

Purchasing Policy**Policy No. 1.3.4****Date of Policy:** September 10, 2018**Revision:** June 24, 2019**Motion Number:** 2018-518
2019-389**Purpose**

The purpose of this document is to establish policy and procedure relating to the purchasing functions. The overall goal is to maintain at all times, and under all conditions, a continuous supply of goods and services necessary to support production, and to achieve the best value in the acquisition of goods and services for the Town of Nipawin.

General Statement

In the provision of services to the public, the Town must engage in the procurement of goods and services. To achieve uniformity, best value, efficiency, and effectiveness in the acquisition of goods and services, the Town will follow the corporate principles below which are applicable to all Departments. It must be understood, through this policy, that the *best value does not imply lowest cost in every case*. When sourcing items for the Town, purchasers must consider all factors relative to the purchase. These would include considerations such as the Town's remote location relative to parts and servicing, existing inventory, service reliability and history, existing brands, and possible training needs for equipment among other item specific considerations.

1. Corporate Principles**1.1. Professional Ethics**

Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the Town's image by:

- maintaining unimpeachable standards of integrity in all business relationships;
- fostering the highest standard of professional competence;
- maximizing the use of resources for which employees are responsible ensuring maximum benefit for the Town

1.2. Declaration of Interest

Any personal interest which may encroach or might reasonably be deemed by others to affect the impartiality of an employee in any matter relevant to their duties, should be declared by the employee to the direct supervisor.

1.3. Confidentiality & Accuracy of Information

Information received in the course of duty must be respected and shall not be used for personal gain. Information given in the course of duty should be true, fair, and not designed to mislead. *The Local Authority Freedom of Information and Protection of Privacy Act* must be followed.

1.4. Competition

When considering the advantages to the Town of maintaining a continuing relationship with a supplier, any arrangement which might, in the long term, prevent the effective operation of fair competition, should be avoided.

1.5. Gifts

To preserve the image and integrity of employees and the Town, business gifts are discouraged. Gifts, other than those of small intrinsic value, shall not be accepted.

1.6. Purchases from Employees

It shall be the policy of the Town not to purchase any goods or services from any employees or immediate family without the prior consent of the Chief Administrative Officer. If the employee is the Chief Administrative Officer, prior consent must be obtained from the Mayor.

2. Purchasing Authority and Responsibility

It is the responsibility of individual department heads to ensure the department's purchasing practices serve the best interest of the Town and are in conformance with the Town's purchasing policy. All invoices and purchase orders will be approved by department heads or the designate within approved limits. The Chief Financial Officer must be advised, in writing, of the department designate along with a sample signature.

2.1. Budget Approval

Department heads are responsible for ensuring budget funds are available in duly authorized accounts before making commitments for goods and services.

2.2. Award of Contract/Vendor Selection

2.2.1. Open Market

The Town's policy is to buy on the open market, seeking the best value for its purchasing dollar. Buying on the open market means that:

- Suppliers are given an opportunity to quote or tender on goods and services acquired; and
- Where practical, suppliers are made aware of the Town's needs as they arise.

2.2.2. Best Value

Best value will take into consideration the following factors, which are not listed in any particular order:

- Cost;
- Quality;
- Availability;
- Suitability or compliance with specifications;
- Supplier financial stability;
- Supplier performance and references;

- Availability of parts and service;
- Existing brands and manufacturers (standardizing);
- Source of supply. In cases where two or more identical offers or tenders are made, the source of supply will be taken into consideration, with preference in order of Local, Provincial, then National. Orders will not be split between tie bidders. No percentage differences or dollar preferences will be given to purchasing locally as that would represent a direct grant to local suppliers; however, full consideration will be given to potential future costs or savings that may be experienced by using a local supplier.

