

PROCUREMENT OF GOODS AND SERVICES POLICYSubject: PurchasingRef: FinanceCode: 15Date Approved: December 14, 2021 Motion No: 463/14/12/21 Replaces: 1595/11/10/16**The County of Northern Lights**

believes that the procurement of goods and services should be done consistently and in a manner that promotes fair competition, transparency, and public confidence. Additionally, an emphasis will be placed on limited discretionary spending and lean budget practices.

The County of Northern Lights

proposes to do this by implementing a clear and concise policy for County staff that are responsible for procuring goods and services and outlines clear levels of authorities for financial commitments.

Signed: 
Chief Elected Official

Signed: 
Chief Administrative Officer

PROCEDURE

General

This policy outlines the requirements associated with the procurement of goods and services and the levels of authorities for positions to make financial commitments. These requirements vary according to the type and amount of purchase. The following sections identify the specific requirement for commitment documents, the different methods that can be used to procure goods and services and the authority of the different positions.

Schedule A provides a matrix that summarizes the specific requirements for the various types of purchases.

Failure to adhere to the requirements may result in staff losing signing authority privileges and disciplinary action may occur.

Commitments - Purchase Orders & Agreements

1. All goods and services must be made by an authorized officer of the County and adhere to the authorization limits expressed in Schedule A.
2. Acceptable commitment documents can either be an original signature on a quote, electronic approval, or a type of Agreement. Agreements are required for projects and/or services which are provided over a relatively long period of time.
3. Purchases made by credit card do not require a commitment document (see Credit Card Policy), nor do the following:
 - a) specific payments authorized through Council motion (community group funding, grants), and
 - b) *equipment or supplies which have received specific council approval etc.*
 - c) *payment for annual professional and membership fees which have been approved by the appropriate supervisor.*
 - d) annual software maintenance licenses and support services payments.
 - e) Insurance premiums paid to RMA insurance
4. Commitment documents may not be split or delayed in order to circumvent the established signing authority limits.
5. Pre-approvals must include the date, the vendor, a description of the purchase being made and the price or estimate.
6. Agreements will be standardized wherever possible and follow a current template as provided by the Director of Finance.

7. Legal reviews of the current agreement templates will be performed periodically to ensure there is minimal risk exposure.
8. Having vendors sign a County prepared agreement is the preferred method of setting up a commitment. However, signing a vendor prepared agreement is acceptable provided that it meets County requirements. Only a member of the Senior Management Team may sign a Vendor prepared agreement.
9. The minimum requirements that must be contained in an agreement include:
 - a) the two parties entering into the agreement
 - b) a written scope of work
 - c) estimated dates in which the agreement is in effect
 - d) consideration in the form of a maximum upset limit or fixed price sum and outline any payment terms
 - e) holdback, security, safety and insurance requirements being clearly identified
 - f) each party's degree of responsibility in the case of damage, default, or loss.
10. The control of commitment documents is the responsibility of the Director of Finance with specific duties including the creation of the document and maintenance of the master list being transferred to appropriate staff as required.
11. Only after the commitment document has been signed by the proper commitment/contract authority may the purchaser can proceed to procure the necessary goods or services.
12. The creation of a commitment document after the goods have been delivered, the service rendered or purchase has been completed will not be permitted.
13. In cases where a commitment document was required, but was not obtained, the purchaser must indicate the reason, sign and date the invoice as recognition of the policy violation. More than 3 such violations in a one year period could result in a removal of all authority for procurement.

Commenced Equipment

1. The use of commenced equipment is a pre-qualification of vendors for the purpose of procuring services, usually linked to construction equipment that are needed by the County on an "as & when" basis and where a hourly rate is appropriate. Examples where commenced equipment will be utilized is:
 - a. Road construction projects or road work, where a mix of County equipment and hired equipment is used.
 - b. Installation of large culverts that are too large for County equipment.

- c. Beaver dam removal.
 - d. Clearing drainage ditches of brush or snow.
2. Commenced equipment projects are intended to be minimal in nature, and as such should never exceed the authority limit of the CAO (\$50,000). In instances of cost overruns, or special circumstances requiring a project of a larger scope, Council must make the approval.
3. The hiring of commenced equipment requires the estimate of total external costs of projects and be preapproved by email from the appropriate level of Authority (Schedule A).
4. See the Commenced Equipment Policy for specific details on the requirements associated with vendors having commenced pieces of equipment.

