



Policy 5.2(2)  
File No. 1790-00  
Adopted October 25, 2004  
Amended July 9, 2007

## Purchasing Policy

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The District of Sooke will obtain services or make purchases from reliable suppliers, recognizing that although price is important, other elements of value, including quality, ability to deliver at required times, service and customer relations constitute total cost to the District. District of Sooke suppliers will be given preference whenever possible.

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### **Purpose:**

To establish authority to commit or expend funds.

### **1. Definitions**

- 1.1. **Quotations** - request for bids for the supply of goods or services, from selected sources of supply, not opened in public.
- 1.2. **Invitation to Tender** - formal request for competitive bids for the supply of specific goods or services in response to a formal and/or advertised invitation. Invitation to tender is a formal, sealed bidding process. Submitted bids are opened in public. The tendered prices are provided without conditions and the award is made without negotiation.
- 1.3. **Request for Proposals** - a formal request for sealed submissions. Not as specific as an Invitation to Tender. This process is used when there are alternative ways to meet a specific need. Describes an opportunity or problem and asks for solutions and costs. Suppliers are invited to propose what they consider to be the best way of meeting the District's need. A request for proposals is a formal, sealed bidding process. Submitted bids may be opened in public.

## **2. Authority**

- 2.1. Subject to section 4.0, Council delegates to the Chief Administrative Officer the authority to commit or expend funds from the budget, subject to a limitation of Seventy-five Thousand Dollars [\$75,000].
- 2.2. The Chief Administrative Officer may, in writing, as per Appendix "A", delegate up to fifty percent [50%] of this financial authority; and the same rule would apply to all subsequent delegations.
- 2.3. The Chief Administrative Officer is delegated the authority to accept any quotation, tender or request for proposal, the value of which does not exceed \$75,000, subject to the following:
  - 2.3.1. The goods and/or services are approved within the annual operating or capital budget;
  - 2.3.2. The quotation and/or tender is to be awarded to the lowest bidder;
  - 2.3.3. The request for proposal is to be awarded to the highest rated request for proposal;
  - 2.3.4. Tenders or request for proposals are received on purchases over \$20,000.
  - 2.3.5. In the event that any of the above criteria are not met, the quotation, tender or request for proposal must be approved by the Chief Administrative Officer up to \$75,000 and by Council greater than \$75,000.

## **3. Delegation of Authority**

- 3.1. When the authority to commit or expend funds is delegated, it carries with it the responsibility to ensure that:
  - 3.1.1. the works, goods supplied or services rendered has/have met the standard contracted for. Contracts will be let through the tender process where appropriate;
  - 3.1.2. the price charged is that contracted for;
  - 3.1.3. all terms and conditions of the contract are fulfilled;
  - 3.1.4. funds are available in the departmental budget; and
  - 3.1.5. the commitment or expenditure is a real charge against the activity to which it is coded.
- 3.2. A signing authority form [attached as Appendix "A"] shall be filled out and approved for staff having commitment or expenditure authority. A

subsequent form is to be filled out if the expenditure or commitment amounts change for any reason.

3.3. Department heads are responsible for ensuring Purchasing Policy is followed within their areas of responsibility.

#### **4. Purchasing – General Procedures**

4.1. Department heads are responsible for managing the budget within their areas of responsibility. Chief Administrative Officer approval for spending in excess of their departmental budget is required. The Chief Administrative Officer must identify offsetting savings within the District Budget to cover the overage. In the event offsetting saving are not identified then Council authorization is required for the commitment and/or expenditure of the funds.

4.2. Suppliers and Contractors will be selected based on competitive pricing, quality of product or service and have a good record of adhering to specifications and maintaining timely deliveries.

4.3. Sooke based suppliers and/or contractors should be used to the greatest extent possible with the governing constraints of availability, quality of material or service, experience and convenience of servicing and competitive pricing.

4.4. Purchases of up to Fifty Dollars [\$50.00] may be processed through the use of “petty cash” facilities without the issue of a purchase order. The Director of Finance must approve “petty cash” expenditures.

4.5. With the exception of those purchases made under section 4.5, 9.1 and 11, no purchases may be undertaken by District staff without the prior completion of an authorized purchase order.

4.6. Funding for purchases up to \$2,000.00 may be expended without written quotations, tenders or requests for proposals. Every effort must be made to obtain the best price.

4.7. Written quotations must be obtained from a minimum of three suppliers and attached to the District’s copy of the purchase order as back up for expenditures exceeding \$2,000 and not exceeding \$20,000. Quotations will be opened on receipt by the appropriate department and are confidential until a supplier and/or contractor has been selected.

4.8. Deviation from Section 4.8 shall be at the discretion of the Chief Administrative Officer or the Director of Finance. Justification for any deviation shall be recorded and attached to the purchase order.

