

Sunshine Coast Regional District

BOARD POLICY MANUAL

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1. LEGISLATIVE AUTHORITY:

- 1.1. The *Local Government Act* of the Province of British Columbia, Division 2 Section 176 Corporate Powers and Division 5 Section 817 Limit on Expenditures and is subject to the provisions of the Freedom of Information and Protection of Privacy Act (FOIPPA).
- 1.2. The *Community Charter* of the Province of British Columbia, Division 3 Section 175 Liabilities under Agreement and Community Charter Regulations, Regulation 254/2004, Municipal Liabilities, Part 2 Exemptions from Elector Approval Requirement, Section 6.
- 1.3. Sunshine Coast Regional District Delegation Bylaw No. 532, 2003 and amendments thereto.
- 1.4. The applicable Federal and Provincial Trade Agreements in place and as amended from time to time for all procurement contracts for goods and services over \$75,000 and all construction contracts over \$250,000.

2. GUIDING PRINCIPLES AND PURPOSE

- 2.1. The purpose of this policy is to set out clear guidelines and standards for procurement to ensure the Sunshine Coast Regional District (Regional District) receives best overall value in the most cost effective and efficient manner, and that the methods used are open, fair, consistent and support the organization's commitment to sustainability.
- 2.2. The Purchasing Policy shall promote and maintain the integrity of the procurement processes for all goods, services and construction by providing clear direction and accountability in all procurement activities.
- 2.3. This policy shall encourage competitive bidding for goods, services or construction and provide direction outlining how contracting is done within the Regional District.
- 2.4. The Regional District shall encourage opportunities to partner with local businesses in the community to provide services to and for the Regional District in a cost effective and efficient manner.
- 2.5. The Regional District shall promote a procurement process and make decisions that are consistent with the strategic goals and objectives of the Regional District.

3. DEFINITIONS

- 3.1. Board: refers to the elected officials that make up the Regional District Board of Directors.
- 3.2. Contracting Authority: refers to the authority delegated under the Delegation Bylaw to initiate a procurement process and execute contracts for goods, services and construction on behalf of the Regional District.
- 3.3. Sustainability: a state in which the needs of the present generation are met without compromising the ability of future generations to meet their own needs.
- 3.4. Local Area is defined as the Sunshine Coast Regional District.
- 3.5. Local Vendor / Bidder must have a physical address within the local area and for the purposes of this policy must:
 - i. Possess a valid business license if required by the area, and
 - ii. Have a principal business office or satellite with at least one full time employee located in the local area.

Vendors seeking recognition of local status will be required to sign a statement that the vendor meets the above qualifications.
- 3.6. Volunteer: a person who is gives his or her services without any express or implied promise of remuneration.

4. GENERAL

- 4.1. The procurement of goods, services and construction shall be facilitated by the Purchasing Division, according to this policy.
- 4.2. The procurement of goods and services listed in Appendix A are exempt from the requirements of this policy.
- 4.3. The Regional District may remove a vendor's name from consideration for a contract for up to three years caused by poor performance, non-performance or breach of any terms and conditions of a contract. A vendor request for the removal of a restriction must be submitted in writing to the Purchasing Officer. Requests must contain evidence of corrected measures undertaken by the vendor. With due consideration by the Purchasing Officer, in consultation with the General Manager and CAO, a return to bid consideration status will not be unreasonably withheld.
- 4.4. The Purchasing Division shall work with the Departments within the organization to combine requirements where possible to encourage standardization of items to reduce the overall cost to the Regional District. The Purchasing Division will also work with other local government agencies (including School Districts), boards and commissions and associations to encourage co-operative procurement and standardization of goods and services.

5. RESPONSIBILITIES AND AUTHORITY

- 5.1 All departments, employees, elected officials and volunteers of the Regional District must follow the approved Purchasing Policy and Procedures.
- 5.2 All departments, employees, elected officials and volunteers of the Regional District must follow the Purchasing Management Association of Canada's (PMAC) code of ethics as summarized in Appendix B.
- 5.3 The Chief Administrative Officer, the Treasurer and the Purchasing Officer are responsible for the administration of the Purchasing Policy and Procedures.
- 5.4 The Purchasing Division is responsible for the facilitation of all aspects of the Purchasing Policy, by providing professional procurement advice, the administration and overseeing of all calls for bids, resulting contracts and ensuring compliance with the terms and conditions of those calls. This division is also responsible for the standardization of all procurement procedures, the monitoring of compliance with this policy and notifying managers of non-compliance.
- 5.5 The authority for expenditures is the current year of the Financial Plan which the Board has adopted or amended.
- 5.6 The authority delegated to an employee to contract for goods or services on behalf of the Regional District shall be to the maximum amount outlined within the Delegation Bylaw.
- 5.7 Notwithstanding the above, adherence to the limits contained in the Delegation Bylaw, is not required with respect to contracts specifically authorized by resolution of the Board.

