



Policy No. 5.6
Adopted by Council September 10, 2012
Amended April 28, 2014

PURCHASING AND DISPOSAL OF ASSETS POLICY, 2012

PURPOSE

This policy establishes general practices for purchasing goods and services and disposing of surplus goods and materials for the District of Sooke. These practices will enable cost-effective, timely and efficient purchasing while maintaining equal opportunity for qualified suppliers.

Purchasing goods and services is of considerable interest to elected officials, the business community and the public. These groups must be assured that the District of Sooke ("District") purchasing decisions are made for the benefit of the District and are without favour or bias.

Suppliers of goods and services should be able to compete for municipal business and must be aware that the municipality does not accept responsibility for paying for any service or work until it has been properly authorized as outlined herein.

Employees responsible for purchasing must strive for the best value and service. Lowest price may not be the best value. Additional factors such as shared/levered service with another jurisdiction, quality, residual value, training, maintenance, delivery and shipping terms, warranties, payment terms, performance and environmental impact must be considered.

POLICY

1. Application

This Policy applies to all District departments, commissions and committees of the District that use corporate funds for the acquisition of goods or services.

2. Policy Principles

2.1 Purchasing activities are to be carried out in a manner that:

- Enhances competitive bidding, so that required goods or services are obtained in a timely manner, in the desired quantity, of the desired quality, and in the most cost-effective manner possible.
- Gives qualified suppliers' equal opportunity.
- Encourages the development of local sources of supply where there is no increase in cost and subject to trade agreement requirements.

- Whenever possible encourage sharing or leveraging of services and goods between the District and other municipalities.
 - Insures that decisions are based on demonstrable technical and operational considerations.
 - Insures that decisions are based on the total cost of ownership.
- 2.2 In order to increase the District's awareness and use of environmentally sound products and services, municipal staff is encouraged to review requirements to ensure that, wherever possible and economical, specifications provide for use of goods and services that are more environmentally acceptable.

3. Authority, Responsibility & Limits

- 3.1 The Chief Administrative Officer has overall responsibility to ensure compliance with this Policy.
- 3.2 Department Heads are responsible for ensuring that this Policy is followed within their areas of control. In this regard, Department Heads must ensure that:
- Expenditures comply with the District's Financial Plan.
 - Sufficient analysis and discussion has taken place.
 - The risk of fraud, embezzlement and error is minimized.
- 3.3 Department Heads may delegate purchasing authority to employees in their department, subject to the limits set out in section 3.4 of this Policy. The Finance Department must be advised of all delegations of purchasing authority in writing in the form prescribed from time to time by the Director of Finance.
- 3.4 Purchasing approval limits are:
- | | | |
|------------------------------|-------|----------|
| Council | over | \$75,000 |
| Chief Administrative Officer | up to | \$75,000 |
| Department Heads/Deputy | up to | \$40,000 |
| Manager | up to | \$20,000 |
- 3.5 All purchases over \$25,000 must be vetted by the Director of Finance to ensure appropriate spending authority has been obtained.
- 3.6 Purchases over \$25,000 will be reported to the Finance and Administration Committee on a quarterly basis.
- 3.6 Notwithstanding the approval limits, the Chief Administrative Officer may direct staff to submit any contract or agreement to Council for approval.
- 3.7 All purchases of goods or services, reimbursements of expenses and refunds shall involve at least two employees in the ordering, receiving and/or approval process. Evidence of this shall be in the form of two different signatures or initials on the transaction documents as a whole.

PURCHASING METHODS & LIMITS

4. Petty Cash

Goods or services up to a cost of Fifty Dollars (\$50) may be processed through the use of “petty cash” facilities without the issuance of a purchase order. The Director of Finance must approve “petty cash” expenditures.

5. Direct Acquisition

Subject to the requirements of section 17 of this Policy, goods or services with an estimated cost of up to a cost of \$5,000 per nature of the procurement may be purchased directly from a supplier. Telephone or written quotations are required and a purchase order must be completed.

