



# Corporate Policy

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## Purchasing Policy

**Approved by:** County Council

**Date Approved:**

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**Section:**

**Sub Section:**

### References and Related Documents

Purchasing Procedures A-FIN-001-001

Municipal Act 2001

Municipal Conflict of Interest Act

Agreement on the Opening of Public Procurement

Discriminatory Business Practices Act

Municipal Freedom of Information and Protection of Privacy Act

### Policy Statement

The goals of this policy are:

- I. To promote and maintain the integrity of the purchasing process;
- II. To obtain the best value by ensuring quality, efficiency and effectiveness.

### Scope

This policy applies to all purchasing entities of the Corporation of the County of Grey.

### Purpose

This policy will outline the guiding principles of public procurement and the approach that Grey County and its operating departments will take when procuring goods and

services. The detailed purchasing procedure shall be consulted prior to proceeding with any procurement.

The County shall:

- ⊗ Encourage competition amongst suppliers by using an open, transparent and fair process;
- ⊗ Assist and provide direction to Staff, Vendors and Council relating to the procurement process;
- ⊗ Where practicable, provide accessibility for persons with disabilities when purchasing goods, services and construction on behalf of the County;
- ⊗ Be environmentally conscious through the purchase of goods and services;
- ⊗ Strive to ensure ethical purchasing practices are used by all staff of Grey County.

### **Purchasing Procedures**

- I. The Purchasing and Materials Manager shall have the authority to develop procedures to implement this policy in association with Department Heads and the C.A.O.
- II. The purchasing procedures will be approved by the C.A.O. and Department Heads and are to be used as instruction for staff when purchasing goods or services in compliance with this policy.
- III. The Purchasing and Materials Manager will administer this policy.
- IV. Any question involving the meaning or application of this policy is to be submitted to the Purchasing and Materials Manager who will resolve the question.
- V. No contract or purchase shall be divided to avoid any requirements of this policy.
- VI. User Divisions shall initiate purchases only for unique User Division requirements to ensure that purchases are not duplicated in other divisions, and to take advantage of corporate purchasing power. When a Department Head has decided that corporate purchasing power is a factor and the goods or services involve more than one division, the Purchasing branch shall issue the bid document on behalf of all relevant divisions.

### **Procurement Methods**

- I. All purchase of goods and services, save and except those outlined in the Irregularities portion of the procurement procedure, shall be undertaken utilizing one of the following methods of procurement, using standardized documents.

- II. The responsibility for issuance of any of the documents referenced below shall remain subject to the provisions of (VI.) above.
- III. Where long term, valued relationships exist with material, equipment or support services providers, they should be examined periodically to ensure that the County is getting the best value when purchasing.

## **1.00 Informal Processes**

Informal processes are to be completed by the user department and shall include direct purchase or Informal Quotations. It will also include the Request for Quote process where Purchasing will assist in the document creation with the user department.

### **1.01 Direct Purchasing**

Direct purchase, as described below, may be used when:

- the dollar value of the item is equal to or less than **\$5,000**
- the item is not covered under a Blanket Order Contract
- the item is not available from County stock.

### **1.02 Request for Quotation (RFQ)**

RFQ procedures will be used when:

- the cost of the item is **\$5,000** or greater, but not more than \$25,000.
- the ability exists to detail what is being purchased.
- Document title will be consecutively numbered based on purchasing division's numbering and naming convention. User division shall request such number.
- Best Value for the County can be achieved by an Award selection made on the basis of the lowest compliant bid that meets specifications.

## **2.00 Formal Processes**

Formal processes will be issued by Purchasing and shall include Request for Tender or Request for Proposal.

### **2.01 Request for Tender (RFT)**

RFT procedures shall be used when:

- a) the cost of the item is greater than \$25,000,
- b) the ability exists to detail what is being purchased,
- c) Best Value for the County can be achieved by an Award selection made on the basis of the lowest compliant bid that meets minimum specifications.

### **2.02 Request for Proposal (RFP)**

RFP procedures shall be used when:

- a) the requirement is best described in a general performance specification;

- b) innovative solutions are sought; and,
- c) to achieve Best Value, the Award selection will be made based on a fully disclosed evaluation method involving a combination of mandatory and desirable requirements.