2.3. Buying Process and Sourcing

2.3.1. Definitions

- **Request for Quotations** - This is the least formal, and typically the fastest and simplest way to obtain competitive bids.
- **Invitation to Tender** – A formal request for sealed bids for the supply of specific goods or services in response to an advertised invitation. It may be opened in public. The tendering process itself forms complex legal obligations.
- **Request for Proposals** – A formal request for sealed submissions. It is not as specific as an Invitation to Tender. It describes an opportunity or problem and asks for solutions and costs for those specific opportunities or problems. The RFP process itself forms complex legal obligations.
- **Prequalification** – An attempt to identify in advance of an actual Tender or RFP suppliers that are capable of successfully accomplishing what is required in that Tender or RFP. Usually, this is used in complex procurements or engineered projects only. The Prequalification process itself may form legal obligations.
- **Request for Information** – A request for written information may or may not develop into a supply contract. This does not have the legal obligations of an Invitation to Tender, Request for Proposal, or Prequalification.

2.3.2. Request for Quotations

This method is reserved for acquisitions of a value between \$5,000 - \$20,000. Quotations shall be written.

2.3.3. Invitation to Tender

This method is used for acquisitions of a value greater than \$5,000, and is used typically for major construction, renovations, public works projects, and service contracts accompanied by specifications, special provisions, bonding instructions to tenders, etc. Tenders are submitted in sealed envelopes and opened with at least three Town employees or designates. The tender may be advertised by invitation only, subject to the provisions laid out in Section 2.9. Tenders for ongoing services should not be awarded for a period of less than 3 years for operational efficiency, although this term can be broken down to provide for a trial period (for example, 1 year plus an option to renew for an additional 2 years, etc.).

2.3.4. Request for Proposals

The Town may, from time to time, choose to utilize a Request for Proposals in place of the formal tender process. This method will normally be used in special circumstances where it is deemed more appropriate. Proposals are submitted in sealed envelopes and opened with at least three Town employees or designates.

In an effort to comply with the MASH (Municipal Authorities, Schools, Hospitals) section of the New West Partnership Trade Agreement, requests for proposal must be advertised on the national electronic tendering service (www.merx.com) and the provincial electronic tendering service (www.sasktenders.ca) when purchases meet or exceed the following thresholds:

- \$75,000 or greater for goods
- \$75,000 or greater for services
- \$200,000 or greater for construction

2.3.5. Construction Contracts

The preferred method for construction contracts shall be a stipulated price contract resulting from a tender.

2.3.6. Construction Holdbacks

All construction contracts exceeding \$20,000 shall require a 10% holdback on all progress payments. This holdback is intended to protect the Town in the event of dispute regarding performance.

2.3.7 Award of Quote, Tender, or RFP

Purchases using the quote process may be awarded without Council approval, provided the funds are approved in the budget and all aspects of the purchasing policy are followed.

Capital purchases, tender awards, and RFP awards must receive Council approval before purchase.

2.4. Method of Purchasing Goods and Services

2.4.1. Petty Cash

Petty Cash may be used where the direct acquisition of a good and/or service is required and of a value less than \$75. The staff member making the purchase shall be responsible to obtain and submit a copy of a receipt describing the purchase.

2.4.2. Purchasing Card

A purchasing card is a corporate credit card issued to specific employees within clearly defined parameters. The Corporate Credit Card Policy outlines all parameters for credit card use.

2.4.3. Town Purchase Order

Town purchase orders shall be issued except where petty cash has been used. Town purchase orders shall be handed in at a minimum of every Tuesday. All purchase orders for capital purchases must have the number of the resolution approving the capital purchase written on the purchase order.

2.4.4. Standing Purchase Orders

A standing purchase order may be used for the continuous supply of a good or service and must not be issued for a period extending beyond the fiscal year end. Standing purchase orders are not to be used unless operationally required and must be accompanied by a written approval from the Chief Administrative Officer and Chief Financial Officer.

2.5 Purchasing Limits

The following purchasing limits are authorized for the positions listed and the duly appointed acting designates. All purchases must be within the authorized Budget and follow all procedures in this policy.

