

#43 TOWN OF LUNENBURG POLICY
PURCHASING PROCEDURES

INTRODUCTION

This policy is comprised of the following sections:

- I. - Policy Statement
- II. - Responsibilities
- III. - Procedure
 - Requisition Form
 - Purchase Order
 - Local Purchase Orders
 - Tendering Policy and Procedures

This policy or any part thereof may only be changed by notice of motion and resolution of Town Council. However, the forms which are referred to throughout this policy may be altered from time to time by the Purchasing Agent if the general content of the forms is not altered.

I. POLICY STATEMENT

It is the intent of this policy to provide for the purchase of goods, services and construction at the proper time, in the proper place, quantity, quality and at a price consistent with the needs of the Town of Lunenburg. The objective is to receive the “best value” for the Town which will be determined by looking at a number of factors including price, quality, services, etc.

To achieve this overall objective, the responsibilities, authorities and controls set forth in this policy, and related policies and procedures, must be adhered to by all Town employees.

When there is no difference in price, vendor's past performance, delivery time, quantity, servicing, or quality of goods and services will be selected in the following order of priority:

- first from suppliers within the Town of Lunenburg
- then from suppliers within the County of Lunenburg
- then from suppliers within Nova Scotia
- then from suppliers within the Atlantic Provinces
- then from suppliers within Canada
- then from suppliers elsewhere

Subject to the Atlantic Procurement Agreement (APA) and the Agreement on Internal Trade (AIT).

When considering the purchase price of goods, the cost of and time delays involved in servicing product will also be given consideration as part of the objective of obtaining the best value for the Town.

Goods or services purchased by the Town are for Town's use only and are not intended for the personal use of Town employees or others.

II. **RESPONSIBILITIES**

1. The Deputy Town Manager/Clerk will act as the Purchasing Agent for the Town of Lunenburg or in his absence the Town Manager/Clerk.
2. All Town employees involved in purchasing activities will endeavor to maintain and enhance the Town's image by their personal conduct and method of doing business with suppliers.
3. All employees engaged in purchasing activities will recognize and practice good public relations by treating all sales people, suppliers, etc. courteously as circumstances require.
4. All employees who receive items purchased by the Town which are inconsistent in quantity or other ordering specifications must immediately inform their Department Head so they may address the issue.
5. All purchasing personnel must endeavor to obtain the best value for the Town and purchase all goods and services at the lowest possible cost, considering the price, vendor's past performance, delivery time, quantity, servicing and quality.
6. All employees engaged in purchasing activities will ensure that their sole priority is the best interests of the Town of Lunenburg.

III. **PROCEDURE**

A. **General Procedure Statement**

1. The Purchasing Agent is authorized to purchase all items contained in the Town's Budget once approved by resolution of Council in compliance with this policy.

2. No unbudgeted items are to be purchased unless they are of an emergency nature, in which case the approval of both the Purchasing Agent and Town Manager/Clerk are required. The Purchasing Agent will also have the authority to purchase items not included in the approved Budget up to \$1,000.00 including taxes with the approval of the Town Manager/Clerk and must report this at the next regular Council meeting.
3. The Purchasing Agent reserves the right to cancel any item contained in a Purchase Order that has been back-ordered by the supplier or does not meet the terms and conditions that have been included on the purchase order.
4. The Purchasing Agent may suspend any employee's purchasing authority for violation of the within Policy.

B. Requisition Form Procedure

1. A completed Town Requisition Form shall be submitted each time a request is made of the Purchasing Agent to purchase supplies or services requiring a Town Purchase Order, other than purchases which are authorized to be purchased with the use of a Limited Value Purchase Order.

A copy of the Requisition Form is attached hereto as Schedule "A".

2. The following procedure should be followed when completing requisition forms:

Date:

Fill in the current date.

Name of Department:

Fill in the name of the Department for which the product is to be used. This is not necessarily the Department which is completing the form.

Shipping Address:

Fill in the shipping address or location product is to be shipped to. (This is very important when dealing with companies not normally dealt with).

Urgency of Request:

Make note when product is required.

Description of Product:

In this box all pertinent information relating to the items to be purchased should be written including model #, colour, size, quantity and other pertinent information such as "price as quoted" or "as called in by", etc. Information contained in this box will be typed as indicated on the body of the Purchase Order.

Estimated Price:

Fill in this space giving an estimate of the order price. If exact prices are known they should be placed adjacent to the product information in the "Description of Product" box.

Name of Supplier:

This box is to be filled in with the complete address (where possible) of the company from which the purchase will be made. If there is a contact person, their name should be placed in this area.

