



Administrative Policy # 2018-05

Purchasing and Procurement Policy

1. Purpose:

- To provide guidelines for the purchasing and procurement of all goods and services for the Town of Digby based on sound management and public procurement practices. Procurement methods shall be open, fair, transparent and consistent, while being both efficient and effective; procurement methods should reflect the need to make timely decisions and make best use of staff time to reach defensible procurement decisions.
- To establish a more efficient and cost effective method of procuring and paying for low dollar value, high volume goods and services, as well as, travel expenses, registrations and other corporate affiliated expenses, while maintaining acceptable levels of controls and accountability.

2. Scope:

- This Policy is applicable to the Town Council and all Town of Digby employees involved in the procurement process and applies to all procurement and purchasing activity of the Town of Digby,

3. References:

- Nova Scotia Municipal Government Act
- Public Procurement Act

4. Authority:

- Section 67 of the Municipal Government Act states that “Where an Act of the Legislature authorizes or directs a municipality to make an expenditure enter into a contract or guarantee or take action as a result of which it may be required to pay money, the sums required are for the ordinary lawful purposes of the municipality”.

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- Section 65 of the Municipal Government Act authorizes the Council of the Town to expend money required for service delivery by the Town.
- Section 31 (2) (d) (i) of the Municipal Government Act gives authority to the Chief Administrative Officer subject to policies adopted by the council to make or authorize expenditures, and enter into contracts on behalf of the municipality, for anything required for the municipality where the amount of the expenditure is budgeted or within the amount determined by the council by policy, and may delegate this authority to employees of the municipality,
- Section 4 of the Public Procurement Act applies to public sector entities acquiring and suppliers providing goods, service, construction and facilities.

5. Definitions:

- “Town” means Town of Digby.
- “Council” means the Council of the Town of Digby
- “Chief Administrative Officer” means the Chief Administrative Officer of the Town of Digby
- “Department Head” means a Director, or a Designate appointed as Department Head by the Chief Administrative Officer.
- “Low Value Procurement Thresholds” means expenditures that do not exceed; Goods Greater than twenty-five thousand dollars (\$25,000), Services Greater than fifty thousand dollars (\$50,000), and Construction Greater than one hundred thousand dollars (\$ 100,000),
- “High Value Procurement Thresholds” means expenditures that exceed; Goods Greater than twenty-five thousand dollars (\$25,000), Services Greater than fifty thousand dollars (\$50,000), and Construction Greater than one hundred thousand dollars (\$ 100,000),
- “Immediate Expenditure Condition” means a condition that was not foreseen at a preceding Council meeting and which, in the CAO’s reasonable judgement, requires a decision to be made:
 - before the next scheduled Council meeting, in the case of expenditures aggregating \$50,000 or less; and
 - before an emergency meeting of Council can practically be convened, in other cases.

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- “REMO Emergency Expenditure” means an unbudgeted expenditure during REMO operations where the Digby Emergency Coordination Centre (ECC) has been activated or State of Local Emergency declared in accordance with the Regional Emergency Management Bylaw and /or the Emergency Management Act.

6. Objectives:

- The Town of Digby is committed to:
 - Providing for the procurement of goods, services, construction and facilities in a fair, open, consistent, and transparent manner resulting in best value.
 - Encouraging competition, innovative ideas and solutions, while respecting all Legislative and Trade Agreement obligations.
 - Promoting sustainable procurement in procurement decisions, including identifying and exploring opportunities to work with and support social enterprises and business that are owned by and who employ under-represented populations.
 - Ensuring that qualified suppliers have equal opportunity to bid on the Town of Digby’s procurement activity.
 - Being accountable for procurement decisions.

7. Policy Statement:

- The Chief Administrative Officer (CAO) of the Town of Digby is responsible for ensuring compliance with this policy.
- All Town of Digby personnel who have responsibility for the procurement of goods, services, construction, or facilities must adhere to this policy. Failure to adhere may result in temporary or permanent loss of procurement privileges or in more extreme cases result in disciplinary action and/or dismissal.

8. Purchasing Authority:

- The Chief Administrative Officer is authorized to make contracts for the acquisition of goods, services, and construction required for carrying on the business of the Town, where the amount of contracted expenditure does not exceed, in any one case, the sum of fifty thousand dollars (\$50,000) and where such expenditure does not exceed the budget allocation by 10%.
- The Chief Administrative Officer is authorized to make decisions on purchases and expenditures under an “Immediate Expenditure Condition” and/or a “REMO

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- Emergency Expenditure”. The Chief Administrative officer shall report purchases or expenditures made under an “Immediate Expenditure Condition” and/or a “REMO Emergency Expenditure” to Council at the next Council Meeting immediately following the purchase or expenditure for Council approval.
- A Director is authorized to make contracts for the acquisition of goods, services, and construction required for carrying on the business of the Town, where the amount of contracted expenditure does not exceed, in any one case, the sum of twenty thousand dollars (\$20,000) and where such expenditure is within the budget allocation.
 - Designates may be appointed by Directors to purchase within their respective Departments, except that the expenditure by such designate shall not exceed, in any one case, two thousand five hundred dollars (\$2,500) and where such expenditure is within the budget allocation. Written documentation from each Director must be forwarded to the Director of Finance listing delegates for each department and the purchasing limits for each designate.
 - The Chief Administrative Officer must first approve any person designated by a Director to purchase on behalf of the Department as well as the dollar limit on such purchasing by the designate.
 - Where a Department has no Director the Chief Administrative Officer may appoint and approve a designate as Department Head to purchase within their respective Departments, except that the expenditure shall not exceed in any one case, the dollar limit approved by the Chief Administrative Officer. Written documentation from the Chief Administrative Officer shall be supplied to the Director of Finance listing the designate, and the department and the purchasing limits.
 - Purchases in Excess of Fifty thousand dollars (\$50,000) are subject to the approval by Town Council.
 - All dollar threshold references are to be values excluding tax.