Purchase Value	Approval
\$0 to \$350	Swimming Pool Staff
	Play Program Staff
\$0 to \$500	Accounting Clerk
	Evergreen Clerk
	Seasonal Staff
	Summer Staff
	Swimming Pool Manager or Cashier
	Evergreen Janitorial & Maintenance Staff
	Janitor (Janitorial Supplies Only)
\$0 to \$1,500	Firefighters (Fuel Purchases Only)
	Handivan Driver (Fuel Purchases Only)
	Semi-skilled Parks & Recreation Employees
	Semi-skilled Works Employees
	Semi-skilled Utility Employees
	Skilled Parks & Recreation Employees
	Skilled Works Employees
\$0 to \$5,000	Skilled Utility Employees
	Land Planner
	Mechanic
\$0 to \$15,000 (Subject to tender/quote/RFP requirements)	Executive Assistant
	Finance & Human Resources Officer
	Program Coordinator
	Parks & Recreation Foreman

	Works Foreman
	Utility Foreman
	Economic & Tourism Development Officer
	Fire Chief
Can approve all purchases (Subject to tender/quote/RFP requirements)	Director of Parks & Recreation
	Director of Works & Utilities
	Chief Financial Officer
	Chief Administrative Officer

The same authority will be given to those acting in the above capacities, with the approval of the department director.

2.6 Purchase Orders

Purchase orders shall be:

- Signed by the signing authority as prescribed in 2.5.1
- Used for all out of town purchases
- Used for local purchases, except those purchases made with petty cash
- Used for all purchased goods and services except for the following items:
 - Subscriptions
 - Publications
 - Utility bills
 - Maintenance contracts
 - Insurance remittances
 - Lease payments
 - Investments
 - Tendered construction contracts
 - Conference fees
 - Convention fees
 - Janitorial contract
 - Handivan contract
 - Animal control officer contract
 - Bylaw enforcement officer contract
 - Linen/janitorial supply contract
 - Property tax refunds
 - Utility bill deposit refunds
 - Cheque request forms

2.6.1 Purchase Order Process

In preparing purchase orders the following areas shall be completed:

- Supplier's name
- Type of goods to be purchased
- Quantity to be purchased
- "Estimated" value of goods purchased
- Person/department requesting the purchase

- FOB point (i.e. FOB destination means ownership and responsibility of goods remain with the supplier until received and signed for by the customer)
- Terms of payment
- Delivery requirements (i.e. when the goods are to be delivered/when the goods are needed)
- Date
- Authorized by appropriate personnel

2.6.2 Purchase Order Document Flow

Purchase orders are a three-part voucher system.

When the purchase order is initially completed and approved:

- Yellow and pink copies are sent to the department head for coding
- After the yellow and pink copies are coded, they are sent to the Finance Department
- White copy is given to the supplier
- The pink copy is filed numerically in the purchase order binder

When the goods arrive, they are checked to a packing slip (if provided):

- Packing slip is to be signed and dated by the person receiving the goods
- Packing slip and freight bill (if included) are to be sent to the Finance Department

When the invoice arrives:

- Prices on the invoice are compared to the estimate/quoted prices on the purchase order (discrepancies to be investigated)
- Invoices are attached to the yellow copy and processed for payment
- The order for the documents to be attached together is as follows: cheque, invoice, purchase order, packing slip

2.6.3 Invoices

Once the cheque run is complete and the cheques have been signed and mailed to the supplier, the invoice, yellow purchase order, and packing slip (if applicable) are filed alphabetically with the cheque stub.

Purchase orders shall not be backdated. In the case of an emergency when there is no one to issue a purchase order, the staff member shall make every reasonable attempt to contact the Chief Administrative Officer or Director of Finance & Administration and obtain verbal authorization. If the Chief Administrative Officer or Chief Financial Officer cannot be reached, then the staff member must use sound judgement with respect to the purchase. The staff member must then provide a written report to the Chief Administrative Officer outlining the reasons for the emergency purchase.

