

Town of High Level

Policy 212-06

Title:	PURCHASING POLICY
Authority:	Council
Council Motion:	122-06
Date Approved:	March 27, 2006
Rescinds:	Purchasing Policy 171-99, Tendering & Contract Award Policy 174-99
Amended:	As determined.

POLICY:

1. This purchasing policy is a guide to the Town of High Level purchasing methods. The policy will enable the Town to obtain needed materials, equipment, supplies, and services efficiently and economically and provides the foundation for sound purchasing procedures.

POLICY PRINCIPLES:

2. The guiding principles are to:
 - a. ensure a high level of accountability is maintained;
 - b. procure the necessary quality and quantity of goods and services in an efficient, timely and cost effective manner, while maintaining the controls necessary for a public institution;
 - c. encourage an open bidding process practicable for the acquisition of goods and services;
 - d. recognize the value of supporting local businesses wherever possible, subject to the terms and conditions of this policy;
 - e. ensure the maximum value of an acquisition is obtained by determining the total cost of performing the intended function over the lifetime of the task, including, but not be limited to: acquisition cost, training cost, maintenance cost, operating cost, quality of performance and environmental impact;
 - f. be subject to all applicable Town policies and by-laws, any specific provisions of the Municipal Government Act, or other relevant legislation; and
 - g. promote positive vendor relations, cultivated by informed and fair buying practices and strict maintenance of ethical standards.

DEFINITION OF RESPONSIBILITIES:

3. The Chief Administrative Officer is responsible for the overall oversight of all municipal operations and staff under the direction of the Mayor and Council as per the approved budget, policies, and procedures of the Town of High Level.
4. The Director of Finance is responsible for all aspects of the financial operations of the Town of High Level in accordance with the Municipal Government Act and all related Bylaws. The Director of Finance must ensure that expenditures are in compliance with Section 248 of the Municipal Government Act, as well as Town Bylaws, policies, and contracts.
5. The Director of a Department is responsible to:
 - a. ensure that all contractual obligations are supported by an appropriation that authorizes the expenditure;

- b. comply with all Town purchasing procedures covering procurement and disposal;
 - c. establish Department guidelines for maintaining appropriate levels of inventory supplies;
 - d. review and finalize all purchase orders;
 - e. ensure the maintenance of adequate purchasing records, including a database of vendors established in an accessible vendor file;
 - f. upon request, assist Department staff in locating the best source for supplies, materials, and equipment;
 - g. assist Department staff in conducting negotiations with vendors concerning prices, bids, terms, deliveries, and adjustments;
 - h. ensure all purchases are made by Department personnel in accordance with this policy;
 - i. write all correspondence to salespersons and vendors, except when technical details can be better written by the Department;
 - j. keep on file vendor information, catalogs, samples, price quotes, etc. to be used by all Department employees; and
 - k. conduct the formal bid process, including advertising for bids, notifying vendors, accepting bid proposals and serve as the primary resource for questions from vendors.
6. All Town employees and elected officials are responsible to comply with all the rules and regulations set forth herein and to conduct business with vendors in a professional manner that promotes honesty and fairness. Individuals must abide by the following:
- a. Requisition goods and services in such a way as to allow time for competitive bidding, ordering, and delivery of materials; and
 - b. Obtain these goods based upon competitive bids and to give consideration to product price, value, quality, performance, and delivery.

PROHIBITIONS:

7. No employee shall accept any gift, favor, loan, service, promise, or thing of value that may tend to influence that employee in the discharge of their duties.
8. No employee shall grant any improper favor, service, or thing of value in the discharge of duties.
9. Gratuities shall be refused by all Town elected officials and employees.
10. No employee shall use personal loyalty point programs when purchasing goods or services on behalf of the Town.
11. No employee shall benefit personally from purchases made on behalf of the Town.
12. No expenditure may exceed the approved budget without identifying available funds and submitting a budget change form to the Finance Department for approval prior to making the expenditure.
13. Violations of the purchasing policy may result in disciplinary action, up to and including dismissal.

PURCHASING REQUIREMENTS:

14. No expenditure or total of such expenditures shall exceed the approved line item budget, or adversely affect other budgetary items.