9. Procedures:

- It shall be the responsibility of the Chief Administrative Officer, through the Director of Finance to ensure that all purchases by the Town are for **approved** Town of Digby use, cost-effective and are carried out in accordance with this policy statement and legal requirements.

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- Department Heads shall be responsible for the purchase of goods, services, and construction for their respective Departments, subject to the procedures as set out within this policy and its appendices.
- Subject to the specific sections of this policy, where possible, all requirements are to be purchased on a competitive basis.
- Consistent with the stated objectives, all purchases made on a competitive basis shall be made at the lowest possible cost, provided the quality, delivery, and service are equivalent. Past performance is an important consideration Factor.
- Department Heads shall consolidate and standardize items used within their respective Departments and the Chief Administrative Officer shall encourage the overall standardization of items used by the Town.
- When one or more Department requires similar goods, services and construction, the purchase of such goods, services and construction shall be combined to achieve the most cost effective acquisition possible.
- When significant cost savings may accrue to the Town, consideration should be given to coordinating purchase of common goods, services and construction with other levels of government.
- Every effort shall be made to ensure that specifications used to obtain bids shall be clear, concise and fair.
- Each Department shall maintain a list of suppliers/vendors capable of providing goods, services and construction used on a regular basis.
- The Purchasing Authority shall ensure that, wherever possible and economical, specifications are prepared to provide for the expanded use of products and services that contain the maximum level of post-consumer recyclable waste and/or recyclable content, without significantly affecting the intended use of the products or service.
- Acquisitions, which are to be leased, shall be acquired using the same procedures as if they were being purchased outright. The value to be considered for the purpose of applying the procedures shall be the value of the item(s), not the lease payments. All lease documents shall be coordinated through the Director of Finance, who shall

analyze the lease as to its treatment and authorize the lease documents on behalf of the Town of Digby.

- Certain goods or services or construction, that meet the needs of the Town, may only be provided by one supplier and therefore, the cost of tendering may be redundant. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. Council approval is required to initiate this procedure.
- Purchasing Authorities shall maintain a file system that records proof of verbal and written quotations and bids.

10. Purchase Tools:

- There are several means by which the purchasing of goods, services and construction may occur. The following shall be the acceptable means of purchase, along with details on the criteria. Controls for each method of procurement are included as appendices to this policy.
- **Petty Cash Criteria (also -Petty Cash Controls- Appendix A)**
These criteria are designed to ensure that purchases are for approved Town of Digby use, cost-effective and in compliance with the Town of Digby Purchasing and Procurement Policy and legal requirements.
 - ✓ As a general rule, a petty cash fund of no more than \$500 shall be kept by the Finance Department, the amount to be subject to the approval of the Chief Administrative Officer.
 - ✓ A petty cash custodian shall be designated by the Director of Finance. This custodian shall be responsible for the petty cash fund, its replenishment and preparing year-end documents related to the funds held.
 - ✓ Expenditures from a petty cash fund shall be for miscellaneous items and shall not exceed, in any one case, One Hundred dollars (\$100.00).
- **Purchase Orders Criteria (also -Purchase Order Controls- Appendix B)**
These criteria are designed to ensure that purchases are for approved Town of Digby use, cost-effective and in compliance with the Town of Digby Purchasing and Procurement Policy and legal requirements.
 - ✓ Generally a purchase order serves as a supporting document for a purchase, identifies the purchasing authority and indicates that funds have been committed for a purchase.

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- ✓ Purchase orders shall be required for all purchases over One Hundred dollars (\$100.00) and are issued to authorize the vendor to supply the goods or services. This is one tool to finalize the bid process for goods and services.
- ✓ A purchase order will be obtained and approved by the Purchasing Authority before any order for construction, facilities, goods or services is placed. In case of emergency approval shall be obtained as soon as possible thereafter.
- ✓ Purchase orders shall be fully completed and an accurate estimate of the cost is to be given.
- ✓ Some purchases involve payments of a recurring nature, therefore, after the initial purchase order subsequent purchase orders are not required. They are also not required for legislated mandatory contributions to the Province of Nova Scotia or other levels of government.
- ✓ Purchase Orders are not required when there are a number of purchases of less than \$100 in value in each transaction made at local businesses where charge accounts are maintained and submit a monthly statement to the Town for payment. However the Department Heads shall review, and sign the monthly statements from the suppliers, to verify price and receipt of goods.
- ✓ The original copy of the purchase order shall be forwarded to the vendor, the second copy shall be matched with the invoice when received and the Department shall retain the third copy. The purchase order shall be signed by the proper authority depending on the cost of the goods acquired, as outlined in the "PURCHASING AUTHORITY" section of this policy.
- ✓ The purchase order shall describe the goods and/or services and/or construction, the account to be charged, the terms and conditions and shall be priced and extended as to total cost.
- ✓ "Standing" Purchase Orders shall be required yearly for goods or services supplied to the Town of Digby on a continual basis. These shall be prepared in April of each year. A statement should be written on each standing purchase order that indicates that the "continual purchase is subject to satisfactory pricing and quality of goods or service"