4.9. All purchases in excess of \$20,000 shall be subject to a formal invitation to tender or request for proposal unless authorized by the Chief Administrative Officer or Council under section 2.3.5. The District will make a reasonable attempt to obtain at least three submissions.

## **5. Purchasing – Invitation to Tender and Request for Proposal**

### **5.1. General Procedure Statements**

5.1.1. Specifications covering materials and services should be written broadly enough to encourage competitive bidding. Brand names may be used only to specify standards or where the materials or services are unique. Specifications covering construction projects shall be in accordance with the District's Servicing Standards and applicable Construction Codes.

5.1.2. When selecting suppliers and/or contractors to be invited to tender or request for proposal, the following should be considered:

- 5.1.2.1. the degree of competition required, commensurate with the type, size and dollar value of the requirement;
- 5.1.2.2. availability of suppliers and/or contractors when timely response to urgent demand is required; and
- 5.1.2.3. track record of after sales service.

5.1.3. Non-competitive situations are those in which the District will not procure through tender or request for proposal in order to meet its requirements for goods and/or services.

Non-competitive situations exist when:

- 5.1.3.1. true competition does not exist [e.g. sole source items];
- 5.1.3.2. prices or sources of supply are determined by District authorities or other regulatory bodies
- 5.1.3.3. and emergency situation under section 9.1; and
- 5.1.3.4. District objectives [standardization], operational requirements or administrative costs preclude competitive alternatives.

5.1.4. Sufficient time must be allowed for the preparation and return of quotations, tenders or request for proposals prior to the date and time of closing.

5.1.5. The advertisement to submit bids for a tender or request for proposal must be placed in the legal section of the newspaper

## **5.2. Preparation of Tenders and Proposals**

5.2.1. Department heads and/or consultants are responsible for the preparation of the specifications for the goods and services that are to be purchased. Where price is not the only consideration, the specifications must describe in advance the criteria and method of evaluation that will be used to determine the merits of the tender and request for proposal.

5.2.2. Prior to the issuance of the tender or request for proposal, the Director of Finance will review all documents to ensure that funding is allocated for the project. In addition, the Director of Finance will ensure that the proposed methodology for evaluating the tender or request for proposal is clear and consistent with the District's practices.

5.2.3. Prior to sending the public advertisement for publishing, the department head or designate must inform reception personnel of the details contained in the advertisement.

## **5.3. Acceptance of Sealed Bids**

5.3.1. Staff receiving sealed bids shall adhere to the following procedures:

5.3.1.1. Upon receipt of the sealed bid, immediately record the date and time received on the outside of the sealed envelope. The staff member receiving the bid must also initial the recorded information.

5.3.1.2. If a fax amending a sealed bid is received, immediately record the date, time received and initial the recorded information on the faxed document.

5.3.1.3. If a telephone call is received from a supplier or contractor wanting to amend a sealed bid, advise them that the bid can only be amended by fax or hand delivered letter. Note the time, date and name of the caller and which company they represent.

5.3.1.4. Original bids and written or faxed amendments are not acceptable after the official closing time and date. Information received after the closing time and date should

be time and date stamped and will be returned unopened to the sender.

5.3.1.5. Original bids must be received in a sealed envelope. An original bid received in the form of a fax is not acceptable.

5.3.2. Sealed bids will be opened at a public session on the date and time specified in the advertisement. The CAO, DOF and applicable department head (or designate) shall be present at the opening.

5.3.3. Following the opening of tenders or request for proposals, the CAO, DOF and the applicable department head (or designate) shall review the submitted material.

5.3.4. The department head is responsible for ensuring that all criteria of the tender or request for proposal are met. Criteria may consist of insurance, bonds, irrevocable letter of credit, confirmation of figures contained in the documents and conformity with the "Instructions to Bidders" in the specifications. The DOF and/or consultant may assist this review prior to awarding the contract.

5.3.5. Original documents are to be stored in the safe.

#### **5.4. Awarding of Tender or Proposal**

5.4.1. The departmental head is authorized to approve an award up to their commitment or spending authority, and will prepare a report to the Chief Administrative Officer for awards in excess of their authority. The Chief Administrative Officer will submit a report to Council for all awards in excess of \$75,000 with a recommendation on the preferred vendor and the rationale for the recommendation.

5.4.2. Awarding of the tender or request for proposal is subject to sections 2 through 5 of this policy.

5.4.3. The tender or request for proposal is to be awarded based on the criteria and methods as detailed in section 5.2.1.

### **6. Capital Purchases**

6.1. All expenditures identified in the approved budget as capital in nature are subject to section 5.4.1 of this policy regardless of dollar amount.