2.7 Cheque Requests

Cheque requests are only used in an instance where no invoice will be received for payment. The cheque request shall have the following information:

- Name of supplier
- Mailing address of supplier
- Date
- Accounting code
- Description of goods or services
- Payment amount
- Authorized by appropriate personnel
- Documentation, if applicable

2.8 Quotations

Quotes are required for purchases over \$5,000. Purchases under \$5,000 may be performed using purchase orders and without quotations.

2.8.1 Purchases between \$5,000 and \$20,000

- Written quotations should be obtained from three (3) vendors who are qualified to meet the requirements
- The written quotes for each item shall be attached to the purchase order
- Where three vendors are not available, the Department head must document that quotations were sourced from available options
- Quotations may be waived for purchases between \$5,001 and \$20,000 where the Town has an established standard for the item(s) purchased. Clear documentation must be provided demonstrating standard and rationale for waiving requirement for quotation.

2.9 Tenders

2.9.1 General

The following procedures shall be utilized for purchases in excess of \$20,000. All Town tenders must originate and close at the Department level and to the attention of the Town of Nipawin. In the absence of the Department Head, tenders may close with the Chief Administrative Officer or Chief Financial Officer. In addition to the Department Head, at least one other authorized senior Town employee shall be in attendance along with an administrative assistant, who will act as recorder, during tender openings.

2.9.2 Request for Tender

The Department Head will be responsible for the preparation and issuance of the tender document. Requests for tender shall be sent to suppliers, who are qualified to meet the requirements, by mail or fax, or be posted by newspaper advertisement or on the SaskTenders website.

In an effort to comply with the MASH (Municipal Authorities, Schools, Hospitals) section of the New West Partnership Trade Agreement, the tender must also be advertised on the national electronic tendering service (www.merx.com) and the provincial electronic tendering service (www.sasktenders.ca) when purchases meet or exceed the following thresholds:

- \$75,000 or greater for goods

- \$75,000 or greater for services
- \$200,000 or greater for construction

The return address for all tenders shall be: **Attention: Chief Administrative Officer, Town of Nipawin PO Box 2134, Nipawin, SK S0E 1E0.** The Department Head in consultation with the Chief Administrative Officer and the Chief Financial Officer shall approve any change.

2.9.2.1 Town of Nipawin Clauses

For all Town tenders, the following clause should be added to the wording of the tender:

“This RFP/Tender is subject to the Town of Nipawin’s Purchasing Policy”

2.9.3 Tender Documents

When preparing tender documents, the following contents should be considered:

- **Tender Period:** In general, from the date of issuance of the tender to potential suppliers, a period of at least ten (10) working days should be allowed for the tenderer to prepare the bid.
- **Performance Bonds:** The Town may require a performance bond before entering a bid-based contract and in such amount as shall be found necessary to protect the best interest of the Town in the performance of the contract or service and materials.
- **Insurance:** The Town requires a minimum of Five Million Dollars comprehensive liability insurance coverage from Contractors working on Town projects.
- **Town Business License:** Local suppliers or contractors working in the Town of Nipawin must purchase a current Town Business License.
- **Workers Compensation Board:** The Town requires a letter of good standing from the Workers Compensation Board at the time the tender is submitted, and a clearance letter before payment.
- **WorkSafe Saskatchewan:** Contractors employed by the Town must be registered and in good standing with WorkSafe Saskatchewan.
- **Mandatory Site Meetings or Job Inspections:** When it is in the best interest of the Town to include in the tender call, a mandatory site meeting or job inspection, the Department Head, along with other respective department heads, supervisors, employees, etc. should attend these meetings and formally record the names of the attending company representatives. Where applicable, minutes of these meetings should be recorded and submitted with the tender.

2.9.4 Tender Receipt/Opening

2.9.4.1 Receiving of Tenders

- All tenders must be submitted in a sealed envelope and properly identified with the tender number given by the Town. Faxed or

emailed tenders are not acceptable, only faxed or emailed revisions to an original tender may be accepted.

