

	Policy Title: Purchasing and Disposal of Assets Policy	Policy No: CO-008
	Authority: Council	Classification: Finance
	Date Adopted: December 14, 2020	Motion No: 2020-403
Historical Changes: Replaces Purchasing and Disposal of Assets Policy No. 5.6.		

Purpose:

To establish governing principles and practices for purchasing activities and disposal of assets at the District of Sooke.

Scope:

This Policy applies to

- procurement of goods and services required by the District;
- delegation of purchasing authority for the District;
- execution and administration of contracts for the District; and
- sale or disposal of surplus assets by the District.

Definitions:

Defined word	Definition
Contract	<i>A written agreement between the District and a supplier or other party whereby the District incurs contractual obligations, including contractual obligations for the purchase or acquisition of goods, services, construction or other assets or interests, and including but not limited to any of the following:</i> <i>Land use and property acquisition</i> <i>Municipal facility use</i> <i>Memorandum of Understanding</i> <i>Cost sharing</i> <i>Protocol</i> <i>Service fee</i> <i>Transfer</i> <i>Tenancy</i> <i>Licence of occupation</i> <i>Partnership agreement with other public agency or community organization</i> <i>Grant applications or grant funding agreements</i> <i>Lease</i>
Department Director	The same as is defined in the Officers and Delegation of Authority Bylaw.
Department Manager	The same as is defined in the Officers and Delegation of Authority Bylaw.
District	Means the District of Sooke
Finance Officer	The person designated the duties of Financial Officer in the Officers and Delegation of Authority Bylaw.

Purchasing Card	A credit card or fuel card issued by the Finance Officer upon submission of a written request by a Department Head.
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Principles:

- 1.1. Purchasing activities are guided by the following principles which set the standard for purchasing performance:
 - a) Acquisitions are managed consistently with the requirements of trade agreements executed by the Province of British Columbia and the Government of Canada.
 - b) The District obtains the best value for money by aggregate purchasing under open market conditions.
 - c) Suppliers have fair access to information on procurement opportunities, processes and results.
 - d) Whenever possible, the District will participate in the sharing or leveraging of goods and services between the District and other municipalities.
 - e) In determining a successful bidder, the District will consider factors such as, but not limited to, total cost of ownership, social impact, community economic impact, environmental impact, source of supply, disposal value, warranty, bidder experience, references, bidder capacity and other relevant costs, not just the lowest invoice price.
 - f) Only employees with authority to do so will initiate a procurement requisition, obtain bids or execute contracts.
 - g) Suppliers will be qualified and meet District standards, with standards applied fairly and equally to all competing bidders.
 - h) All procurement processes, decisions and approvals will be documented and maintained in accordance with District bylaws and policies.
 - i) Product specifications or qualifying conditions will not be introduced to knowingly favour or exclude a specific supplier.

Responsibilities:

- 2.1. The Council is responsible for approving expenditures under this Policy through the annual financial plan process.
- 2.2. The Chief Administrative Officer (CAO) has overall responsibility to implement and enforce this Policy.
- 2.3. The Finance Officer has responsibility for monitoring and directing compliance within this Policy.
- 2.4. Department Directors are responsible for ensuring departmental employees understand the required purchasing processes, requirements, authorizations and responsibilities under this Policy.
- 2.5. Department Directors may delegate purchasing authority to employees in their department, subject to the limits set out in section 2.1 of this Policy. The Finance Officer must be advised of all delegations of purchasing authority in writing in the form prescribed from time to time by the Finance Officer.
- 2.6. All District staff designated purchasing responsibilities are responsible for ensuring:
 - a) That in the procurement of goods and services, the primary objective, shall be the attainment of value for public funds expended.

- b) A fair and equal opportunity is given to those suppliers wishing to do business with the District.
- c) Tenders, requests for proposals, quotations, requests for qualifications and expressions of interest are prepared in accordance with District policies and procedures.
- d) Contract awards are made with sound business, ethical and legal considerations.
- e) Bidders have access to appropriate information regarding contract awards.
- f) All purchasing decisions are properly documented and complete records maintained in accordance with District bylaws, policies and procedures.
- g) The Finance Officer is informed of any purchase exceeding \$25,000.
- h) Both the District and suppliers to whom contracts have been awarded perform to the standards and requirements set out in the contract.
- i) Budget approval is obtained for all intended purchases prior to initiating the procurement process.
- j) The specifications of products and levels of service represent the needs of the District without being extravagant.
- k) No goods or services are purchased for which adequate funds do not exist, or where there is no budget authority.
- l) Compliance with this Policy.

