Finance	\$15,000	Director of Community Services	\$10,000	Director of Protective Services	\$10,000	Community Economic Development Manager	\$10,000	Head Librarian	\$5,000
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3. Contracts shall be reviewed and initialled by the SAO prior to signing by either party to the contract.
4. All contracts over \$25,000 must be reviewed by the SAO and approved by Council.
5. The cost of the contract or special service must not exceed the budget for any program. If so then the decision to purchase must be made by Council.
6. Invoices for service contracts must be accompanied by the approved service contract and confirmation that services have been provided.
7. For all purchases, a purchase preference shall be provided to local businesses, which shall not exceed fifteen (15%) percent over the price which a purchase could be obtained from a business other than a local business.

Single Source Supplier

8. In the following circumstances, Council may approach only one supplier to provide goods or services.
 - 8.1. There is clearly only one firm/contractor available when all factors and pertinent policies are taken into account; and/or
 - 8.2. The work is one of pressing emergency (see definition section) in which delay would be injurious to the public interest.
9. This decision should be duly recorded with justification for selection of the sole source supplier.

Emergency Situation

10. In event of an emergency, the SAO has the authority to expend whatever funds are reasonably necessary to deal with the situation.
11. Prior to expending or committing such funds, the SAO will attempt to contact the Mayor or the Deputy Mayor, advise him/her of the nature of the emergency and the amount of funds to be committed or expended and obtain direction with which to proceed.
 - 11.1. Any such expenditure or commitment must be reported to Council at the earliest opportunity.
12. Purchasing Methods
Goods and Services may be acquired by the following methods:
 1. Direct Purchase
 2. Request for Quotation
 3. Request for Tender

4. Request for Proposal

Direct Purchase

13. For purchases of less than \$ 5,000, a direct purchase method (no quotes, proposals or tenders required) may be used.
14. Breaking up of purchases to use this method to avoid quotes, tenders and proposals is not permitted.

Request for Quotations

15. For purchases between \$5,000 and \$24,999, purchases may be made by getting three quotes
16. If unable to get three quotes, despite reasonable efforts, the process will be documented and the purchase may proceed based on the quotes that have been received
17. Breaking up of purchases to use this method to avoid quotes, tenders and proposals is not permitted.

Requests for Proposals

18. Where in the opinion of Council a proposal would be more appropriate than a tender, the Community Government may acquire personal property or services through a request for proposals.
19. Every request for proposals must express the criteria to be used in evaluating the proposal and no criteria will be used in evaluating the proposal that is not expressed in the request for proposals.
20. Where a contract is to be awarded as a result of a request for proposals, it will be awarded to the proposer who will provide the best value for the Community Government and according to the evaluation criteria in the request for proposals.
21. Council reserves the right to reject any or all proposals, and to enter into negotiations with any one submitting a proposal.

Requests for Tenders

22. Tenders must, unless otherwise approved by Council, be called for every contract

and for any purchase in excess of \$25,000

22.1. Tenders may be called by either public or closed tender.

23. The Community Government reserves the right to accept or reject any or all tenders and to waive irregularities and informalities at its discretion.

23.1. The Community Government reserves the right to accept a tender other than the lowest tender without stating reasons.

24. By the act of submitting its bid, the Bidder waives the right to contest in any legal proceeding or action the right of the Community Government to award the work to whomever it chooses and may consider the following and other factors:

24.1. Any past experience with the Bidder, or lack there

24.2. The results of any reference check done by the Town

24.3. Information relating to the financial state of the Bidder, however obtained, or

24.4. Relative length of construction schedule.

25. Council reserves the right to offer three (3) options when tendering:

25.1. Service contract only with materials supplied by the Town

25.2. Supply of service and materials by the contractor; and

25.3. Supply of materials by the contractor.

26. Public or closed tenders shall be advertised and open to all qualified tenders and bidders.

27. The SAO shall report to Council prior to issuing an invitation to tender. Council will instruct the SAO as to whom the invitational tenders shall be distributed.

28. Advertisements for Tenders will be advertised only in local and northern newspapers, and posted in a public place within the Town, unless otherwise authorized by Council.