6. SUSTAINABLE PROCUREMENT

Sustainable Procurement ensures that the Regional District's procurement activities support the organization's responsibility commitments by integrating economic, environmental and social factors into the calculation of total cost of our purchases over the life cycle of the products and services. Demonstrating sustainable procurement practices will help us support and mentor our suppliers toward extending these sustainability principles throughout their organizations.

- 6.1. Procurement decisions will take into account the following financial and economic considerations:
 - i. Price comparison for equivalent quality of materials or services, including but not limited to installation, maintenance, warranty, continuing support, repairs, staff training, operational requirements, energy use, disposal value.
 - ii. Total life cycle cost of the goods or services to be purchased, to the extent that it can be established.

- iii. Where appropriate, knowledge of local context and any extraordinary impacts on the local or other economies.

6.2 Procurement decisions will take into account the following environmental considerations:

- i. Bidder's track record, over the previous three years, regarding compliance to environmental standards, laws and regulations in their operations. Bidders may be required to declare the same of their suppliers.
- ii. The total life cycle environmental cost of the goods or services to be purchased to the extent that it can be established.
- iii. Where appropriate, the Bidder's practices to minimize environmental impact such as: the use of environmentally benign products or processes; the minimization of the use or generation of harmful substances; the minimization of the use of non-renewable resources and the substitution therefore of renewable resources or recycled content and post consumer waste; the maximization of energy and materials efficiency; and minimization of waste emissions.

6.3 Procurement decisions will take into account the following social considerations:

- i. Bidder's track record, over the previous three years, regarding compliance to safety, employment and human rights' laws and regulations in their operations and, at a minimum, must meet the International Labour Organization's fundamental conventions that have been ratified by Canada. In addition, Bidders may be required to declare all convictions of themselves and principal officers under Canada's Corruption of Foreign Officials Act. Bidders may be required to declare the same of their suppliers.
- ii. Where appropriate, the Bidder's extraordinary social impacts such as actions which contribute positively to community and social development and assist in the conservation or development of social capital.

7. LOCAL PROCUREMENT AND TIE BIDS

7.1 The Regional District recognizes the importance of economic development within the Sunshine Coast communities it serves. With this in mind, should all economic, environment and social requirements of the procurement be equal, the contract shall be awarded to the local bidder.

7.2 In the case of a tie bid of local bidder or where only non-local bidders have tie bids, the Purchasing Officer shall request the tie bidders to submit a final offer.

8. EXCEPTIONS

8.1 The local procurement policy is not applicable to contracts or awards governed by Federal or Provincial regulation or agreement or where there is an urgent operational requirement.

9. PROCUREMENT THRESHOLDS AND METHODS

9.1. General

- i. The limits of contracting authority within the Delegation Bylaw apply to all purchasing methods, regardless of which method of purchasing is used.
- ii. Any exceptions to the purchasing methods under this section must be approved in writing by the Purchasing Officer in consultation with the Chief Administrative Officer.
- iii. For multi-year service contracts; the total value of the service over the life of the contract will be used to determine the threshold and method of purchasing used.
- iv. Details on the application of the Purchasing Methods are included in the Purchasing Procedures in the Policy and Procedures Manual.

9.2. Thresholds and Methods of Procurement

Expenditure	Method
<u>Under \$5,000</u>	Low Value Purchase
More than <u>\$5,000</u> but less than \$30,000	Request for Quotation
\$30,000 or greater	Call to Bids

9.3 Low Value Purchases: Purchases that are random in nature and of low value (under \$5,000), may be purchased by using a Purchase Order, Petty Cash, Cheque or Regional District Purchasing Card. Purchases may be the result of a verbal offer and must be made on the basis of best quality and price to match requirements.

