



POLICY

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Policy Title Purchasing and Procurement	Date: December 13, 2016	Resolution No. 533/16

Purpose:

The purpose of the policy is to provide guidance to all county employees with respect to purchasing functions. It is to assure objectivity and fairness of purchasing practices, improve purchasing power, to provide consistency in the procurement of capital equipment, non-consumable and consumable goods/services, and provide more cost effective expenditure of municipal funds while allowing flexibility to meet emergent needs in an ever-changing environment.

Policy Statement:

The County shall ensure that goods and services necessary for the provision of municipal services are obtained in an economic, efficient and expedient manner.

The County shall adhere to the highest possible standards of business ethics, professional courtesy and technical competence in all of its purchasing practices.

The County will provide fair and equitable treatment of all suppliers and maintain the confidentiality of specifications and detailed pricing as permitted by law.

Policy Guidelines:

1. Authority – Annual Budget

Kneehill County's annual budget is approved annually by County Council in accordance with section 242(1) and 245 of the Municipal Government Act. The budget is composed of two specific budgets (1) Operating (2) Capital/Projects. The operating budget provides the spending authority for day to day operation of the County while the capital budget identifies projects, major replacements, upgrades and new capital asset investments of the County.

2. Purchase Orders

2.1. The County will not incur any liability for goods or services over \$2,500 per item, service or both, delivered or rendered to the County, its employees or representatives, without the issuance of a proper purchase order signed by the appropriate authority, or authorized by a County credit/debit/fuel card.

2.2. The purchase order must be completed in full by an individual with delegated purchasing authority and is to be signed by person authorized to allocated budget dollars being spent; and must be done prior to ordering any goods, services or materials.

2.3. Purchase Orders not required for the following:

- a) Purchases under \$2,500 per item, service, or both
- b) Petty Cash
- c) Expense claims
- d) Progress payments (requisitions)

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- e) Utility bills
- f) Other Professional services such as legal and engineering fees
- g) Conference or course expenses
- h) FCSS related expenses
- i) Payroll related remittances

3. Competitive Process

- 3.1. In order to secure competitive pricing for County expenditures while recognizing the need for operational efficiency, the requirement to obtain quotes prior to purchasing an item or service shall be as follows:
- a) \$2,500 to \$5,000 a minimum of two written quotes must be requested and documented.
 - b) \$5,001 to \$25,000 a minimum of three written (3) quotes must be requested and documented.
 - c) Any expenditure over \$2,500 requires a purchase order, signed by appropriate staff member, with exceptions as noted in item 2.3.
 - d) Purchases over \$25,000 will be required to follow the Request For Proposal (RFP) process with a minimum of three (3) submissions requested.
 - e) Purchases over \$75,000 (\$200,000 for construction) fall under Agreement on Internal Trade and must follow those requirements as outlined.
 - f) All written quotes shall be attached to the purchase order and kept on file and initialed by the staff member obtaining the quote, as well as any required personnel that needs to properly authorize the P.O. (purchase order) must include list of vendors and reason why vendor was selected.
- 3.2. Kneehill County recognizes that certain circumstances may require the use of a sole source supplier. This may be due to a specialized service, product or quality. Authorization to use a sole source supplier shall require approval by the Director or Chief Administrative Officer over \$50,000 prior to placing an order and issuing a purchase order as well as a written declaration as to why sole source supplier is used.
- 3.3. The prior success of any particular supplier cannot be the sole determining factor in the selection of a supplier of goods or services. As long as a competitive market exists, other prospective suppliers will be given an equal opportunity of offering goods or services to meet the requirements of the County.
- 3.4. If all factors are equal (including but not limited to, price, service and quality), Kneehill County will give preference to a local supplier.
- 3.5. Deviating from any of these guidelines requires the approval of the CAO or designate.
- 3.6. Policy 16-5 will also apply to all goods or services procured.

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- 3.7. One year supply or service contracts are permitted when procuring specific products and services where it is more economical and efficient for the County. Purchase order are still required where applicable.
- 3.8. Purchases made through an authorized buying group, such as the AAMD&C or the Standing Offers of the Government of Alberta, have already been carried out in a manner that is consistent with Agreement on Internal Trade (AIT), New West Partnership Trade Agreement (NWPTA), or Trade, Investment and Labour Mobility Agreement (TILMA) and will not be required to go through procedures again. This also applies to goods and services the County procures not part of those agreements.

4. Delegation of Purchasing Authority

- 4.1. Purchasing Authority Amounts (for authorizing purchases):
- a) Supervisors up \$10,000
 - b) Managers up to \$50,000
 - c) Directors up to \$100,000
 - d) CAO any amount within budget non-budgeted items require Council resolution
- 4.2 Supervisors/Managers are only authorized for purchases within their respective department areas and budgets. A member of Senior Administration may authorize a supervisor to spend in other departments due to operational requirement.
- 4.3 The CAO may delegate, in writing, authority to purchase due to operational requirements; for example when the CAO is away from the office for extended periods.
- 4.4 Kneehill County recognizes the efficiency gained through the use of credit cards. Credit cards shall be issued according to Policy #16-12, County Credit/Debit/Fuel Cards.
- 4.5 Open purchase orders or accounts have the same criteria for use.
- 4.6 The acknowledgement of the receipt of goods or services must be initialed by a County employee.