- All tender envelopes shall be stamped or handwritten showing the time of receipt and signed by the Town reception or other designated Town staff person.
- A list of tenders received shall be kept.
- Tenders received are to be kept in a secure place such as a vault or safe.
- All staff who may be involved with receipt of tenders are to be notified of the required procedures to ensure tenders are not inadvertently opened or delivered to incorrect locations.
- Revisions to the tenders are to be attached to the relevant submission. All revisions to the tender sum must show an increase or reduction only. This must be in writing and not verbal.
- Town staff should attempt to notify bidders of any obvious irregularities in the receipt of the tender prior to tender opening to avoid post-opening disputes.
- The date, time, and receiving location address must be included in the body of the tender.

2.9.4.2 Revisions – To Tenders

- Any revisions to a tender must be submitted in writing prior to the time of closing of receipt of tenders. A change in price must state only the difference to be added or deducted.
- A facsimile or telegram is acceptable.

- Telephoned revisions to a tender price, including those that may originate from telegrams, are not acceptable. The Town must receive the written confirmation at the place designated for the receipt of tenders prior to the designated closing time.

2.9.4.3 Opening Tenders

Tender opening shall at all times be formal, correct, and well documented. Three Town staff members or its designates should be the minimum number in attendance.

- Prior to Opening Time
 - A suitable tender opening record shall be prepared to include the following information:
 - Space for the names of Town personnel or designates in attendance;
 - Space for the names of all people in attendance together with their company or other affiliations;
 - Space for the official closing time of the “receipt of tenders”;
 - Space for the names of each bidder, the amount of the bid, the revised price (if any) and the total of each bid;

- Any other pertinent data/information as relevant; and
- For consistency purposes, a template form should be used to provide the foregoing information.
- Prior to the opening, ensure the room is suitably laid out and there is a table or desk or other equipment to open tenders.
- The tender opening form should be ready on which to record the information.
- Tenders already received are brought into the room and care taken to ensure they are not removed or misplaced.
- The Opening
 - No reasonable request for attendance at the tender opening shall be refused.
 - At the correct time the Town staff member shall make the following announcements:
 - “It is now (give time and date) the closing time for tendering of (give project name and tender number).:
 - “No further tenders will be received.”
 - State the number of tenders received.
 - Fax to be checked immediately prior to the tender opening.
 - No questions during the opening.
 - No further tenders are to be received after the close has been announced and no corrections or revisions to any of the bids are to be permitted.
 - Each tender correctly received in the form prescribed is to be opened and signed by each of the Town staff personnel or designate present.
 - The presence of the bond is to be checked before the price is read out. If the bond is not present the tender is to be put aside and not considered. The price is not to be read out and the tender is to be declared invalid.
 - The tender is to be checked to ensure that the bidder is named, that the written amount and the amount in the numbers are the same and the signatures are present. If these items are not correct, the tender is to be declared invalid.
 - If these items are correct then the price is to be announced together with any revisions made prior to the closing and the revised price announced as “We calculate that to be \$ _____”.
 - The tender is to be recorded on the tender opening record form.
 - After each tender is opened and initial checks have been made, it is to be carefully replaced in its envelope.
 - The tenders must be carefully secured to ensure they remain intact.

- The tenders may not be made available to the public. Information contained in the tender will not be given to the public until an award or final disposition has been made.
- All tenders submitted late shall be returned to the sender unopened by the Town staff with the tender envelope stamped or written: “Late Tender Unopened” together with a cover letter giving details.
- For other tenders that are disqualified, letters of notification are to be sent to the senders giving details.
- Under no circumstances are the Town staff to give an indication of the tender being awarded to the low bidder or to any bidder.

2.9.4.4 Review of Tenders

- Tenders that were opened must be analyzed for compliance with the contract documents.
- The Town reserves the right to waive informalities in, or reject any or all tenders, or accept any tender to be deemed in the best interest of the Town.
- Any changes or qualifications made to the tender form may be the cause of disqualification.
- Any errors, omissions, or other non-compliance considered to give a bidder an unfair advantage or that do not meet the requirements of the tender documents may be grounds for rejections.