6. Telephone Quotations

Telephone quotations from at least three suppliers are required for the purchase of goods or services with a cost from \$5,001 to \$10,000. Telephone quotations must be followed by written confirmation.

7. Written Quotations

Written quotations from at least three suppliers are required for the purchase of goods or services with a cost from \$10,001 to \$25,000. Tenders or requests for proposals may also be used, except in cases where the goods and service are being supplied by another municipality.

8. Tenders or Requests for Proposals

8.1 Formal tenders or requests for proposals (RFP) must be used for purchases of goods or services costing in excess of \$25,000, except in cases where the goods and services are being supplied by another municipality.

8.2 In compliance with the Agreement on Internal Trade all procurements of goods or services over \$100,000 and of construction projects over \$250,000 shall be advertised nationally using the Province of British Columbia’s BC Bid service (<http://www.bcbid.gov.bc.ca/open.dll/welcome>).

9. Quotations, Tenders and Requests for Proposals

9.1 A quotation is a formal request for bids to supply goods or services. Quotations are not opened in public. Only total bid prices shall be made available for public review on request.

9.2 A tender is a formal request for sealed bids to supply goods or services in response to an advertised invitation. Tenders are opened in public at a set date, time and place.

- 9.3 A request for proposals is a formal request for sealed proposals to supply goods or services that may or may not be fully defined or specified. Proposals are opened in public at a set date, time and place.

PURCHASE OPTIONS

10. Petty Cash

Petty cash may be used for purchases under \$50 where the District does not have an account with the supplier or where the purchase is less than the supplier's minimum amount for sales on account.

11. Credit Card/Fuel Card

A purchasing card is the preferred method of payment, for purchases under \$1,000 per transaction where the District does not have an account with the supplier, where the purchase is less than the supplier's minimum amount for sales on account, or where the expense is a recurring cost (i.e. utility bills). This limitation does not apply to expenses associated with an approved convention or seminar, e.g. registration fees, airfares, accommodation, etc.

12. Purchase Order

Purchase Orders must be issued for all purchases of goods or services, other than for purchases by petty cash, or where the invoice is received at the same time as the order is placed and the goods or services are received.

13. Open Purchase Order

Where greater efficiency will result via purchasing goods or services from one supplier for all or part of a calendar year an "Open Purchase Order" may be issued. Purchasing methods and limits apply to the estimated overall value of the open purchase order. Open purchase orders must be reissued for each calendar year, they are not automatically renewed.

SPECIFICATIONS & EVALUATION CRITERIA

Departments are responsible for preparing specifications that can be easily interpreted by qualified suppliers. In addition, unless it can be demonstrated that there are valid technical, operational or financial reasons for not doing so, specifications must be prepared that can be fulfilled by more than one product or manufacturer.

Where price is not the only consideration, departments must describe the goods and/or services required in sufficient detail and must describe in advance the criteria and method of evaluation that will be used to determine the relative merits of quotations, tenders or proposals.

14. Lowest Cost Purchase

Where a recommended purchase is not the least cost, a report justifying the selection shall be submitted for the approval of the appropriate Department

Director or the Chief Administrative Officer, depending on the level of purchasing authority described earlier in this policy.

15. Sole Source Purchases

Sole source purchases generally occur when there is only one available supplier of a product or service that meets the District's needs or during an emergency. The terms and conditions for the purchase are completed through negotiation.

16. Exemptions

16.1 Exemptions to the competitive quotation/bidding process may be approved by the Director of Finance in the following circumstances:

1. The compatibility of an item with existing equipment, facilities or services is a paramount consideration.
2. The good or service is required to cope with an emergency.
3. An item is purchased for testing and trial use.
4. An item is currently rented with a rental contract that has a purchase option and the purchase option is beneficial to the District.
5. An item is offered for sale by tender, auction or negotiation and purchasing the item is clearly in the best interest of the District.
6. There are a limited number of suppliers who offer the required good or service.
7. Where the goods and/or services are supplied or made available by another Municipality.