Purchasing Agent's Approval:

The signature of the Purchasing Agent is required in this area; without it the Purchase Order will not be processed.

Account No.:

This area must be completed by placing the appropriate Account No. from the Town's approved budget. This will ensure that the products are charged against the proper budget category.

Department Head's Signature:

The appropriate Department Head should sign the requisition in this area.

Product Use, and Other Information:

This area should be completed noting what the product will be used for. This will also give information which will ensure that the proper Account No. has been used. As well, this box should be completed when there is additional information which should be provided such as details on why purchase is being made, investigation made regarding the purchase, verbal quotes which should be listed, written quotes which should be listed and attached, as well as reasons why certain products or suppliers are being used rather than others.

3. Once the Requisition Form is completed, the yellow copy should be retained by the person completing it while the white copy is forwarded to the Purchasing Agent for approval.

Note: When the Department Head's copy of the Purchase Order is forwarded to them they should check it against their copy of the Requisition Form to ensure that the proper items have been ordered.

C. Purchase Order Procedure

1. Town of Lunenburg Purchase Orders come in two (2) forms - Limited Value Purchase Orders, as attached hereto as Schedule "B" and Large Purchase Orders, as attached hereto as Schedule "C".

Purchase Orders must be used for all purchases made by authorized personnel on behalf of the Town of Lunenburg.

A Large Purchase Order will be used for the purchase of all items having a total price over Two Hundred Dollars (\$200.00) including taxes.

Purchase Orders are to be issued in advance of receiving goods or services for the Town. However, in the event of emergency purchases required after regular Town Office hours, confirmatory Purchase Orders will be issued. A special note should be made on the requisition form (to be typed on the Purchase Order) such as "as carried out" or "as called in".

Procedure for Completing and Issuing Purchase Orders - Over \$200.

2. No Purchase Order will be typed and/or signed unless the appropriate requisition form is provided as per the Requisition Forms Procedure as contained in Section III.B. of this policy. Information contained on the requisition form will be used to complete the Purchase Order.

3. All Purchase Orders will be signed by the Purchasing Agent. When the Purchasing Agent is unavailable, the Town Manager/Clerk may sign the Purchase Order. When both the Purchasing Agent and the Town Manager/Clerk are unavailable, the Finance and Accounting Director may sign the Purchase Order. A Purchase Order is not valid unless signed by a person authorized to do so.

4. Once the Purchase Order is completed and signed, copies shall be distributed as follows:

- White (original) to be forwarded to the supplier
- Pink to be returned to the Department Head who requested the purchase
- Orange to be forwarded to the Finance and Accounting Director
- Yellow to have requisition form and other associated information stapled to it and forwarded to the Finance and Accounting Director.

Any information attached to the white copy of the purchase order such as a quote, terms and conditions etc. should also be attached to the pink and yellow copies.

5. The following are exemptions to this policy for goods and services that do not require Purchase Orders and where the final decision for same will be left with the Purchasing Agent:

- Use of Solicitors or other similar professionals where actual prices cannot be obtained in advance

Procedure for Completing and Issuing
Limited Value Purchase Orders - Under \$200.

6. A "Limited Value" Purchase Order may only be used for purchases made for items having a total price of Two Hundred Dollars (\$200.00) or less including taxes. More than one Limited Value Purchase Order cannot be used to cover a single purchase with a price over Two Hundred Dollars (\$200.00).

In all instances where the purchase price of a single item purchased exceeds Two Hundred Dollars (\$200.00). Requisition and Purchase Order forms shall be used.

The Purchasing Agent is authorized to allow certain Town employees the right to issue Limited Value Purchase Orders. However, this right may be revoked at any time if they violate this Policy.

7. The following procedure should be followed when completing and issuing Limited Value Purchase Orders:

Date:

Fill in date when form is completed.

Department:

Fill in name of Department that the purchase is to be charged to.

To:

State name of supplier (full mailing address is not required).

Please Deliver to Bearer:

In this area all pertinent information relating to the item(s) to be purchased should be written, including model #, colour, size, quantity and other pertinent information which can be used by the Finance Department to determine which account is to be charged for the supplies being purchased.

Product Use:

In this area pertinent information relating to the item's use which may not be readily identifiable in the "Please Deliver to Bearer" section may be written. This section is for the use of the Finance Department to assist in determining which account a product is to be charged to. If there is information to be written in this area which an employee authorized to use same does not want written on the original, this information may be written on the yellow carbon copy.