2.9.4.5 Post Tender Negotiations (after tender has been awarded)

The tender authority may negotiate changes to the document with the lowest qualified bidder or the bidder representing best value to the Town only and between them and their named sub-trade bidders.

2.9.4.6 Award Determination

The determination for award of purchase or supply contract, after evaluation of all proposals is complete, shall be made by the issuing department head providing the contract is within budget. If all tenders are above the approved budget amount, the department head must provide a report to the CAO for determination of next steps.

3 Environmental Purchasing

The Town supports the use of environmentally sustainable products and practices and expects staff to pursue this objective in the acquisition of goods and services for the Town. This may be accomplished by ensuring that the user departments review and modify existing specifications, and write new specifications, which include environmentally sustainable choices subject to both suitability and cost.

3.1 General Principles

Bidders should be encouraged to highlight the following items in their proposals:

- To specify products that do not harm the environment in their manufacture, use, or disposal. Third party certification such as the “Eco Logo” or “Energy Star” may be used.
- To consider environmental factors along with price and performance.
- To secure comprehensive, accurate, and meaningful information about the environmental performance of products or services sufficient to determine environmental prefer-ability.

3.2 Procedures

- User department staff (or delegate) may review and modify existing specifications and write new specifications to include options for the use of environmentally sound products and processes.
- Environmentally preferred products must meet or exceed the same engineered standards for the traditional products with respect to performance, structural integrity, life span, and safety.
- The Town may be prepared to pay a premium for the environmentally friendly option, however, any significant impact on budgets will be appropriately approved.
- User department staff (or delegate) should remain alert to sources of recycled materials, products made from recycled materials, and other environmentally beneficial products, bringing such information to the attention of the user department.

4 Inventory

Inventory will be identified as being stocked for the following reasons:

- Quantity purchase discounts outweigh the cost of stocking inventory
- Convenience of stocking items outweighs the cost of stocking inventory
- Emergencies make it necessary to stock an item

Inventory Control

- Normally no more than a six-month supply of an item is to be stocked in inventory
- Surplus and obsolete material may be disposed of pursuant to this policy
- The department head should attempt to ensure that minimum order quantities are established to minimize shipping costs to the Town

4.1 Inspection of Goods

Accurate specifications help to ensure receipt of proper quality and service. Specifications should be simple, clear, and exact so that the supplier cannot evade any provisions.

Sound receiving and inspection procedures mark the starting point for preserving the Town’s rights against suppliers and are essential to successful claims for shortages or damages to shipments. Early detection of defects or obvious failures to comply with specifications usually ensures replacement at the supplier’s expense.

4.2 Material Returned to Vendor

Occasionally it becomes necessary to return materials ordered because the goods are no longer required, excess material was ordered, or the material as received is not acceptable, the buyer will negotiate the return of the item. Any charges or other damages due the Vendor will not be charged to the original purchase order.

If a negotiated return cannot be made, the items will be charged to the job and marked as surplus goods for disposal. A purchase order shall be filled out for any returns.

5. Surplus Asset Disposal

5.1 Surplus Assets

The Town recognizes that assets purchased for its use will eventually become surplus to its needs. These assets are deemed surplus due to:

- Obsolescence
- Worn out
- Too costly to maintain
- No longer used

5.2 Disposal

All surplus assets estimated to have a monetary value shall be disposed of in the manner which will receive the best possible return to the Town. The Chief Administrative Officer shall prepare a report to Council requesting approval for the disposal of any assets, along with the method of disposal. No items shall be disposed of until an appropriate conversation has been had with the respective department head confirming the item(s) is of no further use to the Town. Applicable GST and PST must be charged on all asset sales.