### **3.00 Other Processes**

#### **3.01 Blanket Order Contracts**

Blanket Order Contracts occur as a result of a previous competitive bid, which establishes the successful bidder as the preferred source for a product, over a specified term.

#### **3.02 Rotational Rosters**

A Rotational Roster is the result of a competitive bidding process, which prequalifies vendors to be placed on a list where they will be provided an equal opportunity to perform work for the County as it becomes available.

#### **3.03 In House Bidding**

Grey County will not consider In House Bids for goods and services that compete with private sector during any procurement process.

#### **3.04 Unsolicited Proposals**

Unsolicited bids received by the Corporation shall be reviewed by the respective Department Head and Purchasing. Unsolicited proposals must be in writing detailing information on a product or service that may provide the County with significant value or savings.

#### **3.05 Cooperative Purchasing**

Grey County supports membership in the Bruce-Grey Cooperative Purchasing Group and also supports any other cooperative initiatives that the Purchasing and Materials Manager deems beneficial to the County. The Purchasing and Materials Manager has the authority to participate with other units of government (such as vendors of record or legislated cooperatives) in their initiatives for cooperative purchasing and bulk buying of goods if the annual expenditure is expected to be less than \$25,000. If the annual expenditure is anticipated to be greater than \$25,000, Council notification will be required, prior to purchase. The policies of the public authorities calling the cooperative Bid solicitation are to be the accepted Procedure for that particular purchase unless additional terms specific to the County are negotiated with the successful bidder.

#### **3.06 Sole and Single Sourcing**

Sole Sourcing is a method of procurement whereby a purchase order is issued or contract awarded without a competitive bidding process due to the fact that the supplier is the only source of supply for the required goods or services.

Single Sourcing is a method of procurement whereby there is more than one vendor able to supply and a purchase order is issued or contract awarded without a competitive bidding process.

The use of Sole and Single Sourcing with a particular vendor exceeding \$25,000 must be reported to Council. Any single or sole sourcing with an amount between \$2500 and \$24,999 must be reported to Purchasing and Materials Manager by applicable Director. In order for a division to sole or single source for goods or services exceeding \$25,000, an operating strategy must be presented with Purchasing input and approved by the applicable Standing Committee, outlining the rationale. Input must be sought from the Purchasing and Materials Manager to ensure the purchasing principles in this Procedure are taken into consideration and risk to the County is minimized.

### **3.07 Negotiation**

Negotiation may only be used under the following circumstances:

- a) those outlined above within **single and sole sourcing**
- b) as a result of an RFP process, if required
- c) *With respect to RFT's, and RFQ's, the County may enter into negotiations with the lowest compliant bidder if the price bid is over the budgeted amount for the project. Should the owner be unable to reach an agreement with the lowest compliant bidder, the Owner reserves the right to enter into negotiations with the next lowest compliant bidder, to cancel the bid opportunity or to present a report to Council whichever is deemed to be in the best interest of the County.*

It is the responsibility of Purchasing to ensure that all competitive bidding options have been considered prior to the negotiation method being utilized.

### **3.08 Procurement in Emergencies**

Notwithstanding the provisions of this by-law, an emergency purchase shall be made when an event occurs that is determined by the Warden, the C.A.O. and/or Department Head to be a threat. Where in the above opinion an emergency has occurred, non competitive procurement or negotiation methods may be utilized.

### **3.09 Non-Competitive Purchases**

Under the direction and control of Purchasing, the requirement for competitive bid solicitation for goods and services may be waived under the authority of this Procedure and replaced with negotiations.

### **3.010 Request for Expression of Interest**

Requests for Expression of Interest may be issued to prequalify vendors for various projects or purchases or to obtain information on the availability and interest of suppliers

of any goods or services. Requests for Expression of Interest may or may not result in the development of a list of available suppliers.

**3.011 Request for Pre-Qualification (RFPQ)**

RFPQ may be issued to prequalify vendors for various projects or purchases. The purpose of a RFPQ is to determine whether the qualifications of a bidder, as required by the County, are at a level that will allow participation in a subsequent bidding opportunity that takes place as a direct result of the Request for Pre-Qualification.