29. Requests for tenders shall state that the competition will close at a specified local time, on a specified day and at a specified location.

30. At the request of a prospective bidder, the following information shall be supplied for each tender:

30.1. A minimum of one copy of the official tender form consisting of specifications, conditions, pricing sections and signing page.

30.2. One standard tender envelope.

30.3. Tendering material, i.e. specifications, plans, profiles.

31. A list of prospective bidders, who receive tender competition packages, shall be maintained by the SAO.

32. All replies to tenders will be directed to the SAO on or before the competition closing time and date.

- 32.1. The SAO shall ensure that as tenders are accepted, the envelopes are date stamped, initialled and kept in a locked safe or cabinet until the date and time fixed for tender opening.
33. Tenders received after the competition closing date and time shall not be accepted.
- 33.1. The late submission shall be time stamped, recorded and returned to the bidder unopened.
- 33.2. The time as determined by the SAO shall for all purposes be deemed conclusive.
34. A prospective bidder who has submitted a tender may request that his tender be withdrawn. The withdrawal shall be allowed if the request is made prior to the competition closing date and time.
35. The SAO will, at the date and time specified for opening of tenders ensure that in the presence of at least one senior officer from the Community Government and in the presence of those bidders who care to attend the opening, open all tenders and record the details of each bid received.
36. Tenders shall be opened in order as decided by random draw of the tender envelopes.
37. In the event that a tender is rejected the following shall occur:
- 37.1. The bidder shall be advised in writing as to the reason for the rejection of the tender;
- 37.2. The report to Council shall include the rejected bidder and the reason for rejection of the tender.
38. The SAO will prepare a summary of all bids received, ensure that all required documents, deposits or other data, are checked for accuracy and present this information to Council for review and award of tender.
39. Tenders may be reviewed by the appropriate Committee or by Staff who shall recommend to Council the successful tenderer.
40. Council shall at a regular or special meeting award the contract, as early as practical, after the closing date of the tender.
41. The SAO may make available to qualified bidders, on written request:
- 41.1. The names of persons tendering on contracts;
- 41.2. The amount(s) of the tender (at the tender opening or following the award of a contract); and
- 41.3. An explanation (where applicable) of why the contract was not awarded to the lowest bidder.

Bid, Performance, Maintenance or Security Bond

42. Council may, by resolution, require that tendered contracts be subjected to a bid, performance, labour and material, maintenance or security bond made in the favour of the Town, where it is deemed to be in the public interest to do so.
43. In the case of tenders with a value of less than \$100,000, no security is required to accompany the tender; however, the Community Government may require security upon award of the contract in accordance with this section.
44. In the case of tenders with a value of greater than \$ 100,000, security is required to accompany the tender in form of either:
- 44.1. A bid bond or surety in a form made in the favour of the Town, approved by the Community Government and issued by an approved bonding company in the amount of at least ten (10%) percent of the tender; or
- 44.2. The bidder may provide by way of a security deposit, a “certified cheque” or “letter of irrevocable guarantee” of ten (10%) percent made in the favour of the Community Government of the tendered price.
45. The security deposit referred to in this policy, will be forfeited to the Community Government if the bidder refuses to enter into a contract when called upon to do so.
- 45.1. Council may, if it is in the public interest, waive the right of the Community Government to require the bidder to forfeit the security deposit, but reserves the rights to recover mitigated damages.
46. Upon notification of acceptance of a tender by the Community Government for an amount in excess of \$100,00, the bidder shall furnish within 14 days of the notification of acceptance:
- 46.1. A performance bond and a labour and materials bond each in the amount that is equal to but not less than fifty (50%) percent of the tendered amount;
- 46.2. A security deposit in an amount that is equal to ten (10%) percent of the tendered amount; or
- 46.3. Other security as deemed appropriate by Council.
47. A performance bond and a labour and material bond referred to in this section shall be in a form as approved by the Federal Treasury Board and issued by a bonding or surety company that is approved by the Town.
48. A security deposit referred to in this bylaw, shall be in the form of a “letter of irrevocable guarantee” in the form authorized by the Town, payable to the Community Government that is drawn on a bank to which the Bank Act or the Quebec Savings Bank Act applies, or a certified cheque or bank draft from a bank acceptable to the Community Government and made payable to the Town.
49. Council reserves the right to recover liquidated damages for work not completed in a

timely fashion.