Account No.:

This area must be completed by placing the appropriate Account No. from the Department's approved budget. This will ensure that the products are charged to the proper budget category.

Authorized Signature:

The Department Head or individual authorized to issue the Limited Value Purchase Order should sign here.

8. Once the Limited Value Purchase Order is completed the original or (white copy) is given to the supplier and the yellow and orange copies are forwarded to the Finance Department. The yellow and orange copied should be forwarded to the Finance Department within one (1) working day of its issuance with all packing slips or invoices that were provided by the supplier. (These should be stapled to the yellow copy) and the pink copy should be retained for the Department's records.

D. Tendering and Purchasing Procedures - General Guidelines

1. All purchases of goods and services for the Town of Lunenburg will be purchased in compliance with the following guidelines:

(a) on purchases under One Thousand Dollars (\$1,000.00) quotations and tender calls are not required. However, when the Purchasing Agent knows of several local firms who can be in the best interest of the Town, quotations for amounts under One Thousand Dollars (\$1,000.00) may be obtained directly from these local firms.

(b) on purchases over One Thousand Dollars (\$1,000.00) but under Ten Thousand Dollars (\$10,000.00) requests for quotes should be sent to all known suppliers (within reasonable limits) as long as the product or service to be purchased is one that can be described in a fashion that fair quotations can be obtained.

(i) in cases where only one (1) supplier of the product is known, a single source quotation may be obtained, and where it is felt to be in the best interest of the Town, purchases in this price range may be advertised in a local paper, advertised on the Town's website or other site. When advertisements are placed in the local paper or advertised on a website this does not prevent the Town from sending Request for Quotation forms to various companies which it may know of;

(ii) for items over Ten Thousand Dollars (\$10,000.00) a tender call will be placed in the local paper and/or Town's and/or other website. If it is felt to be in the best interest of the Town a tender may at the same time be forwarded to known suppliers outside the local area who may not otherwise know about the tender;

(iii) if there are no known suppliers of the product in Lunenburg County, advertising a tender call will not be necessary. In these cases, tenders may be sent to known suppliers. If there are a small number of known suppliers of a product in Lunenburg County then these suppliers may be contacted directly without the need to advertise a tender call; and

(iv) all tenders must be compliant with trade agreements, currently (2012) these include Atlantic Procurements Agreement (APA) and Agreement on Internal Trade (AIT) which may change from time to time. Currently (2012) the limits are APA - Goods \$25,000. +, services \$50,000. + and construction \$100,000. +, AIT - services \$100,000.+ and construction \$250,000.+. These tenders shall be at a minimum advertised on the Province's tender site.

2. The above guideline (#1.) may be varied from at any time by the Purchasing Agent with the approval of the Town Manager/Clerk if it is felt to be in the Town's best interest to carry out another procedure. Town Council will be advised by way of written report of any such Policy variances for all total purchases over \$1,000., excluding taxes.

3. The awarding of all tenders or quotations which have a total value, including taxes of Fifty Thousand Dollars (\$50,000.00) or more must be approved by the Lunenburg Town Council unless by resolution Town Council has previously authorized staff to award a tender or quotation.

4. The awarding of all tenders or quotations which have a total value, including taxes of less than Fifty Thousand Dollars (\$50,000.00) will be approved by the Purchasing Agent unless otherwise directed by resolution of Town Council.

5. In cases where specialized products are required where there is only one supplier single source quotations may be obtained.

6. A call for proposals from various suppliers may be obtained using the same guidelines as noted above (#1.) when it is deemed too costly or there is not the required expertise in house to draw up proper tender specifications.

7. The dividing of purchases of the same similar items to avoid using the tendering or quotation process is prohibited.

E. Request for Quotations Procedures

1. Whenever according to this policy quotations are required or deemed to be in the best interest of the Town, the following procedure will be followed:

(i) a Department Head or other person requested to do so will provide the Purchasing Agent with sufficient information so that s/he can to complete a Request for Quotation Form as attached hereto as Schedule "D";

(ii) along with the pertinent information provided on the product(s) to obtain prices on, information should also be forwarded on suppliers of the products and an indication of when the items are required;

(iii) the Purchasing Agent will complete the "Request for Quotation" Form and sent it to the list of suppliers noted above with any other he/she may know of;

(iv) the Purchasing Agent will ensure that there is enough time for prospective bidders to receive, complete and return the forms within the time noted on the form;

(v) bids received after the noted closing date will not be accepted unless an extension to all bidders has been granted prior to closing by the Purchasing Agent;