**3.012 Request for Information (RFI)**

An RFI may be issued by Managers/Purchasing to provide staff with specifications for future use.

An RFI may be issued in advance of a formal bid process to assist in the development of a more definitive set of terms and conditions, scope of work/service and the selection of qualified Vendors.

RFI may or may not lead to a formal bid process.

#### **4.00 Goods and Services Exempt From Procurement Policy**

The purchasing methods described in this Procedure do not apply to the following Goods and Services:

- a) Training and Education
- b) Registration, accommodation and tuition fees for conferences, conventions, courses and seminars
- c) Magazines, books and periodicals
- d) Memberships
- e) Staff development or staff workshops
- f) Refundable Employee/Councillor Expenses
- g) Advances
- h) Meal allowances
- i) Travel (fuel accommodation etc.)
- j) Ongoing maintenance for existing computer hardware and software.
- k) Employer's General Expenses
- l) Payroll Deduction Remittances
- m) Medical or Dental
- n) Licenses
- o) Debenture Payments
- p) Grants to Agencies

Attachment to FR-CS-11-14 Purchasing Policy

- q) Damage Claims
- r) Tax Remittances
- s) Insurance Premiums



- t) Professional and Special Services up to \$100,000 including:
- Committee fees, witness fees
  - Realty services regarding lease, acquisition, demolition, sale, disposal or appraisal of land.
  - Advertising services required in radio, television, newspaper or magazines
  - Bailiff or collection agencies
  - Freight charges
  - Utilities
- u) Interpreter Fees and Transcription Fees for POA
- v) Performance / Artist's Fees
- w) Employee Group Benefits
- x) All legal services and fees
- y) Professional and special services exceeding \$100,000 must follow the approval process outlined on Schedule A

## 5.00 Reporting to Council

Despite any other provisions of this Procedure, the following procurements, over \$25,000, excluding taxes, are subject to prior Council approval:

5.01 Any contract requiring approval from the Ontario Municipal Board;

5.02 Each Department will provide a quarterly update for contracts between \$25,000 and \$250,000, and contracts resulting in revenue exceeding \$25,000, to its respective Standing Committee in cooperation with Purchasing, which will highlight all budgetary changes if applicable;

- 5.03 Any contract between \$100,000 and \$250,000 where the total annual acquisition cost is greater than the Council approved budget by 10% or more;
- 5.04 Any project over \$250,000 that has change orders exceeding the awarded amount by 20% or more;
- 5.05 Any acquisition of goods or services that is not already approved in the current year's budget, such as items requiring pre-budget approval or post-budget amendments, must be reported to Council in order to have the expenditure authorized via resolution;
- 5.06 Where the net revenue amount proposed for acceptance is lower than the Council approved budget;
- 5.07 Any contract where the award is not being recommended to the lowest bidder, with the exception of Request For Proposals evaluated using a Price Per Point Methodology;
- 5.08 Where authority to award has not been expressly delegated;
- 5.09 A negotiated result in accordance with section 4.03 (g) of this Procedure as long as the negotiated result does not exceed the Council approved budget;
- 5.010 Any contract anticipated to be financed by debentures.  
Reports will be prepared by the User Division and Purchasing prior to being placed on future Committee Agendas.

### 6.00 Authority to Award

This section outlines whether Delegated Authority or Council authority is required to Award a Contract.

All taxes shall be excluded in determining the price of a Contract for the supply of goods or services for the purpose of the relationship of the price to the preauthorized expenditure limit.

When awarding multi-year contracts, with a net expenditure under \$250,000 per annum, Council approval will not be required.