15. In the absence of a contract or service agreement authorized per Policy No. 246-13, no purchase or commitment of expenditure on behalf of the Town shall be made without issuing a purchase order prior to such commitment unless purchased by a credit card.
16. A purchase order shall show the approximate value of the purchase (at least within 10%).
17. Where a required expenditure exceeds the budget the individual requesting approval must identify available funds for the required expenditure and submit a budget change form to reallocate budget dollars, prior to issuing the purchase order.
18. Expenditures must be coded to the budget line item to which it belongs.
19. Award of purchase orders or contracts shall be made for equipment, supplies, and services that will give the greatest value based on quality, specifications, service, price, and timely delivery.
20. Purchases up to \$3,000 may be made by authorized personnel subject to the purchasing limits in Appendix "A". A review of suppliers and pricing should be done and documented on a periodic basis to ensure that the Town is obtaining the best value.
21. Purchases between \$3,000 and \$10,000 may be made by informal bids (verbal, fax, email, written) for goods or services and shall be obtained from a minimum of three firms. The verbal bids will be documented with the firm contacted, firm representative name, and the price quoted. Purchase orders will be awarded based on these bids by authorized personnel subject to the purchasing limits in Appendix "A".
22. Purchases between \$10,000 and \$75,000 must obtain written quotes (letter, faxed or email) for goods or services. Purchase orders will be awarded based on these written quotes by authorized personnel subject to the purchasing limits in Appendix "A".
23. Purchases in excess of \$75,000 require a formal bid by tender advertised on the Alberta Purchasing Connection as required by the Canadian Free Trade Agreement (CFTA) and New Partnership Trade Agreement (NWPTA). The bid is to be awarded by the Chief Administrative Officer.
24. The Town shall conduct fair and open tendering and purchasing practices in accordance with the CFTA and NWPTA.
25. In a situation for purchases over \$3,000, where it is not possible to obtain three bids or quotes, reasons for the lack of sufficient bids have to be documented and attached to the purchase order. The purchase order with less than three bids and the supporting documentation needs to be reviewed and countersigned by the Director of Finance.

OPERATIONAL EMERGENCY PURCHASES:

26. Occasionally, purchases need to be made on an emergency basis. Operational Emergency purchases means the purchase of goods, materials, supplies or services which are required to remedy a situation where the health, safety, welfare or quality of welfare of the public or public property is endangered or severely reduced if immediate corrective or preventive action is not taken. The appropriate Director shall be notified of an operational emergency at the earliest opportunity.
27. Where an operational emergency condition exists and there is an immediate need to purchase goods, services or equipment exceeding purchasing limits and/or budget, the procurement procedure for such commodities shall be as follows:
 - a. The Director of the requesting Department shall first identify those supplies or services necessary to meet the operational emergency and;

- b. The Director shall obtain at least three (3) written quotes/proposals from prospective vendors.
28. Upon determining the quote/proposal most favorable to the Town and prior to making the emergency purchase, the Director shall submit to the Chief Administrative Officer, in writing with a copy to the Director of Finance, the following information:
 - a. Description of the goods/services necessary to meet the operational emergency;
 - b. Full explanation of the circumstances of the operational emergency;
 - c. List of vendors solicited and the quotes/proposals received;
 - d. Reason for selection of a particular firm;
 - e. Total costs required for the operational emergency procurement; and
 - f. Account codes(s) from which funds are to be expended.
29. If the Chief Administrative Officer determines an operational emergency exists, the competitive bidding requirements for purchases may be waived within budget availability. For items outside budget availability, the CAO may recommend to the Mayor that the competitive bidding requirements be waived and to approve, by signature, the emergency request.
30. Immediately following the procurement, the Director shall prepare and submit a Request for Decision together with supporting documentation to the Council for ratification at its next Council meeting.
31. Council approval and a record of all such purchases must be maintained for audit purposes.

CREDIT CARDS:

Purpose

32. The card system is designed for, but not restricted to, high volume but low value transactions and to assist staff members who travel on behalf of the Town.

Issuing and Withdrawing a Card

33. The Town may issue a Corporate Credit Card to employees that meet all the following criteria. The employee (**who may be an elected official for the purposes of this section**) must:
 - a. occupy a position that has a regular and demonstrated need to purchase goods/services or is required to travel on a regular basis on behalf of the Town;
 - b. be approved by the Director who holds budgetary control over the Department; and
 - c. abide by the terms and conditions of use as stated in the Town's policy.
34. Credit card limits shall be established by the Director in consultation with the Director of Finance by analyzing the anticipated monthly expenditure required by the position and the Town's operational limits.
35. Corporate Credit Cards may be withdrawn for any of the following reasons:
 - a. Misuse of card by the employee including unacceptable or inappropriate expenditure;
 - b. Non-compliance with statement processing time limits; or
 - c. The position held no longer requires the use of a credit card or the card has not been used in 12 months.

Use of Card

36. Corporate Credit Cards shall only be used for business expenditures. Examples of appropriate uses for Corporate Credit Cards include:
 - a. payment for goods/services in full or part supply;
 - b. deposits;
 - c. subscriptions;
 - d. conference fees (travel must be approved prior to expenses being incurred);
 - e. general consumables other than stationery and office supplies; or
 - f. official entertainment.
37. Notwithstanding the above, no expense is to be incurred on a credit card until requirements of other relevant policies and procedures (i.e. such as the attainment of quotes) have been fulfilled and authorized approval given.

Requests for New Cards

38. Requests for a new card should only be submitted once the need for a new corporate credit card has been established. Where there is a need for a new card, the Director shall make a request to the Finance Department to issue a card to the employee.