5. Definitions

- 5.1. Expenditures are to be interpreted within the context of the annual operating/capital budgets as approved by County Council.
- 5.2. Supervisors and other Managers: For the purpose of this policy shall be:
- a) Manager of Parks and Agricultural Services
 - b) Road Supervisors
 - c) Water and Wastewater Supervisor
 - d) Shop Supervisor
 - e) Accounting Supervisor
 - f) Manager of Transportation and Facilities
 - g) Manager of Environmental Services
 - h) Manager of Protective Services
 - i) Manager of Planning and Development

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- j) Economic Development Officer (Manager Limit Authority)
- k) Executive Assistant to CAO (Supervisor)
- l) Information Management Supervisor

5.3. Senior Administration: For the purpose of this policy shall be:

- a) CAO
- b) Directors

5.4. Sole Source, or (OEM) Original Equipment Manufacturer is a non-competitive purchase or procurement process accomplished through solicitation or acceptance of a proposal from one single provider.

6. Request for Proposal/Initiating a Tender

- a) A Call for Tender or Request for Proposal will require the use of a standard Tendering/Request for Proposal documentation.
- b) The lowest submission meeting the Tender/Request For Proposal requirements and/or specifications will normally be accepted. Justification in writing, along with recommendation must be submitted to the CAO or designate for authorization if the lowest bid was not selected. Typical reasons acceptable for other than the low bidder being selected would be:
 - i. Low bid does not meet specifications.
 - ii. Low bidder cannot deliver within the time required.
 - iii. The quality of performance of the low bidder on previous contracts or services.
 - iv. The acceptance of low bid would result in a higher overall or end cost.
 - v. The County's judgment respecting ability, capacity, or skill of the bidder to perform the contract or provide the service required.
 - vi. Other factors that, in the absolute and sole direction of Kneehill County, should reasonably be considered in the circumstances.
- c) Once the Tender/Request for Proposal has been approved, all necessary contractual agreements, conditions, terms documents, etc. will be completed the contract will be awarded, and a Purchase Order may be generated.

For Tenders Only

- d) Upon receipt of the Tender bids, a simultaneous public opening by the Chief Administrative Officer or designated officer of the tenders received will occur, with the initiating department recording the date and time of the tender opening, and at the appointed hour, open, review and tabulate the bids. Tender results, once tabulated and summarized will be evaluated and a recommendation made.

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- e) In accordance with the Internal Trade Agreement, all procurements of goods or services valued at \$75,000 or greater or construction valued at \$200,000 or greater must be nationally advertised. The County will use the Alberta Purchasing Connection (APC) as its posting agent for these procurements as well as any other media resources it deems necessary.

7. Addendums

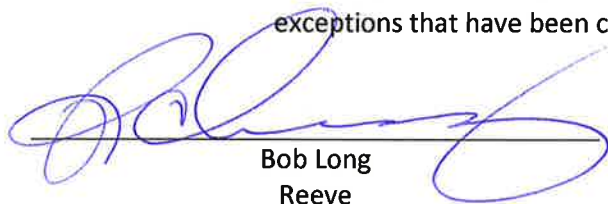
7.1. Construction Contracts – Performance Bonds

When awarding contracts for road construction projects, administration is authorized to consider the option of reducing the security requirements to 20 percent for road construction projects valued at \$300,000 or less.

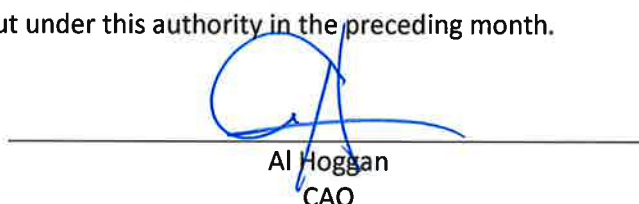
8. Exception to Approval Process –Emergencies

Full authority is extended to the CAO to proceed in emergency situations in purchasing, without tender or RFP, contract services necessary to address an emergent matter with the following conditions:

- a) that the CAO is made aware of the requirement for such expenditures as soon as practically possible;
- b) that all other criteria included in the Purchasing Policy to be followed including the issuance of a purchase order, and, where appropriate, the issuance of a contract, including the assurance that the proper insurance and WCB coverage is in effect to protect the County; and
- c) that a report be brought forward to the first meeting of Council each month for any such exceptions that have been carried out under this authority in the preceding month.



Bob Long
Reeve



Al Hoggan
CAO

Approved: September 9, 2008 414/08
Amended: August 20, 2013 372/13
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Amended: December 13, 2016 533/16
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