

Policy Title	Effective Date	Updated to	Policy Number
Procurement Policy	October 10, 2023		1.3.4

Legislative Authority: *The Municipalities Act*

Scope

This policy governs all procurement contracts and applies to every purchase of goods, services, capital expenditures, rentals, or leases made on behalf of the Town of Nipawin.

This policy applies to all departments and all employees of the Town of Nipawin.

Purpose

The purpose of this document is to establish clear policy and procedure relating to procurement 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, consistency, transparency, 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.

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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 the purchase of goods and services, should be declared by the employee to the General Manager. (Someone with more authority than 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.

1.7. Sustainability

Purchase of Goods and Services must take into consideration principles of Environmental, Economic and Social Sustainability (ESG).

1.8. Diversity

Purchase of Goods and Services from suppliers that encourage diversity and inclusion in the economy, including Indigenous Suppliers.

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2. Purchasing Authority and Responsibility

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

2.1 Purchasing Limits

- General Managers are authorized to approve spending up to \$50,000.
- CAO is authorized to approve spending up to \$75,000.
- Council must authorize the spending of over \$75,000.

2.2 Budget Approval

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

2.2.2. If an expenditure is included in the current year's approved budget and is within the employee's purchasing limits, prior approval by Council is not required providing all terms and conditions of this policy are met.

If an expenditure is included within the current year's approved budget, but is above the purchaser's approval limit, approval must be provided by the General Manager or Chief Administrative Officer.

If an expenditure is not included in the current year's approved budget, Council approval is required prior to purchase.

2.3 Award of Contract/Vendor Selection

2.3.1 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.

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2.3.2 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, Regional, 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.

2.4 Procurement Process and Sourcing

2.4.1 Definitions

- **Request for Quotations** - A document that is sent out to potential suppliers, asking them to provide a written quote for specific goods and services.
- **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.
- **Request for Proposals** – A formal request for sealed submissions. It describes an opportunity or problem and asks for solutions and costs for those specific opportunities or problems.
- **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.

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- **Cooperative Purchasing**

The Town may participate in cooperative or joint purchasing initiatives with other entities where such initiatives are determined to be in the best interest of the Town. If the Town participates in such cooperative or joint purchasing initiatives, the Town may adhere to the policies of the entity conducting the purchasing process, provided that such policies comply in spirit with this policy.

2.5 Business License Requirements

All suppliers must comply with the requirements of the Town’s current Business Licensing Bylaw in order to do business with the Town.

2.6 New West Partnership Trade Agreement

Where applicable, all procurements must comply with the terms and conditions as outlined in the New West Partnership Trade Agreement.

2.7 Minimum Bids

At all times, the Town will strive to secure a minimum of 3 bids where it is practical to do so and the dollar amount warrants. This policy recognizes that due to scarcity of supply or expertise it may not be possible to secure 3 bids.

2.8 Request for Quotations

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

2.9 Request to Tender

This method is used for acquisitions of a value greater than \$20,000, 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 2.4.1. 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.).

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2.10 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 due to complexity and the need for a range of ideas and options in response to a problem or need. 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

2.11 Construction Contracts

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

2.12 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.

2.13 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 procurement policy are followed.

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

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3. Method of Purchasing Goods and Services

3.1. 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.

3.2. 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.

4. Sole Source Procurement

From time to time, it may be necessary or desirable to obtain goods and services using a Sole Source Procurement process. The use of Sole Source Procurement is viewed as an exception to policy and only to be used under specific circumstances. Sole Source Procurement may be used in the following circumstances:

1. The purchase is an extension or added scope to an existing project which was previously approved;
2. There is an approved budget with sufficient funds;
3. The goods or services are unique or difficult to source;
4. The expertise is specific and conducting a procurement process will not result in added value to the Town;
5. Time is of the essence and the goods or services are needed quickly (ie. emergency situations);
6. The spirit and intent of this policy is maintained in all sole source procurement.

The following spending limits are to be used for sole source purchases:

General Managers a maximum of \$50,000 plus applicable taxes;

Chief Administrative Officer a maximum of \$75,000 plus applicable taxes;

Staff positions can initiate and take all necessary steps to procure goods and services, but payment must be authorized by the GM or CAO.

The GM or CAO may delegate the authority for sole source purchases up to a maximum of \$5,000 to a subordinate in writing with notice to the CAO.

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5. Consulting Services

All procurement of Consulting Services must be brought to Council for approval.

6. Multi-year Leases

Any procurement which involves leasing over multiple budget years, must be brought to Council for approval.

7. Purchase Orders

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.

7.1. 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 General Manager of Corporate Services.

7.2 Purchase orders shall be:

- Signed by the applicable signing authority.
- 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
 - Handivan contract
 - Animal control officer contract
 - Linen/janitorial supply contract

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- Property tax refunds
- Utility bill deposit refunds
- Cheque request forms

8. Quotations

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

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 General Manager 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.

9. Tenders

It is the policy of the Town to tender any purchase which is expected to cost over \$20,000 (see Procedure Manual for process for tendering).

All tenders will be conducted in a fair, open, and transparent manner at all times.

9.1 Request for Tender

The Department Head will be responsible for the preparation and issuance of the tender document.

9.2 Tender Revisions

- 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.

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9.3 Tender Opening

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

No reasonable request for attendance at the tender opening shall be refused.

9.4 Tender Review

- 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.

9.5 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.

9.6 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.

10. 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.

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10.1 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.

11. 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.

11.1 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.

12. 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.)

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13. Suppliers - Taxes

13.1 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.

13.2 Out of Province Suppliers

If no Provincial sales tax is charged, the Corporate Services 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.

14. 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.

14.1 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.

15. 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 GM of Corporate Services 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.

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15.1 Chief Administrative Officer/General Manager of Corporate Services 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 GM of Corporate Services, 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?

16. Purchasing Goods for Resale

For purchases of goods for resale where the total purchase will be \$5,000 or more annually, three quotes must be obtained. Quotes are not required where the total purchase of goods for resale will be less than \$5,000 annually. The Department Head, General Manager of Corporate Services, or CAO are authorized to approve the supplier choice for the purchase of goods for resale. For total purchases of \$5,000 or more annually, documentation of the decision shall include the analysis of quotes and reasoning for the selection of the supplier.

17. Insurance

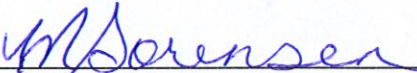
The Town of Nipawin is a subscriber to the SUMAssure Insurance Program and is in an equity position with SUMAssure. The insurance coverage provided through the SUMAssure Insurance Program is exempt from the quote and tendering requirements of this policy.

18. Breach of Policy

If any part of this policy is breached, the CAO must be informed, and the policy breach will be recorded in the employee’s personnel file.



Mayor



Chief Administrative Officer