## **7. Internal Purchasing Control**

- 7.1. All purchases, subject to sections 4.1, 9.1 and 11, must be undertaken with a pre-numbered purchase order, duly signed by authorized personnel. All purchase orders must be accounted for to ensure numerical continuity of documents to prevent unauthorized purchases and to strengthen the District's overall system of internal control.
- 7.2. The following should be included on all purchase orders:
- 7.2.1.1. Date;
  - 7.2.1.2. Vendor name and address;
  - 7.2.1.3. Description of materials or services purchased with applicable pricing and taxes;
  - 7.2.1.4. General Ledger Account to charge expenditure.
- 7.3. A copy of all duly authorized purchase orders must be submitted to the Finance Department.
- 7.4. To ensure that payments are made on a timely basis and as a safeguard against duplicate payments, payments shall be made by invoice. Supplier statements will be reconciled monthly to ensure that the District has been invoiced for all items and that all invoices have been paid or are in the process of being paid.

## **8. Subsequent Payment**

- 8.1. As invoices arrive at the District office, the duly authorized purchase order will be matched to the appropriate invoice.
- 8.2. Where appropriate, the Finance Department shall assemble a voucher package which includes the supplier invoice and the authorized purchase order. This package is then initialled by the department head to indicate receipt of goods and returned to the Finance Department.
- 8.3. Cheque signing authority is designated to the Mayor and Director of Finance or their alternates. All Voucher packages shall be presented together with cheques to the cheque signers.
- 8.4. All invoice terms are "net 30 days" from date of invoice. Early payment may be made in order to take advantage of discount terms and conditions. Where the terms of this policy and those of other documents differ, this policy shall prevail.

8.5. For all purchases exceeding \$75,000, a departmental head must provide written confirmation, in memo format, that the purchase meets specification requirements and is acceptable for payment. The memo is addressed to the Director of Finance with a copy to the Chief Administrative Officer. Payment will only be made after receipt of this documentation.

## **9. Emergency Expenditures**

9.1. Notwithstanding any of the foregoing, in the event of an emergency, the Chief Administrative Officer has the authority to expend whatever funds reasonably necessary to deal with the situation. Prior to expending or committing such funds, the Chief Administrative Officer shall use his best efforts to contact the Mayor or Deputy Mayor, advise him/her of the nature of the emergency and the amount of funds to be committed or expended and obtain his/her approval.

## **10. Unauthorized Purchasing**

10.1. Any employee who wilfully acquires goods or services for the District in contravention of any of the provisions of this policy, or of any policy, may be subject to disciplinary action by the District of Sooke.

## **11. Procurement Card (Credit Card) Use Policy**

11.1. The District of Sooke issues procurement cards to simplify the procurement process for low value goods and services less than \$2,000.00, and to provide an efficient and cost effective method of acquiring and paying for low value goods and services.

11.2. A District purchase order is not required for a procurement card purchase.

11.3. The procurement card must be used for District business purposes only.

11.4. The procurement card cannot be used for personal use.

11.5. A procurement card user cannot use "purchase splitting" to avoid the maximum transaction limit of \$2,000.00.

11.6. A District procurement card can be used to purchase:

11.6.1. all purchases less than \$2000.00 provided it is not on the restricted purchase list;

11.6.2. hospitality and meals for group meetings while conducting District business either within the District or outside the District;

11.6.3. Staff recognition rewards within the limits set by policy 7.2

11.6.4. registration for conferences and training

- 11.7. A District procurement card cannot be used for the following restricted purchases unless incurred under section 9:
  - 11.7.1. Personal expenses;
  - 11.7.2. Furniture and Equipment greater than \$1,000.00 in value;
  - 11.7.3. Chemicals and Hazardous Materials;
  - 11.7.4. Computer Hardware and Software or related equipment greater than \$1,000;
  - 11.7.5. Safety and Protective Equipment greater than \$1,000.00; and
  - 11.7.6. Individual meals while on approved travel (all individual meals should be reimbursed as per the per diem policy using the Travel/Business Expense Reimbursement form)
- 11.8. Cardholders must provide receipts for purchases using the procurement card. The Chief Administrative Officer or the Director of Finance must approve all purchases without a receipt attached.
- 11.9. Non-compliance with the procurement card policies will result in a written notice from the Director of Finance, and may result in suspension of use of the card for significant non-compliance (e.g. multiply infractions). Any suspected fraudulent use will be investigated and may result in disciplinary action.
- 11.10. Procurement Card statements will be reconciled monthly with supporting documentation and signed off for payment.

**District of Sooke  
Signing Authority Form**

Employee Name: \_\_\_\_\_

Specimen Signature: \_\_\_\_\_

Department: \_\_\_\_\_ Date: \_\_\_\_\_

Expenditure Approval Limit: \$ \_\_\_\_\_

Authorized General Ledger Codes or Group of General Ledger Codes:

Code or Group of Codes [Account Name or Number, as applicable]	Department
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	

Limitations: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_, is hereby authorized to commit and approve expenditures on behalf of the District of Sooke for the above-noted general ledger codes and subject to the approved expenditure limit.

\_\_\_\_\_  
Departmental Manager

\_\_\_\_\_  
Director of Finance

\_\_\_\_\_  
Chief Administrative Officer