Authorization Limits:

3.1. Purchasing approval limits are as follows:

Approval Authority	Approval Limit
Council	\$100,001 or more
CAO	Up to 100,000
Department Directors	Up to \$50,000
Department Managers	Up to \$25,000

3.2. Despite the approval limits, the CAO may direct staff to submit any purchase or contract to Council for approval.

Competitive Bidding:

- 4.1. Direct Awards: To ensure the best value for money is obtained for all District purchases, a competitive bidding process is to be used in all circumstances where such a process can be used. Direct awards will be used only as follows:
 - a) A Direct Award may be permitted at the discretion of the Finance Officer for any good or service where the value is \$10,000 or less.
 - b) A request must be forwarded to the Finance Officer, in writing, justifying the direct award for any good or service where the values is more than \$10,000. Such requests will be provided and maintained as a record.
 - c) Any direct award purchases exceeding \$75,000 require the approval of Council
- 4.2. Quotations from at least three suppliers are required for purchases valued greater than \$10,000 but equal or less than \$15,000 and may be obtained through a telephone quote. Telephone quotations must be followed by written confirmation.
- 4.3. Written quotations from at least three suppliers are required for the purchase of goods or services with a value greater than \$15,000 equal or less than \$25,000. Tenders or requests for

proposals may also be used, except in cases where the goods and services are being supplied by another municipality.

- 4.4. Purchases of goods or services with a value over \$25,000 require a public procurement process be utilized, except in cases where the goods or services are being supplied by another municipality.

Tie Bid:

- 5.1. In a circumstance where total cost of ownership is the same from multiple suppliers, the award will be provided to a supplier that contributes to the optimal community social and economic values.

Pre-Qualified Suppliers List:

- 6.1. The District may conduct a Request for Pre-Qualification (RFPQ) process to develop a list of Suppliers that may be hired on a rotational basis to fulfill specific requirements or projects.
- 6.2. The RFPQ's shall be conducted in accordance with sections 9.1 through 9.4 of this policy.
- 6.3. The Suppliers that have participated and successfully met all requirements of the Pre-Qualification process are placed on the Pre-Qualified Suppliers List.
- 6.4. The Pre-Qualified Suppliers List will be maintained and reviewed by the Finance Department every two (2) years.

Emergency Purchases:

- 7.1. Emergency purchases may be required in situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and or the public. The determination of an "emergency" will be made by the CAO or a person delegated in the absence of the CAO.
- 7.2. In an emergency, the preparation, documentation and analysis set out in the usual purchasing procedures may not be possible. Written authorization by the CAO or their designate to bypass normal purchasing procedures, is required to meet the purpose of this policy.
- 7.3. All normal purchasing documentation and reporting, complete with signed authorizations, as required, is to be completed as soon as possible after the emergency in accordance with section 173(3) of the *Community Charter*, if applicable.

Purchase Contracts:

- 8.1. Written contracts are required for the purchase of goods, services or construction having a value of \$25,000 or more. Written agreements may be utilized for procurements having a lesser value in the discretion of the person authorized to approve the procurement.
- 8.2. Any contract outside the scope of the annual financial plan requires a Council resolution and may also require an amendment to the Five-Year Financial Plan Bylaw.

