

**Title: Purchasing**

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**Policy No: 1502**

**Approval: Town Council**

**Effective Date: December 28, 2005**

**Revised Date: September 13, 2006**

**Policy Statement:** To establish effective purchasing and account processing procedures to achieve management control of municipal expenditures. Purchasing will be conducted in a manner where as many local suppliers as reasonably possible are given an opportunity to participate. Consideration will be given to price, quality and serviceability prior to purchasing commitments being made.

1. a) The approval of the Chief Administrative Officer will be required for any purchases over \$5,000.00 for items included in the annual budget. All proposed budget over-expenditures must receive prior Council approval as recommended by the CAO.  
b) The Administration Assistants, Public Works Foreman are authorized to approve purchases under \$1,000.00.
2. Completed purchase orders must be issued for every purchase of a value exceeding \$250.00.
3. Purchase order books are considered contracts of the Municipality and should, therefore, be kept in a secure location.
4. Standing purchase orders may be issued to regular suppliers. No purchase of a value of \$250.00 or greater may be made on a standing purchase order.
5. For single purchases in value over \$500.00, quotes should be sought from local suppliers where possible. These quotes may be given over the telephone. A record of quotes received should be maintained by the signing officer.
6. Preference for purchases over \$100.00 should be given to local suppliers, who reside or whose business is located within the Town of Hardisty and whose rates and services are competitive. In the event that the services/products are not available through local suppliers, priority for purchases should be given in the following order:
  - a) Suppliers who reside or whose business is located within the Town of Hardisty, or within an adjoining rural municipality.

- b) Suppliers outside of the aforementioned areas.
7. Factors which may be relevant in awarding tenders include the following:
- a) Preference for hiring a local contractor whose bid is within five (5%) percent (or \$1,000.00, whichever is lower) of the lowest bid received with the exception of the procurement of goods, services, and construction that fall under Annex 502.4 of the agreement on Internal Trade as follows:
    - (i) Goods and services of \$100,000.00 or greater,
    - (ii) Construction projects of \$250,000.00 or greater;
  - b) Quality of workmanship;
  - c) Condition of equipment;
  - d) Capability and experience of the operator;
  - e) Starting and completion dates;
  - f) Residual/salvage value of the equipment, if purchased;
  - g) Amount and quality of work that has been previously carried out by the bidder for the municipality;
  - h) Whether there are any unresolved issues between the bidder and the municipality regarding previous work carried out by the bidder.
  - i) Warranty.
  - j) Use of structural wood products in all commercial and public building construction if the wood option is suitable for the project criteria.
- It is noted that Council will determine acceptable variances for local bids before larger contracts are tendered.
8. Purchases of the following shall be conducted by way of either Request for Proposal or Request for Tender, upon the recommendation of the Chief Administrative Officer to Council for formal approval even if the project is identified in the approved budget:
- a) Gas, diesel and propane;
  - b) Vehicles and other pieces of municipal equipment (subject to availability);

- c) Construction projects estimated to exceed \$50,000.00; and
- d) Other major items identified by Council.

All tenders will be open to the general public except where circumstances such as time or availability may require invitational tender.

10. To process an invoice, the following steps should be completed:
  - a) Invoices received will be forwarded to the Accounts Payable Clerk;
  - b) Invoices or packing slips for amounts of \$250.00 or less must be coded and approved prior to forwarding the same to the Accounts Payable Clerk;
  - c) Accounts Payable Clerk will check extensions and additions for accuracy;
  - d) Accounts Payable Clerk will attach a copy of the purchase order to the invoice when applicable;
  - e) Accounts Payable Clerk will attach the packing slip or will verify with the appropriate staff member that the goods have been received in good order;
  - f) Accounts Payable Clerk will forward the invoice to the signing officer if required. Invoices approved by purchase order will only be forwarded for approval when the invoice amount is different than the authorized purchase order amount;
  - g) Accounts Payable Clerk will enter the invoices in a batch and forward all invoices with an entry edit to the CAO for approval;
  - h) Accounts Payable Clerk will make any necessary changes to the edit and will then update the input to the subsidiary system;
  - i) Accounts Payable Clerk will prepare a cheque run for approval by the CAO;
  - j) Cheques will be signed by the Mayor or designated alternate and the Chief Administrative Officer.
11. An employee who fails to follow the Purchasing and Account Processing policy may have his/her purchasing privileges revoked.