Methods of disposal may include:

- Donation to a registered charitable organization or not-for-profit organization
- Trade-in or return to supplier for credit
- Sale by public or selective bids
- Sale at a public auction
- Sale or other disposal as scrap
- Classified as waste and requires a write off (applies to tangible capital assets)

5.3 Process in the Disposal of Assets

- It is the responsibility of each department head to provide the Chief Administrative Officer, in writing, a list of the surplus assets. Where applicable, the list must contain the make, model, and serial number.
- Prior to disposal, a list of surplus assets will be circulated to all Town departments to determine if they can be of use in another department
- All surplus assets shall be sold on an "as is/where is" basis. No warranties or guarantees are to be offered or implied in the disposal of surplus assets.

6 Emergency Situations

There will be an occasional time on a weekend or a night when a breakdown of some equipment occurs, or where something has happened and a delay of repairs would mean a potential loss if not corrected immediately. In this case the Town employee should make all reasonable attempts to call a supervisor with signing authority for verbal authority. If they are not successful, they must do what must be done especially if a delay, in their judgement, would be injurious to the public or the Town.

This employee is required to follow up with the correct paperwork on the next business day. (P.O. authorized, etc.)

7 Suppliers

7.1 GST

If the Town is to be charged GST on the goods or services purchased, the supplier must provide their GST registration number and show how much GST has been charged on the invoice before payment is made.

7.2 Out of Province Suppliers

If no Provincial sales tax is charged, the Finance Department will calculate the sales tax owing and remit the tax monies to the Ministry of Finance. The cost of the items purchased will be increased by the sales tax.

8 Privacy and Confidentiality

Most purchasing transactions are confidential, especially with regards to vendors. A total bid price is public information; however, it is considered unethical as well as damaging to the Town's position to allow unit price information about one vendor's bid to pass on to another vendor unless all vendors are in agreement. In considering privacy and confidentiality, the provisions of the Local Authority Freedom of Information and Protection of Privacy Act will apply with respect to the release of tender or RFP information.

8.1 Personal Guarantees

From time to time, suppliers involved in setting up credit accounts for the Town request significant personal information from employees or department heads, and may request personal guarantees from staff members on Town credit accounts. The Town shall not require any employee to give a guarantee and strongly discourages any employee from giving a personal guarantee.

9 Initial Deposits and Advances

As the Town is a public body with open and transparent financial records and budget, every effort should be made to discourage suppliers or contractors from insisting on initial deposits for either products or services. This is solely to protect the Town in the event that a supplier or contractor ceases business operations for any reason after receiving the Town's deposit. If no concession can be made by the department head, the matter is to be referred to the CAO or CFO for resolution. With the exception of construction progress

payments which can cover labor costs, the general guidelines for deposits or advances shall be:

- No advance or deposit will be paid to cover labor
- Only materials and supplies will be covered by advances
- Deposits or advances must never exceed 50% of materials cost (exclude process advances)
- Every effort should be made to ensure financial solvency of the firm

9.1 Chief Administrative Officer/Chief Financial Officer Guiding Principles for Deposits and Advances

If an unresolved request for a deposit or advance is escalated to the office of the Chief Administrative Officer or Chief Financial Officer, the presiding officer shall be guided by the following:

- No advance or deposit to cover labor costs except construction progress advances
- Has the Town done business with this firm previously?
- What is the financial health of the firm requesting the deposit?
- What recourse is available to the Town if the firm ceases operations before the goods are delivered?
- Is the advance or deposit reasonable?
- Can the firm provide recent references?

10 Refusal to Contract

Tenders and RFP's should contain the following statement:

"The Town reserves the right to refuse to contract with a vendor, supplier, contractor, person, or entity which has threatened or commenced litigation against the Town, breached any material terms of prior contracts, failed to perform as required pursuant to prior contracts, or has performed a wrong-doing against the Town which could be punishable in the courts."

11 Insurance

The Town of Nipawin is a subscriber to the SUMAssure Insurance Program and is in an equity position with SUMAssure. The insurance coverage provided through the SUMAssure Insurance Program is exempt from the quote and tendering requirements of this policy.