Quotations

1. Any good or services expenditures between the amounts of \$1,500 and \$25,000 will require three (3) written cost quotations unless procured as commenced equipment or public procurement process is used.
2. Purchases through the Rural Municipalities of Alberta (RMA) do not require three (3) written quotes, as this process has been completed by the Association to ensure its members the best prices.
3. Written Request for Quotations are to be sent to suppliers or contractors that provide the product or service that is required and are likely to be interested in providing a quotation for the work.
4. The three quotes must be based on the same scope of work or product specification. The scope of work or product specification is to be provided to potential vendors in written form through the mail, by fax or by email.
5. Every effort should be made to give the vendors at least 72 hours to respond with 48 hours considered to be the minimum time allowed.
6. Vendor quotes are required to be in writing. In cases where a vendor is asked to supply a quotation, but does not respond, it should be noted on the Request for Quotation document that no reply was received.
7. Exceptions to the requirement for three quotes apply in the following situations:
 - a. Less than 3 suppliers exist in reasonable proximity;
 - b. It is an exclusive product specific to a brand; or

- c. Professional servicers, where an existing provider has a unique knowledge for the service.
 - d. An emergency situation exists.
8. An emergency situation exists when there is a situation that if not acted on immediately will result in danger to the public and/or cause significant damage to personal property or County infrastructure.

Public Procurement

General

1. Procurement of goods with an estimated value greater than \$10,000 and services/construction with an estimated value greater than \$25,000 must be completed through a public procurement process (see attached matrix).
2. Goods and services procured with vendors listed with RMA are not required to go through the public procurement process.
3. The limits in Matrix do not apply to the following services:
 - a. Legal – no limit
 - b. Accounting – no limit
 - c. Engineering – greater than \$75,000
4. Acceptable public procurement includes the use of Request for Expressions of Interest, Request for Tender, Request for Quotations and a Request for Proposals, and Prequalification.
5. The minimum requirements for advertising a public procurement opportunity must include:
 - a. Advertisement in local newspapers
 - b. Posting on the County website
 - c. Placement of procurement documents on the Alberta Purchasing Connections site or equivalent if the thresholds established through the New West Partnership Trade Agreement are exceeded.
6. The method of public procurement used to procure goods and/or services for the County is at the discretion of the Chief Administrative officer or designate.
7. Bid Packages may be prepared internally or through the use of a qualified engineering consultant.
8. Bid Packages should contain:

- a) Detailed scope of work including maps and other supplementary information;
 - b) Name of County Representative along with contact information;
 - c) Closing date and time;
 - d) Anticipated project completion date;
 - e) Pricing form;
 - f) Authorized signature panel/Certification for bidder/proponent;
 - g) List of requirements with respect to safety, WCB, insurance, bonding, etc.
9. Procurement opportunities should be open for a minimum of two weeks unless a situation exists whereby a shorter advertisement period could be warranted. Example: Emergency issue, urgent matter – seasonality.
10. There is an expectation that Tenders and Request for Quotations submissions will be opened immediately after closing whenever possible, but there is no requirement for a public opening.
11. Request for Proposals submissions do not have to be opened immediately after closing of the opportunity nor do they require a public opening as the bid price is typically only one component of the evaluation.
12. A list of bidders and their respective bid prices are to be made available to the general public. Prices for individual units within a tender are not public information.
13. Any issues, complaints or objections arising from the public procurement process are to be forwarded to the Director of Finance for review, investigation, and response.

Pre-Qualification/Expression of Interest

1. An acceptable method of public procurement may involve an initial public pre-qualification of bidders or a request for an expression of interest. These offer the opportunity for the County to use an Invitational Tender rather than using a public tender process.
2. Prequalification of bidders may be advantageous for the purchase of vehicles, some equipment as well as some smaller construction projects where local capacity or product availability would not negatively impact price, while promoting local economic activity.
3. Prequalification for construction will require interested contractors to submit at minimum:
 - a) An overview of their business

- b) A listing of their construction equipment
 - c) A summary of relevant experience, including work done for the County of Northern Lights.
4. A pre-qualification process can also be used for “as & when” services, as it will enable the County to restrict bidding to pre-qualified contractors thereby reducing the need to advertise for specific projects as well as improve the turn around on various procurement opportunities.

Restrictions

1. No tenders, quotations, or supply of good & services shall be considered from any contractor or supplier of services who is currently in litigation with the County or who personally or through their business, is indebted more than \$50.00 to the County for taxes, utility accounts and or any other accounts receivable.
2. This restriction only applies to debts that are outstanding for more than 90 days and in the case of property taxes, any amounts owing from any other years except for the current year.