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- ✓ If, for urgent reasons, immediate acquisition is necessary and it is not possible to deliver a purchase order prior to acquisition, a purchase order will be issued and marked "confirmation".
 - ✓ A purchase is not to be split into multiple purchase orders to avoid the intent of this policy and/or avoid procedures required for the threshold values defined in this policy.
 - ✓ Purchase orders are not required where petty cash accounts may be maintained. Petty cash is for minor purchases which typically are of an immediate nature. Petty cash purchases are not to exceed the amount set in the Petty Cash Criteria Section of this Policy, except for in emergency situations, and approved by the CAO.
- **Purchasing Cards**
- The Town of Digby is committed to:
- ✓ Reducing the cost of the procuring and paying for low dollar value goods, services, and travel expenses by reducing the number of small orders and invoices processed and the number of cheques issued.
 - ✓ Eliminating the issuance of travel and cash advances in addition to separate payments or registration fees, transportation costs, and accommodations.
 - ✓ Maintain the existing levels of discounts negotiated with suppliers for prompt payment by providing a more efficient payment process.
 - ✓ Streamline administrative functions and reduce the time spent by departments processing payments.
 - ✓ Maintain an acceptable level of accountability and safekeeping of the Town of Digby's assets by setting appropriate limits and restrictions on the use of cards.
- **Purchasing Cards Criteria (Also -Purchasing Cards Controls-Appendix C)**
- These criteria are designed to ensure that purchases are for approved Town of Digby use, cost-effective and in compliance with the Town of Digby Purchasing and Procurement Policy and legal requirements.
- **Bank Cards**
 - ✓ Six bank credit cards currently exist issued to the Mayor, the Chief Administrative Officer, the Director of Finance, the Executive Assistant, the

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Director of Public Works and the Public Works Forman to improve the cost-effectiveness of purchases and to reduce the administrative burden.

- ✓ Notwithstanding the above the Chief Administrative Officer shall use discretion in the number of cards in use at the Town of Digby. The Chief Administrative Officer shall review the nature of the positions which have or may require cards, and the requirements of their respective departments.
- ✓ Bank cards may be used for travel/discretionary spending purposes of the Cardholder, as allowed in the Town of Digby policies and operating budgets.
- ✓ Original receipts for these types of travel/discretionary purchases shall be attached to the credit card statement when presented to Finance for payment.
- ✓ No purchase order is required for travel/discretionary purchases where such expenditure is within the budget allocation.
- ✓ Bank Cards may be used for procuring both goods and services for the Town of Digby.
- ✓ A purchase order shall be requisitioned prior to the ordering of the goods and duly approved by the Department Head. This shall ensure that Department Heads are fully aware of all expenditures within their respective department.
- ✓ Disputed items are purchases that do not accurately reflect the transactions made by the cardholder (e.g. wrong amount, incorrect account number, multiple postings, etc.) The cardholder shall be responsible for reporting these as soon as possible to the Director of Finance.
- ✓ Problems with merchants relating to unsatisfactory goods, late delivery, changes from quoted process, etc. Shall not be considered disputed items and shall be settled directly with the vendor by the buyer. In the event the goods are to be returned to the supplier, the cardholder shall request a Return Confirmation Number from the supplier along with return instructions and forward the goods back to the supplier in accordance with these instructions. All credits must be processed against the bank card; under no circumstances shall a cash refund be permitted.

- **Fleet Fuel Cards**

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- ✓ The Town of Digby has Fleet Fuel Cards that are supplied to the Public Works Department and Fire Department, to improve the cost-effectiveness of purchases and to reduce the administrative burden.
- ✓ No purchase order is required for purchases on a Fleet Fuel Card.
- ✓ A Fleet Fuel Card purchases are limited to fuel and petroleum products.
- ✓ A separate Fleet Fuel Card is assigned to each applicable Town owned vehicle.
- ✓ The Director of Public Works and the Fire Chief shall be responsible approve the purchases on Fleet Fuel Cards of their respective departments before submitting the original receipts to Finance for payment.

➤ **Local Vendor Credit Accounts Criteria**

These criteria are designed to ensure that purchases are for approved Town of Digby use, cost-effective and in compliance with the Town of Digby Purchasing and Procurement Policy and legal requirements.

- ✓ The Town of Digby has several credit accounts with local vendors.
- ✓ These local vendors bill the town on a monthly basis, for numerous small value purchases.
- ✓ A Standing Purchase Order shall be required as per the Purchase Order Criteria Section of this Policy for purchases from a local vendor that has an approved credit account with the Town of Digby.

➤ **On-line Payments Criteria**

These criteria are designed to ensure that purchases are for approved Town of Digby use, cost-effective and in compliance with the Town of Digby Purchasing and Procurement Policy and legal requirements.

- ✓ The Town of Digby has many recurring purchases that can be paid by either direct debit or E-Transfer.

These payments can only be executed by the Finance Department.

- ✓ On line payments are subject to a Standing Purchase Order approved by the Chief Administrative Officer.