Specifications and Evaluation Criteria:

- 9.1. Staff are responsible for preparing specifications that can be easily interpreted by qualified suppliers. In addition, unless it can be demonstrated that there are valid technical, operational or financial reasons for not doing so, specifications must be prepared that can be fulfilled by more than one product or manufacturer.
- 9.2. Where price is not the only consideration, departments must describe the goods and/or services required in sufficient detail and must describe in advance the criteria and method of evaluation that will be used to determine the relative merits of quotations, tenders or proposals.
- 9.3. Where practical and appropriate, purchasing specifications may include a request to identify potential social benefit of the procurement proposal and/or how the procurement proposal demonstrates its contribution to social development and alignment with Council's strategic priorities that strengthen the community economy.
- 9.4. Exemptions to the competitive quotation/bidding process may be approved by the Director of Finance in the following circumstances:
 - a) The compatibility of an item with existing equipment, facilities or services is a paramount consideration.
 - b) The good or service is required to cope with an emergency.
 - c) An item is purchased for testing and trial use.
 - d) An item is currently rented with a rental contract that has a purchase option and the purchase option is beneficial to the District.
 - e) An item is offered for sale by tender, auction or negotiation and purchasing the item is clearly in the best interest of the District.
 - f) There are a limited number of suppliers who offer the required good or service.
 - g) Where the goods and/or services are supplied or made available by another Municipality.

Prohibitions/Restrictions:

In order to ensure compliance with the Policy, the following activities are prohibited:

- 10.1. Splitting a single purchase into multiple increments to avoid the requirements of this Policy or exceed an individual's signing authority. Splitting of purchases is a serious breach of this Policy.
- 10.2. Purchases of goods or services from any Council member, appointed officers, employees of the District, or from any other source that would result in a conflict of interest unless authorized by resolution of Council and in accordance with section 107 of the *Community Charter*.
- 10.3. The purchase of any goods, materials, or equipment surplus to the District's needs.

Petty Cash Funds:

- 11.1. All petty cash funds will operate on an imprest basis, i.e. reimbursement will be made for authorized disbursements to restore the total fund to its original amount. All requests to

establish petty cash funds, or to change the imprest amount, shall be made by the Department Head to the Finance Officer.

- 11.2. All petty cash disbursements must be supported by a fully completed Petty Cash Voucher with an attached receipt. Petty cash funds may not be used for personal loans, IOUs, payment of wages (including contracted services) or payment of business travel expenses.
- 11.3. Petty cash funds must be kept segregated from other funds in a cash box acquired for this purpose and stored in a secure location. Petty cash funds are subject to audit by Finance staff and the District's external auditors.

Purchasing Cards (Credit Cards and Fuel Cards):

- 11.1 A Purchasing Card is the preferred method of payment for purchases of a value less than \$2500.00 per transaction:
 - a) where the District does not have an account with the supplier, or
 - b) where the purchase is less than the supplier's minimum amount for sales on account.
- 11.2 Each Department Director shall submit requests for Purchase Cards to the Finance Officer.
- 11.3 Credit limits and designated areas of acceptable use for each card will be related to departmental needs and determined individually after consultation with the CAO, Department Director and the Finance Officer.
- 11.4 The holder of a Purchasing Card is responsible for documenting all charges on the card and submission of receipts as directed by the Finance Officer. In the event of loss or destruction of a Purchasing Card, the cardholder must notify the Finance Officer immediately. The Finance Officer must sign off on the monthly statement reconciliation, prior to payment. Failure to provide receipts will result in suspension or termination of Purchasing Card privileges, as determined by the Finance Officer.
- 11.5 A Purchasing Card must not be used by anyone other than the person whose name appears on the card, unless authorized by the card holder and the Department Director.
- 11.6 Cash advances are not permitted on a Purchasing Card.
- 11.7 A Purchasing Card must not be used for personal expenses or for any purpose other than the authorized purchase of goods or services for the District and any such personal or unauthorized use is strictly prohibited in accordance with section 9.1-9.3.
- 11.8 Upon termination of employment a Purchasing Card must be returned to the Finance Officer.

Execution of Contract:

- 12.1 All contracts must be duly executed by the other party before being executed by the appropriate District of Sooke signing authority, once that person(s) has been satisfied that the contract complies with District bylaws, policies and procedures. All documents to be signed must be forwarded to the Corporate Officer for processing and safekeeping.
- 12.2 Documents to be executed by the Mayor and CAO include:
 - a) Any agreements related to the acquisition or disposition of municipal lands; and

- b) Any agreement between the District of Sooke and the Federal Government, Provincial Government, other municipality, First Nations or School District including a Memorandum of Understanding or Memorandum of Agreement.