9.4 Request for Quotation: A Request for Quotation or Price Request is an informal request for prices for goods, services and construction from \$5,000 and up to \$30,000 and used normally where bid deposits and performance bonds are not required and where the work does not warrant the time and level of effort required for a formal tender process. Three written or verbal bids are required which will result in a Purchase Order, Cheque, Short Form Contract or Regional District Purchasing Card. Purchases must be made on the basis of best quality and price to match requirements. Nothing restricts Staff from using the Call to Bids process to procure goods or services within the above dollar value.

9.5 Call to Bids: For procurement values \$30,000 or higher and those that warrant a formal bid process, the following Call to Bids options may be used:

- i. Request for Tender/Invitation to Tender: Such competitive documents will solicit bids against detailed specifications that permit evaluation of tenders against clearly stated specifications and criteria. These tenders are normally used for the procurement of goods, services and construction where bid deposits and performance bonds are required. This type of tender warrants the time and level of effort required for a formal tender process.

Submissions in response are compared to the specifications and requirements contained in the tender documents. Request for Tender/Invitation to Tender are awarded to the best overall value received from a qualified bidder meeting the requirements of the tender. Where the lowest total cost is not the sole determining factor on which the award will be made, the tender documents shall contain the criteria and a description of the method to be used to evaluate the bids.

- ii. Request for Proposal: A Request for Proposal is an invitation to proponents to describe how their services, methods, equipment or product can address or meet specific needs of the Regional District. It is used when a proponent is invited to propose a solution to a problem, requirement or objective. A Request for Proposal must include evaluation criteria that will be used to score the respondents' proposals.

An award of a contract from a Request for Proposal process shall be made to the proponent, whose proposal is determined to be the most advantageous and best overall value to the Regional District based on the criteria for evaluation set out in the Request for Proposal and equitably applied to all proposals. As price is only one of the factors taken into consideration, the contract may not be necessarily awarded to the lowest price proposal. Pricing information shall only be released to the public following award of the proposal.

- iii. Request for Information: A Request for Information is an invitation to suppliers of goods, services and construction and shall be used to provide information from the marketplace on the scope of work or service contemplated to be procured by the Regional District.
 - iv. Request for Expression of Interest: A Request for Expression of Interest shall be used to determine the interest in the marketplace in providing goods, service or construction contemplated to be procured by the Regional District.
 - v. Request for Qualification: A Request for Qualification is an invitation to suppliers of goods, service or construction and shall be used for the purpose of selecting qualified bidders if the nature of the work or services to be performed requires ascertainable minimum standards.
- 9.6 Standing Orders: In order to guarantee a continuous supply of various goods, services and construction which are required on a day-to-day basis, while at the same time assuring that the competitive bidding system is followed, the Purchasing Division shall establish Standing Orders. These arrangements between the Regional District and the supplier will commit the seller to provide goods, services and construction at a specific price for a specific period of time.

- 9.7 Negotiated Contracts: Negotiations with one or more suppliers for the supply of goods, services or construction shall take place when any of the following conditions exist:
- i. Due to market conditions, goods, service or construction are in short supply,
 - ii. There is only one source of the goods, service or construction available,
 - iii. All bids received are not acceptable or exceed the amount budgeted for the purchase;
 - iv. The extension or reinstatement of an existing contract would be more cost-effective or beneficial to the Regional District. The extension or reinstatement of existing contracts are subject to the approvals set out in the section of Award of Contracts;
 - v. When authorized by the Board.
- 9.8 Sole-Source Purchases: The terms and conditions of a sole-source purchase shall be negotiated and occur when supported by a documented business case and approved by the Purchasing Officer or Chief Administrative Officer. The following are considered sole-source purchases:
- i. To ensure compatibility with existing products, facilities or services, to recognize exclusive rights, such as exclusive licenses, copyright, and patent rights or to maintain specialized products that must be maintained by the manufacturer or its representative.
 - ii. Where, for technical reasons, there is an absence of competition and the goods or services can be supplied by a particular supplier and no alternative substitute exists.
 - iii. For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly.
 - iv. For work to be performed on a property by a contractor according to the provisions of a warranty or guarantee held in respect of the property or the original work.
 - v. For the procurement of a prototype of 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.
 - vi. For the procurement for a good or service for testing or trial use.
 - vii. For the purchase of goods or services under exceptionally advantageous circumstances such as bankruptcy, receivership, auction or business closure, but not for routine purchases and the purchase to be clearly in the best interest of the Regional District.
 - viii. For the procurement of original art work.