11. Purchasing Process:

- There are four levels of purchasing which must be observed to ensure that the Town acquires goods, services and construction in the most cost-effective manner.
 - ✓ Informal purchasing
 - ✓ Invitational bids
 - ✓ Public (advertised) tenders
 - ✓ Emergency acquisition

➤ **Informal Purchasing**

Where expenditures do not exceed, in any one case, seven hundred fifty dollars (\$750), formal price comparisons are not necessary but may be appropriate from time to time to ensure that the Town is getting the best value for the dollar. Where the value of the goods and services to be purchased is between \$ 751 and \$4,999, three verbal quotations shall be sought and written record kept. It has been the practice of Town of Digby to patronize local suppliers as much as possible for informal purchasing.

➤ **Invitational Bids**

Where expenditures are more than five thousand dollars (\$5,000), but do not exceed:

- ✓ Goods Greater than twenty-five thousand dollars (\$25,000),
- ✓ Services Greater than fifty thousand dollars (\$50,000),
- ✓ Construction Greater than one hundred thousand dollars (\$ 100,000),

in any one case, at least three known suppliers (including all known local suppliers) shall be invited (by written invitation) to submit a quote for the supply of the goods or services.

➤ **Specifications**

The Department Head shall prepare specifications for the goods or services or construction to be acquired by invitation and shall prepare the letter of invitation.

➤ **Invitational Bid Evaluation**

All bids are subject to evaluation after opening and before award of contract. The bid request documents must clearly identify the requirements of the procurement, the evaluation

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method, evaluation criteria based on the purpose and objectives of this policy, and the weights assigned to each criterion.

➤ **Invitational Bid Award**

It shall be customary to award to the bidder of the lowest price meeting the specifications. However, the Town reserves the right to make an award for reasons deemed to be in its best interest. An award shall not be made in any circumstances to a firm that did not submit a bid on an invitational bid call.

➤ **Public Tenders**

- ✓ Where expenditures exceed:
 - ✓ Goods Greater than twenty-five thousand dollars (\$25,000),
 - ✓ Services Greater than fifty thousand dollars (\$50,000),
 - ✓ Construction Greater than one hundred thousand dollars (\$ 100,000)

In any one case, public tenders shall be solicited through public advertisement in accordance with the "PUBLIC TENDER PROCESS" section of this policy.

- All procurement activity with a procurement value over the thresholds (excluding taxes) outlined above must be obtained through a public tender, which may be preceded by a request for qualifications or request for expressions of interest. See Appendix E of this policy for an outline of tools available for public tender. The only exception to this would be when Town of Digby personnel are using an Alternative Procurement Circumstance, or are accessing a publicly tendered standing offer.

➤ **Emergency Acquisition**

Notwithstanding any of the above in Section 11, in the case of an emergency, where public safety is at risk and/or where the delay resulting from inviting tenders or bids would be injurious to the public interest and/or the Town's assets, the Chief Administrative Officer may approve the purchase and report it to the Council at the earliest date thereafter.

12. Public Tender Process

➤ **Council Approval**

An invitation to tender or a public tender call shall only be made if the goods, services or construction have been budgeted for or otherwise approved by Town Council.

➤ **Specifications**

The Department Head shall prepare specifications for the goods or services or construction to be acquired by tender and prepare the advertisement.

➤ **Tender Documents**

- ✓ Tender documents shall include the following:
 - ✓ Form of "Instructions to Bidders"
 - ✓ Form of "Tender"
 - ✓ Form of "Contract Agreement"
 - ✓ Form of "General Conditions"
 - ✓ Project drawings and/or specifications where required.
 - ✓ Workers Compensation Board Coverage Requirements
 - For contractors and service providers required to have WCB coverage, the Town is to be provided with an up to date WCB clearance letter. For contractors or service providers not required to have WCB coverage (eg. fewer than 3 employees in a non-mandatory industry) the contractor shall either provide an up to date WCB clearance letter or a statement that they are not covered by WCB. This requirement shall be referenced in all requests for tender whether written or verbal.
 - In addition to the above requirements, an Indemnification and Hold Harmless Clause shall be inserted in all contracts. Example wording:
"The Supplier agrees to defend, indemnify and save harmless the Town of Digby from and against any and all claims of any nature, actions, causes of action, losses, expenses, fines, costs (including legal costs), interest or damages of every nature and kind whatsoever arising out of or related to the Supplier's status with WCB. This indemnity shall be in addition to and not in lieu of any proof of WCB status and compliance to be provided by the Supplier in accordance with this Contract, and shall survive this Contract."
- ✓ Insurance Requirements:
 - Contractors and service providers shall provide a certificate of insurance as proof of types of coverages and minimum limits of coverages. The specific required coverages shall be referenced in all requests for tender whether written or verbal. The successful tenderer shall not commence work under

the contract until satisfactory proof of insurance has been submitted to the Town.

- In addition, an Indemnification and Hold Harmless Clause shall be inserted in all contracts. Example wording:

“The Supplier shall defend, indemnify and save harmless the Town of Digby, its elected officials, officers, employees and agents from and against any and all claims of any nature, actions, causes of action, losses, expenses, fines, costs (including legal costs), interest or damages of every nature and kind whatsoever, including but not limited to bodily injury, sickness, disease or death or to damage to or destruction of tangible property including loss of revenue or incurred expense resulting from disruption of service, arising out of or allegedly attributable to the negligence, acts, errors, omissions, misfeasance, nonfeasance, fraud or willful misconduct of the Supplier, its directors, officers, employees, agents, contractors and subcontractors, or any of them, in connection with or in any way related to the delivery or performance of this Contract. This indemnity shall be in addition to and not in lieu of any insurance to be provided by the Supplier in accordance with this Contract, and shall survive this Contract.