17. Preference to Local Suppliers

17.1 The District supports local businesses by encouraging local purchasing where all things are equal. Where possible, listings of local qualified suppliers will be compiled as a reference and will be maintained by the Director of Finance. Order of occurrence on the lists will be based upon the date the local qualified supplier responded to a Request for Qualification issued by the District.

17.2 Where local qualified supplier listings exist for the services being procured, the purchasing methods required in sections 4 through 9 of this policy are to be carried out on a rotational basis to ensure an equitable sharing of opportunities. The order of occurrence on the listing is to be used as the basis for rotating quotations or direct awards. Staff are required to document the use of a list, or non applicability of a list, as supporting documentation to the purchase order.

17.3 After considering the total cost of ownership and level of service provided and subject to trade agreement requirements, geographical priorities will be considered in the following order:

- Within the District of Sooke
- Within the West Shore (Langford, Colwood, View Royal, Metchosin and Highlands)
- Within the Capital Regional District
- Within the Province of British Columbia
- Within Canada

- Outside Canada

18. Emergency Purchases

- 18.1 Emergency purchases may be required to restore or maintain acceptable levels of community services or to prevent further damage, serious delays or injury. The determination of an “emergency” will be made by the Chief Administrative Officer or a person delegated in the absence of the CAO..
- 18.2 In an emergency the preparation, documentation and analysis set out in the usual purchasing procedures may not be possible. Verbal authorization to bypass normal purchasing procedures, including sole-source purchasing, is required to meet the purpose of this policy.
- 18.3 All normal purchasing documentation and reporting, complete with signed authorizations, as required, is to be completed as soon as possible after the emergency.

19. Purchase Orders at Year-end

- 19.1 In order to facilitate year-end cut-off procedures, purchase orders issued late in each fiscal year shall be examined to ensure that the purchase relates to the current year. This does not apply to regular receipts on open purchase orders or to the reissue of open purchase orders for the following calendar year.
- 19.2 Purchase orders for goods or services that have not been received in full during the fiscal year shall be a commitment in the following fiscal year to the extent not completed.

20. Petty Cash Funds

- 20.1 All petty cash funds will operate on an imprest basis, i.e. reimbursement will be made for authorized disbursements to restore the total fund to its original amount. All requests to establish petty cash funds, or to change the imprest amount, shall be made by the Department Head to the Director of Finance.
- 20.2 All petty cash disbursements must be supported by a fully completed Petty Cash Voucher with an attached store receipt. Petty cash funds may not be used for personal loans, IOUs, payment of wages (including contracted services) or payment of business travel expenses.
- 20.3 Petty cash funds must be kept segregated from other funds in a cash box acquired for this purpose and stored in a secure location. Petty cash funds are subject to audit by Finance staff and the District’s external auditors.

21. Credit Cards

- 21.1 Purchasing cards reduce operating costs associated with low value, non-repetitive purchases of goods or services. If this method of purchasing is available, each Department Director shall submit requests for purchasing cards to the Director of Finance.

- 21.2 Credit limits and designated areas of acceptable use for each card will be related to departmental needs and determined individually after consultation between the Department Director and the Director of Finance.
- 21.3 The holder of a Credit card is responsible for documenting all charges on the card as directed by the Finance Department. In the event of loss or destruction of a purchasing card the cardholder must notify the Finance Department immediately. The Director of Finance or Manager of Finance must sign off on the monthly statement reconciliation, prior to payment.
- 21.4 A purchasing card must not be used by anyone other than the person whose name appears on the card.
- 21.5 Cash advances are not permitted on a purchasing card.
- 21.6 A purchasing card must not be used for personal purposes.
- 21.7 Upon termination of employment a purchasing card must be returned to the Finance Department.