- ix. For the procurement of goods intended for resale to the public.
- x. Where the Regional District has a rental contract with a purchase option and such purchase option could be beneficial to the Regional District.
- xi. Notwithstanding anything in this policy, where a purchase is determined by the Board to be fair and reasonable and is made from a non-profit organization.
- xii. Where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of such matter through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest.

9.9 Emergency Purchases: An emergency purchase occurs when a situation creates an immediate and serious need which may not be reasonably met by any other procedure and includes:

- i. A condition where a lack of supplies or services may adversely affect the functions or operations of the Regional District, threaten public or property or the environment, or jeopardize the health or safety of any person.
- ii. Interim contractual arrangements following the expiration or breach of a contract; or receipt of unacceptable or uncompetitive bids; or in the absence of a receipt of any bids in response to a call for bids.
- iii. In all cases of procurement under this section, the Board grants procurement and expenditure authority to the Purchasing Officer and Chief Administrative Officer, as required and is subject to reporting to the Board at the next opportunity.

10 INTERNAL PROCUREMENT PROCESS REVIEW

10.1 The Treasurer or Purchasing Officer may randomly review departmental procurement files on an on-going basis to review the effectiveness and integrity of the processes and policy adherence.

11 VENDOR COMPLAINTS

11.1 All vendor complaints, whether directed to an elected official, the Chief Administrative Officer or a member of staff shall be referred to the Purchasing Officer and dealt with as outlined in Appendix C.

12 GENERAL APPLICATIONS

12.1 No contract or purchase shall be divided to avoid any requirements of this policy.

12.2 The Regional District may participate with other local government agencies (including School Districts), boards and commissions and associations in co-

operative purchase ventures when the best interest of the Regional District will be served.

- 12.3 Notwithstanding the provisions of this policy, the Regional District shall have the right to reject the lowest or any bid at its absolute discretion. The Regional District also reserves the right to cancel or reissue bid documents in the original format or modified as best suits the requirements of the Regional District.

13 PURCHASING PROCEDURES

- 13.1 Purchasing procedures approved by the Purchasing Officer are to be used as a guideline and for information on purchasing goods or services in compliance with this policy.

14 RETENTION OF DOCUMENTATION

- 14.1 All background information, information submitted by vendors, purchase orders and other relevant information involved in obtaining prices for goods or services exceeding \$5,000 shall be retained in active records for two years and in inactive records for six years, unless the contract period is beyond eight years for which records will be held for six years past the expiry of the contract.

15 REFERENCES

- 15.1 Delegation Bylaw
- 15.2 Sustainability Policy
- 15.3 The Corruption of Foreign Public Officials Act
- 15.4 ILO – Organization’s Fundamental Conventions

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Amendment Date	June 9, 2011	Resolution	235/11 Rec. No. 12

Appendix A

Purchasing Policy List of Exemptions

1. Petty Cash Items
2. Training and Education:
 - Conferences, Conventions and Tradeshow
 - Newspapers, Magazines and Periodicals
 - Memberships
 - Seminars and Workshops
3. Refundable Employee / Other Expenses:
 - Advances
 - Courses
 - Entertainment
 - Miscellaneous Non-Travel
 - Meal Allowances
 - Travel Expenses
 - Hotel Accommodation
 - Refunds: tax, recreation, permits
4. Employer's General Expenses:
 - Payroll Deduction Remittances
 - Grants to Agencies
 - Medical and Dental Expenses
 - Debenture Payments
 - Payment of Damages
 - Petty Cash Replenishment
 - Tax Remittances
 - Sinking Fund Payment
 - Employee Income
 - Board Member's Discretionary Funds
 - Real Property-including land, building, leasehold interest, easements, encroachments
 - Licenses (vehicles, elevator, etc.)
 - Charges to or from other government or Crown corporations
 - Bank Charges and Underwriting Services where covered by agreements
5. Professional and Special Services:
 - Committee Fees
 - Witness Fees
 - Court Reporter's Fees
 - Honoraria
 - Arbitrators
 - Discoveries (legal)
 - Legal Services
 - Performing Artists
6. Utilities
 - Water and Sewage Charges
 - Power
 - Telephones
 - Cable Television and Internet
7. Miscellaneous (under \$5,000)
 - Print, Television and Radio media advertising accounts

Appendix B

SCRD PURCHASING DIVISION - CODE OF ETHICS

[consolidated summary as published by the Purchasing Management Association of Canada]

1. Values and Norms of Ethical Behaviour

A. Values

Members will operate and conduct their decisions and actions based on the following values:

1. **Honesty/Integrity**

Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the organizations in which they are employed;

2. **Professionalism**

Fostering the highest standards of professional competence amongst those for whom they are responsible.