Authority to Award	Dollar Value	Minimum Method of Procurement
Any employee authorized by Director	\$2,500 \$5,000 or less	Direct Purchase
Manager/Supervisor as authorized by Director	<del>\$2,500 — \$10,000</del>	<del>Informal Quote</del>
Manager/Supervisor as authorized by Director	\$2,500 \$5,000 - \$25,000	Request For Quotation / Proposal
Director	\$25,000-\$250,000	Request for Tender / Proposal
Council	Greater than \$250,000	Request for Tender / Proposal/ Blanket Contracts or renewals of Blanket Contracts
Council	Irregular Result*	
Council	\$25,000 or greater	Negotiation
Council		Original Rotational Rosters

\*Irregular Result includes bids that contain a discrepancy in the opinion of Purchasing or the User Department.

**NOTE: Any contract under \$100,000 where the total annual acquisition cost is**

greater than the Council approved budget by \$10,000 or more, the Director of Finance and Chief Administrative Officer must approve; Any contract between \$100,000 and \$250,000 where the total annual acquisition cost is greater than the Council approved budget by 20% or more Council must approve.

## 7.00 Authority for Payment

Authority limits for payment are as follows:

<b>POSITION</b>	<b>DETAIL</b>	<b>LIMIT</b>
Warden	All expenditures	Unlimited
Chief Administrative Officer	All expenditures	Unlimited
Director	All expenditures	Unlimited
Senior Manager/ Administrator	General Purposes – day-to-day departmental requirements	Under \$25,000
Senior Manager/ Administrator	Payments for approved Contracts/Service Agreements	Under \$50,000

Authority for payments in this schedule relate to payments of amount contained in approved budgets or by resolution only.

During scheduled absences, Directors are able to delegate signing authority to selected individual(s) with a written notice to the Director of Finance.

Regulatory payments (payroll deductions etc.) are excluded from this schedule.

The numbers in this table are maximums. Directors have the right to lower these numbers at their discretion.

## 8.00 Irregularities Contained in Bids

The following list of irregularities should not be considered all inclusive. The Purchasing Manager and, as may be warranted, in consultation with any or a selection of the following, respective departmental staff, C.A.O and/or the Corporation's Solicitor, shall review irregularities not specifically listed and, acting in the best interests of the Corporation, have authority to waive such irregularities, permit correction to the irregularity or reject the submission.

Number	Irregularity	Response
1.	Late Submissions.	Rejection, not opened or read publicly. Submission to be returned to submitter.
2.	Insufficient Financial Security (No bid bond/deposit or agreement to bond or insufficient bid bond/deposit).	Automatic Rejection for no bid deposit. Automatic Rejection for no agreement to bond. 48 hours to correct shortfall in bid deposit if less than required by no more than 10%.
3.	Conditional Bids (Bids qualified or restricted by an attached statement).	Automatic rejection unless, in the opinion of Department and Purchasing, the qualification or restriction is insignificant.
4.	Illegible or obscure Bids, non-initialed erasures, non-initialed alterations.	Automatic rejection.
5.	Documents, in which all necessary Addenda which have significant financial or scope implications in the opinion of the Purchasing Manager and user group, have not been acknowledged.	Automatic rejection.
6.	Documents in which all necessary Addenda which do not have significant financial or scope implications in the opinion of the	48 hours to submit.

Attachment to FR-CS-11-14 Purchasing Policy

	Purchasing Manager and user group, and have not been acknowledged.	
7.	Bids received by bidders who did not attend mandatory site visit(s).	Automatic rejection.
8.	Bids received on documents other than those provided by Grey County, when specified to do so.	Automatic rejection.
9.	Failure to insert the bidder's business name in the space(s) provided Mandatory Submission Pages.	48 hours to submit.
10,	Failure to include signature of the person authorized to bind the bidder in the space provided on the Tender / Proposal Form.	48 hours to submit.
11.	More than one submission from the same submitter and not identified as an alternative or optional submission and no written withdrawal notice has been received.	The submission package bearing the most recent date/time stamp will be considered the intended submission and the previously date/time stamped submissions will be considered withdrawn and will be returned to sender, unopened.
12.	Bids Containing Mathematical Errors	If the amount tendered for a unit price item does not agree with the extension of the estimated quantity and the tendered unit price, or if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly. If both the unit price and the total price are