12.3 Documents to be executed by the CAO and the Corporate Officer include all contracts and agreement as otherwise stated in this policy

Disposal of Surplus Assets:

- 13.1 All assets will be disposed of in accordance with applicable Provincial legislation at the time of disposal.
- 13.2 Surplus assets with an estimated value of \$250 or more shall be disposed of using the following priority:
 - a) As a trade-in for a new piece of equipment.
 - b) Offering it to other civic departments.
 - c) Advertising it for sale on the District's website.
 - d) Donating it, without competition, to any non-profit organization, subject to the approval of the CAO.
 - e) Disposal through the Provincial Government disposal centre.
 - f) Destruction of the item for safety purposes to ensure the item will not be used and potentially causing a liability to the District.
- 13.3 The CAO shall have the authority to vary the priority order of section 13.2.
- 13.4 Surplus assets with an estimated value of less than \$250 shall be disposed of in the most cost-effective manner as determined by the Finance Officer.
- 13.5 Surplus equipment with a market value less than the costs of disposition may be disposed of by the least cost method available, considering any environmental implications of the disposal.
- 13.6 The Finance Officer shall be provided with a written description of all assets transferred between departments or disposed of in accordance with legislation.

Disposal of Computers or Other Electronic Devices:

- 14.1 All computer systems, electronic devices and electronic media must be properly cleaned of sensitive data and software before being disposed of. The cost of cleaning the equipment must be considered as a component of the cost of disposal when determining the least cost method of disposal available.
- 14.2 All sensitive information, data and software removed under section 13.5 must be retained or disposed of by the District of Sooke in accordance with applicable legislation.

Disposal of Property in Police Possession:

- 15.1 In compliance with section 67 of the *Community Charter*, property that has come into custody and possession of the police force or police department on behalf of the District may be disposed of and the proceeds from that disposal retained by the District when:

- a) The owner of the property has not been identified after reasonable effort; and
- b) A court order has not been made in respect of the property.

Mediation of Disagreement:

- 16.1 A mediation process allows those who feel the results of the purchasing process was flawed to discuss the matter and seek redress.
- 16.2 An aggrieved proponent must advise the CAO in writing within five business days of the event causing the issue, stating the nature and basis of their appeal.
- 16.3 The CAO, within five business days of receiving the written notice, shall convene a meeting of the proponent and the appropriate municipal staff to attempt to mediate the proponent's concerns. Within five business days of this meeting, the CAO will advise the proponent in writing of the administrative decision on their appeal.
- 16.4 If the proponent's concerns are not satisfied then, within a further five business days, the proponent may request that the Municipal Council hear their appeal.
- 16.5 Council must hear the issue at the next regularly scheduled Council meeting. Both municipal staff and the proponent may make presentations on the matter. The Corporate Officer shall provide the proponent with Council's decision, in writing, within five business days of its presentation to Council.
- 16.6 The decision of Council shall be considered final.

Prohibitions:

- 17.1 The following activities are prohibited:
 - a) The splitting of purchases or contracts to bypass the approval and purchasing limits in this policy.
 - b) Purchases by the District from any member of Council, an employee or member of their immediate families or from any other source that would result in a conflict of interest.
 - c) Purchases by the District of any goods or services for personal use by or on behalf of any member of Council, employee or member of their immediate families.
 - d) Acceptance of personal gifts or gratuities from any current or potential suppliers of goods or services.
- 17.2 New capital expenditures must not be made prior to adoption of the current year's Financial Plan unless given early approval by Council.

Unauthorized Purchases:

- 18.1 Unauthorized purchases are the personal financial responsibility of the individual making the commitment and the District reserves the right to recover all costs from the employee and consider appropriate disciplinary action.

References:

Policy Number:	CO-008
Policy Owner:	Director of Finance
Endorsed by:	Leadership Team
Final Approval:	Council
Date Approved:	December 14, 2020
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Revision Date:	
Related Policies:	CO-005 Travel & Expense Policy
Related Publications:	Canadian Free Trade Agreement

Contact Information:

Position: Director of Finance