(vi) faxed bids will be accepted. No responsibility is accepted by the Town for confidentiality of faxed bids. Faxed quotations, once received will be initialed and dated along with the time of day, and placed in a sealed envelope marked with the appropriate heading from the quotation. These bids will be immediately given to the Purchasing Agent;

(vii) quotations will only be accepted on Town of Lunenburg Request for Quotation forms or form specifically modified by the Town for that specific purchase. However, extra pages may be used to provide additional information;

(viii) the Purchasing Agent may authorize telephone quotations is time is of the essence. In these instances the Purchasing Agent shall outline the procedure to be used and information to be obtained when obtaining quotations;

(ix) quotations will be opened by the Purchasing Agent with at least one other employee present after the closing time has passed. The Purchasing Agent or one (1) other employee will sign and date each quotation received;

(x) opened quotations will then be referred to the appropriate Department Head or staff member for recap and recommendation to the Purchasing Agent along with a completed Requisition Form;

(xi) the lowest priced quotation will normally be accepted as long as it offers the best value for the Town. However, the Town reserves the right to waive any irregularity and to accept or reject any offer whatsoever. Further, if, in the opinion of the Department Head and/or Purchasing Agent it would be in the best interest of the Town to reject the lowest tender and accept another, this may be done. In these cases the reasons for the decision must be clearly noted on the Requisition Form; and

(xii) once the quotations are opened the information is considered to be public and any bidder or other person may have access to the results verbally or in written form (if they are available in a form that can be easily provided). However, "Request for Quotation" bidders will not be notified of the results unless they request the information.

F. Tender Calls Procedures

1. Whenever, according to this policy, public tenders are required to be called, or deemed to be in the best interest of the Town, as determined by the Purchasing Agent, the following procedure will apply:

(i) a Department Head or other person requested to do so will provide the Purchasing Agent with sufficient information so that he/she may complete a Tender Form and a newspaper advertisement, or information for a website depending on the process to be followed;

(ii) the form used for tenders may change depending on the goods and/or services being tendered but will contain, at a minimum, the same basic information as the standard forms;

(iii) in some cases where consultants or engineers have been engaged by the Town they may be requested to complete the tender package as well as associated advertisements in a form that is standard to that type of industry;

(iv) if there is a time frame when the goods and/or services are required this should be noted by the Department Head or other person responsible for the purchasing of the goods and/or services;

(v) the Purchasing Agent will complete an advertisement for the tender call and place it in a local paper and/or Town's website and/or Provincial website as required. The Chronicle Herald may also be used if it is felt that Province-wide newspaper advertisement is required, as well as providing electronic notice as per Section D 1.(iv);

(vi) in cases where it is felt by the Purchasing Agent, Town Manager/Clerk, Department Heads, or Town Council to be in the best interest of the Town, a copy of the tender may also be sent to known suppliers.

(vii) the Purchasing Agent will ensure that there is enough time for prospective bidders to obtain, complete and return the tender forms within the time noted on the form and in the advertisement;

(viii) bids received after the noted closing date and time will not be accepted unless an extension to all bidders has been granted prior to closing by the Purchasing Agent;

(ix) faxed bids will be accepted. No responsibility is accepted by the Town for confidentiality of faxed bids. Faxed bids, once received, will be initialed and dated along with the time of day, and placed in a sealed envelope marked with the appropriate heading from the quotation. These bids will be immediately given to the Purchasing Agent;

(x) in some cases a deposit may be requested along with the tender bid;

(xi) tenders will only be accepted on Town of Lunenburg Tender Forms. However, extra sheets may be used to provide additional information;

(xii) tenders will be opened by staff at the expiration of the closing time, at a time determined by the Purchasing Agent with at least one other employee present who will sign and date each tender received. Tender openings may be formally open to the public as determined by staff from time to time.

(xiii) names of bidders taking out plans will not be divulged for tenders not requiring sub-contractors, although this information will be made available to the Construction Association of Nova Scotia for posting in their weekly Bulletin once three (3) plans have been taken out by individuals or companies. Three potential bidders is set as the minimum because it is felt that there will be adequate competition once there are at least three (3) bidders. A list of bidders will be made available on projects where sub-contractors may be involved once there are more than three (3) bidders to the project;

(xiv) opened tenders will then be referred to the appropriate Department Head or staff member for recap and recommendation to the Purchasing Agent along with a completed "Requisition Form" or to Town Council with an appropriate written report and recommendation;

(xv) the lowest tender received will be accepted as long as all aspects of the tender have been met and it offers the best overall value to the Town. However, the Town reserves the right to waive any irregularity and to accept or reject any bid.