Employee's Responsibility

39. When using the credit card, the employee must:
 - a. obtain an invoice/receipt displaying the name of the supplier;
 - b. ensure suppliers record full and proper descriptions of items or services on invoices/receipts;
 - c. confirm the supplier site is secure when placing an order via the internet;
 - d. ensure goods and services are received in good order and condition;
 - e. ensure a credit is received for any returns or refunds;
 - f. ensure expenditures do not exceed monthly credit limits; and
 - g. report lost, stolen or damaged cards immediately to the credit provider and notify the Director of Finance as soon as possible.
40. The employee shall keep all invoices/receipts from purchases in a safe place until the monthly statement arrives.
41. Within 5 days of receipt of the notification of the statement availability, the employee shall, on the network system:
 - a. check each transaction for accuracy, enter the appropriate account codes against each item, and include a full description of the goods/services;
 - b. note invoices/receipts for entertainment expenses with the names of the staff and non staff attending and the purpose of the event;
 - c. submit a signed declaration of authenticity of the transaction when an invoice/receipt has been lost and cannot be replaced by the supplier;
 - d. attach all invoices/receipts and other necessary documentation to the statement; and

- e. sign the statement for authenticity and forward to their Director for expenditure approval within 5 days after receipt of statement.
42. Where an employee is intending on going on leave and believes that a statement reconciliation may fall during the period of their leave, they should provide all the necessary documentation to their Director prior to going on leave.

Director's Responsibility

43. Within 5 days of the receipt of the completed reconciled statement from the employee, the Director shall:
- a. check all documents are attached to the statement;
 - b. check all expenditures are in accordance with the Town's Policies and Procedures;
 - c. sign the statement as approved when satisfied all expenditures are in order; and
 - d. forward to the Finance Department for payment.

PURCHASE ORDERS:

44. Purchase orders are to provide a legal document that places an obligation on both the Town and the vendor. When properly endorsed by the Director, the purchase order obligates the Town to purchase the items listed at the prices stated. The vendor is obligated according to the terms and prices stated on the purchase order to deliver the goods or services. The purchase order provides specifications for goods and services ordered and shipping and billing information.
45. Finance Department shall issue a block of purchase orders to each Department and record the purchase order numbers as issued.
46. Each Department shall maintain a record of all purchase orders to ensure each number is accounted for and to identify such commitment as invoiced.
47. All expenditures committed by purchase order shall be properly approved.
48. Copies of all Purchase Orders shall be distributed as follows:
- White Copy – to supplier;
 - Yellow Copy – to Finance Department;
 - Pink Copy – to be kept by originator.
49. The yellow copy of all Purchase Orders (issued or voided) must be forwarded to the Finance Department **immediately** after being issued or voided. The Department is responsible for the filing and retention of the pink copy of the purchase order in numerical order within their Department, but must provide to Finance once the book has been completed to ensure the continuity of purchase orders used.
50. Finance Department shall check all purchase orders to ensure authorization of such purchase is in accordance with the Purchasing Policy.
51. An invoice that does not match a purchase order shall not be paid without prior approval of the Director of Finance.
52. Each Department Head shall review all invoices received on a timely basis, initial where indicated, and forward to the Finance Department. It is the responsibility of the Department Heads to ensure proper coding of all purchase orders and verification that all invoices are properly coded. At no time will original invoices be allowed to leave the Finance Department.

53. Where a Department Head is not prepared to approve an invoice, the unapproved invoice shall be returned to the Finance Department with appropriate direction. At no time shall the Department Head retain the original invoice.
54. Open purchase orders will be used for repetitive purchases from certain vendors. Rather than issuing a purchase order for each purchase, one purchase order with a dollar limit is issued for a period not exceeding one calendar month. Departments should follow standard purchase order procedures, including signing off on the receipt of goods and/or services.

NON-CONTROLLABLE EXPENSES:

55. Where expenditures are “Non-Controllable”, the Director of Finance shall review and approve such expenditures for payment. Department Heads will be provided with a copy of “Non Controllable” expenditures for approval review and their information.
56. For the purpose of this directive, “Non-Controllable” expenditures shall include items such as utilities, telephone, lease payments, contractual payments, payroll, etc. or items as identified by the Director of Finance.

	Date	Resolution
Approved	March 27, 2006	122-06
Amended	November 26, 2007	445-07
Amended	June 25, 2018	275-18

Appendix “A”

Purchasing Authorization Limits

The following is a list of positions authorized to commit expenditures on behalf of the Town of High Level with the maximum amounts those positions are authorized to commit, within budgets.

Chief Administrative Officer	As approved by budget
Directors	\$20,000.00

Any expenditure by contract can only be signed by individuals authorized under the Signing Authorities policy.

A director may delegate authorization to commit expenditures on behalf of the Town of High Level, providing that:

- a. the expenditure limit does not exceed their maximum authorization amount;
- b. signed expenditure authorization form is completed and filed with the Finance Department;
- c. the Director reviews and signs all expenditures prior to payment being processed.