- ✓ A privilege clause shall be included in the tender and advertisement that states "**The Town reserves the right to reject any or all tenders, not necessarily accepting the lowest tender, but accepting any tender which it may consider to be in its best interest. The Town also reserves the right to waive formality, informality or technicality in any tender.**"
- ✓ The tender documents must set out the closing date and time, the fact that all tenders submitted must be in sealed envelopes, clearly marked with the purpose of the tender and the time and place at which they will be opened.
- ✓ When tenders are received, they shall be date and time stamped. Tenders received after the closing date and time shall be returned to the bidder, unopened.

➤ **Posting**

All public tender opportunities must be posted on the province of Nova Scotia Procurement Web Portal, and the Town of Digby Website. Town of Digby personnel may wish where appropriate to also advertise in local, provincial, or national media; however, there is no obligation to do so. In addition, a notice of tender opportunity may be sent to selected suppliers where required to ensure an adequate degree of competition.

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➤ **Public Opening**

Invitational Bids and Public Tenders shall be opened in public in the presence of at least two people, one of whom shall be the Department Head, or designate, of the Department making the purchase, or the Chief Administrative Officer, or designate. The Department Head shall ensure that a recorder documents the proceedings at the opening, including the names of those persons in attendance and the amounts of the bids.

➤ **Bid Evaluation**

All bids are subject to evaluation after opening and before award of contract. The bid request documents must clearly identify the requirements of the procurement, the evaluation method, evaluation criteria based on the purpose and objectives of this policy, and the weights assigned to each criterion.

➤ **Tender Award**

- ✓ It shall be customary to award the tender to the bidder of the lowest price meeting the specifications. However, the Town reserves the right to make an award for reasons deemed to be in its best interest. An award shall not be made in any circumstances to a firm that did not submit a bid on a tender call.

- ✓ All purchases over \$50,000 must be approved by Town Council. There are two other situations where Council approval will be required:
 - if acceptance of the tender would result in the cost being more than budgeted and,
 - if the recommendation is to be a supplier who is not the lowest bidder.

- ✓ In the event that all bids exceed the budgeted amount or otherwise do not meet the criteria established by the Town, one of the following options will be followed:
 - Cancel the process and do not purchase
 - Make an award to the lowest acceptable bidder based upon the amount of the budget overrun, and the significance and priority of the purchase;
 - Undertake negotiations in the scope of the work with the bidder submitting the lowest acceptable tender;
 - If the previous three options are not acceptable, recall the tender.

- ✓ The winning bidder and contract award amount for all high value procurement activity must be posted on the Province of Nova Scotia's Procurement Web Portal. After contracts

have been awarded, routine access to information at the vendor's request shall be provided in the following areas:

- Bidders list:
 - Name of winning bidder
 - Award price excluding taxes of the winning bidder
 - Access to tender documents or other proprietary information is subject to the provisions of the Freedom of Information and Protection of Privacy Act.

- Supplier Debriefing
At the request of a supplier who submitted a bid, Town of Digby personnel will conduct a supplier debriefing session to provide feedback on the evaluation of the public tender. Suppliers can find out how their proposal scored against published criteria, obtain comments on their bid, and gather information on how future bids may be improved. Bids are not compared to others, nor will information on other bids be provided.

- Supplier Compliant Process (SCP)
When a supplier is not satisfied with the information provided in a supplier debriefing, the supplier may file a complaint in accordance with the Supplier Complaint Process as defined in the Public Procurement Act. The SCP is not a dispute resolution process, but rather is intended to handle supplier complaints and to improve faulty or misleading procurement processes. The SCP is an integral part of a fair and open procurement policy.

➤ **Purchase Order/Contract**

Award of the tender shall be made by the appropriate Purchase Authority. A formal contract along with a purchase order shall be prepared for the total amount of the goods, services and construction that is to be signed by the appropriate authority and the successful respondent.

➤ **Alternative Procurement Circumstances**

There exists common exceptions to public tendering. These circumstances are listed as Appendix D. The Alternative Procurement Process shall not be used to avoid competition or to discriminate against specific suppliers.

13. Request for Proposals Process:

- ✓ When seeking professional services that cannot be rigidly defined under tender specifications, the Purchasing Authority shall prepare a Request for Proposal (RFP). The RFP shall generally describe the scope of work or goods entailed, and would invite written proposals from prospective suppliers which detail the methodology to be utilized, the time frame for completion and an estimated cost for completion of the outlined work.
- ✓ The Purchasing Authority may stipulate an amount for the services to enable a more fair evaluation of the proposals.
- ✓ The selection of the successful bidder shall be based on consideration of a number of relative factors and shall not be selected on the basis of price alone. The Purchasing Authority is then authorized to negotiate a final contract with the selected bidder. All final contracts require the approval of Town Council.
- ✓ As to licensed professional services including audit, architect, banking, legal, insurance, investment and engineering services: Generally, these services will be subject to a Request for Proposal process on a three to five-year basis. The Chief Administrative Officer, and the Director of Finance are responsible to carry out this process and file a recommendation with Town Council for the appointment.
- ✓ The Chief Administrative Officer, and/or the Director of Finance shall prepare the specifications for these services, call for proposals, carry out the necessary interviews (if required), and prepare a recommendation for Town Council.