22. Cheque Requisition Form

- 22.1 The cheque requisition form is generally used in circumstances where there is no invoice. Examples of this situation include:
- Fee refunds to a member of the public
 - Registration fees for a conference or seminar
 - Statutory fees, e.g. Land Title Office

23. Travel Forms

The Schedule B "Travel Expense Claim" form set out in District Policy No. 1.5 must be used to claim all expenses for travel and allowances on municipal business and for attendance at Conventions, Seminars, etc

24. Disposal of Surplus Assets

- 24.1 All assets will be disposed of in accordance with applicable Provincial legislation at the time of disposal.
- 24.1 Surplus assets shall be disposed of using the following priority:
1. As a trade-in for a new piece of equipment.
 2. Offering it to other civic departments.
 3. Advertising it for sale on the District's web site.
 4. Donating it, without competition, to any non-profit organization, subject to the approval of the Chief Administrative Officer.
 5. Disposal through the Provincial Government disposal centre.
 6. Destruction of the item for safety purposes to ensure the item will not be used and potentially causing a liability to the District.

- 24.2 Surplus equipment with a market value less than the costs of disposition may be disposed of by the least-cost method available, taking into account any environmental implications of the disposal.
- 24.3 The Finance Department shall be provided with a written description of all assets transferred between departments, or disposed of by donation, trade-in, sale or discard.

25. Disposal of Computers or Other Electronic Devices Containing Potentially Confidential Information

- 25.1 All computer systems, electronic devices and electronic media must be properly cleaned of sensitive data and software before being disposed of. The cost of cleaning the equipment must be considered as a component of the cost of disposal, when determining the least-cost method of disposal available.
- 25.2 All sensitive information, data and software removed per section 25.1 must be retained or disposed of by the District of Sooke in accordance with applicable legislation.

26. Disposal of Property in Police Possession

In compliance with section 67 of the *Community Charter, Division 11*, property that has come into custody and possession of the police force or police department on behalf of the District may be disposed of and the proceeds from that disposal retained by the District when:

1. The owner of the property has not been identified after reasonable effort; and
2. A court has not made an order in respect of the property

27. Mediation of Disagreement by Purchasers

- 27.1 A mediation process allows those who feel the results of the purchasing process was flawed to discuss the matter and seek redress.
- 27.2 An aggrieved proponent must advise the Chief Administrative Officer in writing within five business days of the event causing the issue, stating the nature and basis of their appeal.
- 27.3 The Chief Administrative Officer, within five days, shall convene a meeting of the proponent and the appropriate municipal staff to attempt to mediate the proponent's concerns. Within five business days of this meeting, the Chief Administrative Officer will advise the proponent in writing of the administrative decision on their appeal.
- 27.4 If the proponent's concerns are not satisfied then, within a further five days, the proponent may request that the Municipal Council hear their appeal.

27.5 Council must hear the issue at the next regularly scheduled Council meeting. Both municipal staff and the proponent may make presentations on the matter. The Corporate Officer shall provide the proponent with Council's decision, in writing, within five days of its presentation to Council.

27.6 The decision of Council shall be considered final.

28. Prohibitions

28.1 The following activities are prohibited:

1. The division of purchases or contracts to bypass the approval and purchasing limits in this policy.
2. Purchases by the District from any member of Council, an employee or member of their immediate families or from any other source that would result in a conflict of interest.
3. Purchases by the District of any goods or services for personal use by or on behalf of any member of Council, employee or member of their immediate families.
4. Acceptance of personal gifts or gratuities from any current or potential suppliers of goods or services.

28.2 In addition, new capital expenditures must not be made prior to adoption of the current year's Financial Plan unless given early approval by Council.

29. Unauthorized Purchases

Unauthorized purchases are the personal financial responsibility of the individual making the commitment and the District reserves the right to recover all costs from the employee and consider appropriate disciplinary action.

30. Freedom of Information

Freedom of Information and Protection of Privacy (FOI) legislation applies to all purchasing records. Any such records may be the subject of an FOI request and may be released to a third party by the District's FOI Head or Co-Ordinator.