50. Unless otherwise stated as a special condition of the contract, the standard hold back of payment for work in progress or material on site, will be fifteen (15%) percent of the work done to date.
51. The SAO shall ensure records are kept of all invitations to tender issued and all bids received.
52. Progress and/or final payments for goods or services will be made by the Community Government to contractors or other agencies upon approval of the work:
- 52.1. As payment for work in progress or for placing materials on site.
- 52.2. When called for as a specific condition of contract.
- 52.3. When the contract is completed to the specifications and has been accepted by the SAO.
- 52.4. The fifteen (15%) percent hold back on final payment will be paid to the contractor only upon approval of the SAO, who must be satisfied that all specifications and terms of the contract have been met.
- 52.5. Where all specifications and terms of the contract have been met to the satisfaction of the Town, the fifteen (15%) percent hold back must be remitted to the contractor not later than thirty-five (35) days from the date of acceptance of final completion of contract or receipt by the Community Government of final clearance from the Workers Compensation Board, whichever is later.

Exclusion of Suppliers in Litigation

53. The municipality may, in its absolute discretion, reject a quotation, tender or proposal if the potential supplier, or any officer or director of the potential supplier is or has been engaged, either directly or indirectly through another corporation in legal action against the municipality, its elected or appointed officers and/or employees.
54. Due consideration may be given under this provision as it relates to:
1. Any other contract or service
 2. Any matter arising from the municipality's exercise of its powers, duties or functions.
55. In determining whether or not to reject a quotation, tender or proposal under this clause, the municipality shall consider whether the litigations is likely to affect the potential supplier's ability to work with the municipality, its consultants and representatives and whether the municipality's experience with the potential supplier indicates that the municipality is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the potential supplier.

Exclusion of Suppliers Due to Poor Performance

56. All individuals responsible for a contract shall document evidence and keep records

where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions, health and safety regulations and all other applicable legislation.

57. Council may prohibit an unsatisfactory supplier from participating in future contracts for a period of up to three years.

Cooperative Purchasing

58. The municipality may participate with other governments or public authorities in cooperative purchasing where it is in the best interest of the municipality.

59. The decision to award a contract in a cooperative purchasing arrangement will be made by the municipality in accordance with the authorities in this policy.

60. The policies of the government or public authority calling the cooperative tender shall apply.

Attachments

N/A

References

N/A

SCHEDULE 1
GOODS AND SERVICES NOT SUBJECT TO THIS POLICY

1. Petty Cash items
2. Training and education including:
 - i. Conferences
 - ii. Courses
 - iii. Conventions
 - iv. Magazines
 - v. Memberships
 - vi. Periodicals
 - vii. Seminars
 - viii. Staff Development
 - ix. Staff Workshops
 - x. Staff Relations
3. Refundable Employee Expenses including:
 - i. Cash Advances
 - ii. Meal Allowances
 - iii. Travel Expenses
 - iv. Accommodation
4. Employer's General Expenses including:
 - i. Payroll Deductions Remittances
 - ii. Medicals
 - iii. Insurance Premiums
 - iv. Tax Remittances
5. Licenses, certificates and other approval required.
6. Ongoing maintenance for existing computer hardware and software
7. The following Professional and Special Services:
 - i. Additional non-recurring Accounting and Auditing Services
 - ii. Legal Counsel
 - iii. Banking Services where covered by agreements
 - iv. Public Debenture Sales
 - v. Group Benefits
 - vi. Realty Services regarding the lease, acquisition, demolition, sale of land, appraisal of land, and survey
 - vii. Project Management Services
 - viii. Utilities where a franchise agreement or monopoly exists
 - ix. Engineering Services
8. Real property acquisitions, including the leasing of property