14. Receipt of Goods or Services:

- ✓ Immediately upon receipt of goods, authorized staff shall ascertain that the delivery is acceptable as to condition, quantity, quality and conformity to the Purchase Order requirements.
- ✓ If the goods or services are accepted, the delivery slip (or a receiving report) shall be signed by the person authorized by the Purchasing Authority to receive the goods and such slip shall be matched with the purchase order and invoice.

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- ✓ If the goods or services are not acceptable and are rejected or returned by the person authorized to receive them, the delivery slip (or receiving report) shall be delivered to the Purchasing Authority. The carrier is to be notified promptly of any damage.
- ✓ When a service has been ordered and is in the form of a continuing activity, which is automatically paid monthly, it is the responsibility of the Purchasing Authority to notify Finance Department Accounts Payable of any change in the normal payment procedures.
- ✓ With respect to construction work, a field verification on the detailed physical progress shall be supported by a summary of the items and values, duly approved by the Department Head or designate, which shall satisfy the payment support and requirements.
- ✓ Department Heads shall be required to approve all invoices, vouchers, claims for payment for goods and services purchased by their respective Departments. Such approval shall ensure that all documentation including purchase order, delivery/packing slip or receiving report is attached and that pricing is appropriate.
- ✓ Such approvals by Department Heads shall be undertaken in a timely manner to avoid any credit interest charges. The Town of Digby strives to pay its vendors of goods, services and construction within a thirty (30) day-period, unless other terms are detailed on the vendor's invoice.

15. Payment for Goods and Services:

- ✓ Departments shall forward all invoices and cheque vouchers to the Finance Department for payment properly authorized and accurately coded.
- ✓ The Finance Department shall be responsible to verify that all appropriate steps and approvals for the acquisition of and payment for the goods and services were in place, using appropriate verification procedures.

16. Fair Treatment of Nova Scotia Suppliers

Based on the principle of best value for the Town of Digby and when deemed to be in their best interests, Town of Digby personnel may apply a preference for goods valued up to and including \$25,000 that are manufactured or produced in Nova Scotia. The final decision to apply a preference to a Nova Scotia supplier shall be approved by the CAO. Town of Digby personnel may also choose to apply a Nova Scotia preference or restrict the receipt of

quotations at or below the low value procurement thresholds to Nova Scotia suppliers. Any decision made by Town of Digby personnel should be based on budget considerations, and shall be approved by the CAO.

17. Local Preference and Sustainability Considerations.

Town of Digby staff must give preference to purchasing goods manufactured or produced and services from local businesses in accordance with the following:

- ✓ In evaluating which goods or services offer best value to the Town of Digby, the Town of Digby must apply a preference of 5% to the price offered by a local business as compared with non-local businesses, such that the price offered by the local business is adjusted lower by 5% for the purposes of evaluating which goods or services offer best value.

- ✓ All requests for quotations and notices of public tender must state that local preference applied to the procurement.

- ✓ In accordance with the Atlantic Procurement Agreement, the local preference described above does not apply to high value procurement as outlined in section [12] of this Policy.

- ✓ Pursuant to the Public Procurement Act, the Town of Digby may consider sustainability criteria, meaning environmental considerations, social considerations and economic considerations.

- ✓ All requests for quotations and notices of public tender must list the sustainability criteria that apply to the procurement.

18. Other Considerations:

➤ **Cooperative Procurement**

Town of Digby personnel are encouraged to look for opportunities to collaborate with government agencies when the arrangement may result in overall cost savings or other substantial advantages. For example, joint procurement may be appropriate to procure commonly used goods, services, fuel oil, natural gas, telecommunications, etc.

➤ **Standing Offers**

Town of Digby personnel may access all Province of Nova Scotia standing offers, as well as any standing offer established through the Procurement Advisory Group for the Province should Town of Digby personnel wish to make use of the savings opportunities.

19.Obligations under the Public Procurement Act:

In addition to the areas already covered by this policy, the following are additional obligations of the Public Procurement Act that the Town of Digby personnel are required to adhere to with their procurement practices.

- ✓ Terms and Conditions
Every Public tender notice must include or have attached the terms and conditions that govern the purchase of goods, services, construction, or facilities. The terms and conditions of every public tender notice must be consistent with the Atlantic Standard Terms and Construction Contract Guidelines developed in collaboration with the Construction Associations of Nova Scotia for the procurement of construction.

- ✓ Posting Tender Notices and Awards
All opportunities subject to a public tender must be advertised on the Province of Nova Scotia Procurement Web Portal. Town of Digby personnel must also post on the Procurement Web Portal the name of the successful bidder for the public tender and the contract amount awarded.

- ✓ Code of Ethics
Town of Digby personnel and council must ensure their conduct in relation to procurement activity is consistent with the “Duties of public sector entity employees” in the Public Procurement Act. This includes a request for removal from a procurement activity when a personal conflict of interest is perceived.

- ✓ Other
 - i. Policy Posting
Town of Digby personnel will ensure this policy is posted on the town’s web site.