3. **Responsible Management**

Optimizing the use of resources for which they are responsible so as to provide the maximum benefit to their employers;

4. **Serving the Public Interest**

Not using their authority of office for personal benefit, rejecting and denouncing any business practice that is improper;

5. **Conformity to the Laws in Terms of:**

- a. The laws of the country in which they practice;
- b. The Institute's or Corporation's Rules and Regulations;
- c. Contractual obligations

B. Norms of Ethical Behaviour

1. To consider first, the interest of one's organization in all transactions and to carry out and believe in its established policies.
2. To be receptive to competent counsel from one's colleagues and be guided by such counsel without impairing the responsibility of one's office.
3. To buy without prejudice, seeking to obtain the maximum value for each dollar of expenditure.
4. To strive for increased knowledge of the materials and processes of manufacture, and to establish practical procedures for the performance of one's responsibilities.
5. To participate in professional development programs so that one's purchasing knowledge and performance are enhanced.
6. To subscribe to and work for honesty in buying and selling and to denounce all forms of improper business practice.
7. To accord a prompt and courteous reception to all who call on a legitimate business mission.
8. To abide by and to encourage others to practice the Professional Code of Ethics of the Purchasing Management Association of Canada and its affiliated Institutes and Corporation.
9. To counsel and assist fellow purchasers in the performance of their duties.

10. To co-operate with all organizations and individuals engaged in activities which enhance the development and standing of purchasing and materials management.

2. Rules of Conduct

In applying the above rules of conduct, the following guide lines are set out below:

A. Declaration of Interest.

Any personal interest which may impinge or might reasonably be deemed by others to impinge on a member's impartiality in any matter relevant to his or her duties should be immediately declared to his or her employer.

B. Confidentiality and Accuracy of Information.

The confidentiality of information received in the course of duty must be respected and should not be used for personal gain; information given in the course of duty should be true and fair and not designed to mislead.

C. Competition.

While considering the advantages to the member's employer of maintaining a continuing relationship with a supplier, any arrangement which might prevent the effective operation of fair competition should be avoided.

D. Business Gifts and Hospitality

To preserve the image and integrity of the member, employer and the profession, business gifts other than items of small intrinsic value should not be accepted. Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of gifts or hospitality accepted should not be allowed whereby the recipient might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts.

E. Discrimination and Harassment

No member shall knowingly participate in acts of discrimination or harassment towards any person that he or she has business relations with.

F. Environmental Issues

Members shall recognize their responsibility to environmental issues consistent with their corporate goals or missions.

G. Interpretation

When in doubt on the interpretation of these rules of conduct, members should refer to the Ethics Committee of their Institute or Corporation.

Appendix C

Vendor Complaint Procedure

Purpose:

This procedure is to define the guidelines for handling complaints that are resolvable and are not a matter where litigation has started or before a competent court. This procedure is not intended in any way to delay or restrict the Regional District in exercising its normal course of business.

Policy:

All vendors complaints, whether directed to an elected official, the CAO or a member of staff shall be referred the Purchasing Officer or designate to be dealt with in accordance with these guidelines.

Procedures:

Vendors shall to be encouraged to resolve problems directly with the Procurement staff wherever possible as many problems can be resolved before a complaint is formalized.

A complaint refers to a written objection submitted by a vendor regarding a bid solicitation, contract award or proposed contract for goods, services or construction.

Complaints shall contain written details of the issue and the resolution being requested. Complaints submitted or referred to the Purchasing Officer shall be reviewed to determine if further action is warranted.

Complaints must be submitted during the competitive process and up to 30 business days after the contract award is posted.

Complaints may be resolved, dismissed or withdrawn*. If the complaint is dismissed, the Purchasing Officer shall notify the vendor of their right to appeal the decision to the CAO.

Disputes that are litigious in nature shall be referred directly to Legal Services.

The Purchasing Officer shall respond formally to vendor complaints within 21 business days.

* Resolved - the vendor is satisfied with the explanations / solution provided by the Regional District.

* Dismissed - the Purchasing Officer concludes that the complaint is without merit.