 - ii. Supplier Development Activities

Town of Digby personnel will make every attempt where appropriate to participate in vendor outreach activities as requested by the Procurement Governance Secretariat.

iii. Regulations

Town of Digby personnel will make sure that procurement practices remain consistent with any regulations that are adopted under the Public Procurement Act.

20. Other:

This Policy repeals and supersedes Administration Policy # 2017-09 Procurement Policy and repeals Administration Policy #2010-08 Expenditures Policy

Clerk's Annotation for Official Policy Book

Date of Notice: March 19, 2018

Date of adoption: April 3, 2018

Policy effective date: April 3, 2018

I certify that this **Purchasing and Procurement Policy** was adopted by Council as indicated above.



April 4, 2018

Clerk

Date

Appendix A – Petty Cash Controls

These controls are designed to ensure that petty cash funds are properly established, maintained, safeguarded and protected against misuse.

1. All petty cash funds are established through the Finance Department.
2. The custodian shall store petty cash in a locked, metal cash box to be stored out of sight in a secure location.
3. Petty cash is replenished regularly to avoid shortages and to record expenditures within the fiscal period they have occurred.
4. All petty cash shall be balanced and replenished at the end of the fiscal year — March 31.
5. Petty cash is never replenished or supplemented from sources other than reimbursements from the Finance Department.
6. Petty cash is never used for loans, advances, personal expenses or to cash cheques.
7. Petty cash is not used to make payments to individuals for services (other than personal services that are small and non-recurring in nature.)
8. A petty cash voucher shall be prepared for each withdrawal indicating the details of that withdrawal. The person making the purchase shall be required to return the original sales slip (to be attached to the voucher) along with remaining funds.
9. Petty cash reimbursements are approved at the departmental level by the Director and are supported with original receipts. Approvals shall be obtained by the Accountant and the Director of Finance through the reimbursement process.
10. Petty cash is reconciled monthly by someone other than the custodian and annually by a representative from the Finance Department.
11. Petty cash is counted periodically and agreed to records; by someone other than the custodian.
12. Cash custody, transaction recording and reconciliation to financial statements are performed by different personnel.
13. Unspent petty cash funds are closed and returned to the Finance Department at the end of the fund's usefulness.

Appendix B: - Purchase Order Controls

These controls are designed to ensure that purchases are for approved Town of Digby use, cost-effective and in compliance with the Town of Digby Purchase and Procurement Policy and legal requirements.

1. Purchases are initiated with the appropriate level of signed authorization.
2. Written agreement or contracts are completed when warranted instead of, or in addition to a purchase order. (E.g. for retaining consultants or service providers.)
3. Quotations are obtained in accordance with the Purchasing and Procurement Policy.
4. Orders are not split to circumvent requirements for purchase orders or competitive bidding.
5. If a sole source supplier is used, the justification is documented and authorized in accordance with the Purchasing and Procurement Policy requirements.
6. Invoices and cheque requests are approved by the Department head and Director of Finance and/or the Chief Administrative Officer.
7. Invoices are reviewed for accuracy and agreed to purchase orders, goods receipts, contract terms, etc. prior to payment.
8. Payments are cancelled if goods are returned.
9. All available vendor discounts are taken.
10. Business numbers must be clearly displayed on all invoices and small suppliers that do not charge Harmonized Sales Tax must denote that on invoice,
11. Purchase initiation, goods receiving and Financial Information Systems entries are performed by different individuals.
12. Federal Income Tax guides are referred to when determining whether an employee or independent contractor relationship exists.

Appendix C: - Purchasing Card Controls

The following controls ensure that the purchasing cards are used for authorized Town of Digby business and conform to the criteria outlined in this policy statement.

1. Cards shall be issued in the name of the Town of Digby and the individual designated by the CAO. The Director of Finance shall be responsible to ensure that the individual is familiar with the guidelines for the use of this card as outlines in this document. Cardholders should fully be trained on the responsibilities associated with the purchasing cards, including telephone, fax and internet purchases, as well as the repercussions if they abuse the card.
2. Purchasing cards are not to be used for personal purchases or cash advances.
3. Under no circumstances shall a transaction be split into two or more separate receipts to bypass the transaction dollar limit on the card or the approval limits of the employee.
4. Billing statements are to be approved by the Chief Administrative Officer, the billing statement of the Chief Administrative Officer is to be approved by the Mayor and Deputy Mayor.
5. Purchases made on the purchasing card shall be the liability of the Town of Digby. Upon receipt of a monthly bill, the Finance Department will ensure payment is effected promptly to avoid financing charges.
6. The cardholder shall keep a copy of all supporting documentation (e.g. cash register and purchasing card receipts, vendor notices, purchase register, etc.) and attach it to the monthly statement. The cardholder shall certify that the goods have been received by signing the sales slip.
7. Purchasing cards are stored in a secure location when not in use.
8. Purchasing cards are used only by the person named on the card or the approved designate.
9. Expenditures are reconciled with the billing statement monthly.
10. Purchase initiation/processing and reconciliation are performed by different individuals.
11. The Director of Finance reviews billing reports monthly for propriety of use and follows up questionable items with the cardholder and/or the CAO.
12. Purchasing cards will be cancelled when the cardholder no longer holds a position approved for a card, no longer requires the card, the card is lost or stolen or when the cardholder has terminated employment with the Town of Digby. The card may also be cancelled if it is not used in accordance with the guidelines outlined in this document. A written request from the cardholder's manager shall be forwarded to the Director of Finance with the name of the cardholder and the reason for cancellation. The Director of Finance shall contact the bank and shall confirm the cancellation. It shall be the responsibility of the manager to ensure that terminated employee's cards are cancelled immediately upon termination from the Town of

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Digby. It shall also be the manager's responsibility to ensure that cancelled purchasing cards are returned to the Director of Finance for destruction.

13. All purchasing cards shall remain the property of the Town of Digby and must be protected in the same way as a personal purchasing card. Should the card be lost or stolen, it shall be the cardholder's responsibility to report the event immediately to the bank and to the Director of Finance. If the cardholder requires assistance with statements, disputed items or other issues, they shall contact the Director of Finance.

Roles and Responsibilities

14. Director of Finance shall be responsible to:
 - a) Administer and audit the purchasing card program
 - b) Maintain a master list for all cards
 - c) Maintain all original cardholder's agreements
 - d) Ensure monthly billings are paid in a timely fashion
 - e) Ensure cardholders are completing statement reconciliations accurately
 - f) Offer training and support to cardholders when issues occur during the process
 - g) Monitor employee activities, print reports, and adjust spending levels
 - h) Perform random audits of purchasing card transactions
 - i) Track historical data to monitor program performance and ensure cost control targets are reached
 - j) Overall administration of purchasing card program
15. Cardholder shall be responsible for:
 - a) The security of their card and should not share the purchasing card or the card number with other individuals
 - b) The use of the card in accordance with the guidelines outlines in this document and other related policies and procedures
 - c) Confirm budget allocation for items being purchased

- d) Keep supporting documents (e.g. cash register and purchase card receipts, vendor notices, packing slips, etc.) related to all purchases made with the card for reconciliation
- e) Contacting the supplier if there are any problems with the order received and address disputes for a resolution.
- f) Ensure all returns are credited to the statement
- g) Reporting lost or stolen cards to the bank and the Director of Finance
- h) Returning the card when requested to do so

Appendix D- Alternative Procurement Circumstances

Town of Digby personnel may use the following alternative procurement practice processes described below:

- a) Where an unforeseeable situation of urgency exists and the goods, services, or construction cannot be obtained in time by means of open procurement procedures. Entities must ensure inadequate planning does not lead to inappropriate use of exemption.
- b) Where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption, or otherwise be contrary to the public interest.
- c) Where compliance with the open tendering provisions set out in this policy would interfere with a party's ability to maintain security or order, or to protect human, animal, or plant life or health.
- d) In the absence of tenders in response to an open or selective tender, or when the tenders submitted have been collusive, or not in conformity with the essential requirements in the tenders.
- e) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive license, copyright, and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative.
- f) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.
- g) For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly.
- h) For the purchase of goods on a commodity market.
- i) For work to be performed on or about a leased building or portions there of that may be performed only by the lessor.
- j) For work to be performed on property by a contractor according to provisions of warranty or guarantee held in respect of the property or the original work.
- k) For the procurement of a prototype or a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases.
- l) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.

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- m) For the procurement of originals works of art.
- n) For the procurement of subscriptions to newspapers, magazines, or other periodicals.
- o) For the procurement of real property.
- p) For the procurement of goods intended for resale to the public.
- q) For the procurement from philanthropic institutions, prison labour, persons with disabilities, sheltered workshops programs, or through employment equity programs.
- r) For the procurement from a public body or a non-profit organization.
- s) For the procurement of services of expert witnesses, specifically in anticipation of litigation or for the purpose of conducting litigation.
- t) Unsolicited proposal

Appendix E- Procurement Tools

Below is an outline of some of the various tools available for use when issuing a public tender:

1. Request for Proposal (RFP)

Used when a supplier is invited to propose a solution to a problem, requirement, or objective. Suppliers are requested to submit detailed proposals (bids) in accordance with predefined evaluation criteria. The selection of the proposal is based on the effectiveness, value, and price of the proposed solution. Negotiations with suppliers may be required to finalize any aspect of the requirement.

2. Request for Construction (RFC)

Used to publicly tender for a construction, reconstruction, demolition remediation, repair, or renovation of a building, structure, road, bridge, or other engineering or architectural work. When a supplier is invited to bid on a construction project the tender documents usually contain a set of terms and conditions and separate bid form that apply to that specific project. Suppliers are requested to submit a response (bid) in accordance with predefined criteria. The selection of the successful proposal is based on a number of factors as described in the tender documents. A request for construction usually does not professional consulting services related to the construction contract, unless they are included in the specifications.

3. Request for Quotations (RFQ)

A request for quotations on goods or products with a minimum specification. Award is usually made based on the lowest price meeting the specification. An RFQ does not normally but may sometimes include evaluation criteria.

4. Request for Standing Offer (RSO)

A public tender to provide commonly used goods or services. The term if the standing offer can vary in duration but will be clearly defined in the tender documents. RSO's may include evaluation criteria depending on the requirement.

5. Request for Expression of interest (REI)

The request for the Expression of interest is similar to the Request for Proposal and is sometimes referred to as a Pre-Qualification, where suppliers are invited to propose a solution to a problem. The REI, however, is only the first stage in the procurement process. Bidders responding to the REI will be short listed according to their scoring in the evaluation process. The short listed firms will then be invited to respond to a subsequent Request for

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Proposal. A REI does not normally include pricing as price is a key evaluation criteria used in the second stage RFP process.