		<p>left blank, the Bid will be rejected as incomplete.</p> <p>If the unit price is left blank but a total price is shown for the item, the unit price shall be corrected according to the total provided.</p> <p>If the Tender contains an error in addition and/or subtraction in the approved tender documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected total Contract price shall govern.</p> <p>Tenders containing prices which appear to be so unbalanced as to likely affect the interests of the County adversely will be clarified and may be rejected.</p>
13.	Other minor irregularities	<p>Purchasing, in conjunction with the Director of Finance shall have authority to waive irregularities, which they jointly consider to be minor.</p>
14.	Any irregularity	<p>Despite all provisions herein contained, Purchasing in conjunction with the members of the Senior Management Team may waive any irregularity where it considers it to be in the best interest of the County.</p>



## 9.00 Procurement Legislation and Guidelines

The Municipal Act, 2001, Part VI, Section 270, as amended states that before January 1, 2005, a municipality shall adopt and maintain a policy with respect to procurement of goods and services. Although procurement is governed by Contract Law, there are various Trade Agreements and Guidelines to be considered.

### 9.01 Contract Law in Canada

A contract is any legally enforceable agreement. Any agreement to purchase is a contract if it involves the following elements:

- a) A legal offer that is clearly defined – offers must be unambiguous, not vague
- b) Acceptance of said offer – acceptance terms must match offer terms  
Legal consideration – both parties have given something of value
- c) Legal purposes – contract must be of/for legal goods and/or services
- d) Legal intention – each participant must have intended to be part of the contract
- e) Competence – or legal capacity to enter into a contract

*Verbal Contracts – although legal and binding, are always vague and lack important terms and conditions, any deals should be in writing wherever possible.*

### 9.02 Trade Agreements

The **Agreement on the Opening of Public Procurement** for Ontario and Quebec and the Agreement on Internal Trade are interprovincial trade agreements, which under their terms, apply when “MASH entities” (municipalities, municipal organizations, school boards and publicly-funded academic, health and social services entities) engage in:

- a) Goods and services procured with an estimated value of \$100,000 or more
- b) Construction procurement with an estimated value of \$100,000 or more (under the Agreement on the Opening of Public Procurement for Ontario and Quebec)
- c) Construction procurement with an estimated value of \$250,000 or more (under the MASH Annex to the Agreement on Internal Trade).
- d) “MASH entities” is a defined term in the agreements and include municipalities and municipal organizations. Under the agreements, for procurements at or above the above noted threshold levels, MASH entities are not to discriminate in their procurement practices against suppliers based on suppliers’ geographic location. For procurement below these thresholds, the agreements require MASH entities to respect the spirit and intent of the agreements.

Both of these agreements are designed to:

- a) Promote inter-provincial trade
- b) Eliminate barriers to trade
- c) Ensure that vendors are treated fairly when competing for procurement opportunities regardless of their geographic location

These agreements affect the County's advertising practices for all goods and services including the advertisement of all construction projects over \$100,000.

### **9.03 The Discriminatory Business Practices Act**

Ontario on the grounds of race, creed, colour, nationality, ancestry, place of origin, sex or geographical location of persons engaging in business. R.S.O. 1990,c.D.12, s.2

### **8.04 Conflict of Interest Act**

It is a criminal offence when an elected politician, public official or government employee acts contrary to his or her duty to the public to obtain a personal benefit per Section 122 of the Criminal Code.

### **9.05 Supply Chain Guideline**

This has been prepared to support and improve the Broader Public Sector supply chain activities and incorporates two principles: a *Supply Chain Code of Ethics* and a *Procurement Policies and Procedures* standard. This guideline was established by the BPS Supply Chain Secretariat, Ministry of Finance, known informally as "OntarioBuys"

## **10.0 Accessibility and Procurement**

**Grey County is a major purchaser of goods and services. It is important that procurement processes are inclusive so that all vendors can participate, and all contracted parties are aware of the need to provide accessible goods and services.**

### **10.01 Our vision**

**Availability of accessibility options is a high priority in the procurement process. The vendor community is aware of and understands the need to demonstrate leadership in removing barriers for persons with disabilities.**

## 10.02 Our Commitment

The County of Grey is committed to integrating accessibility into procurement policies, procedures and practices by:

- a) Conducting regular reviews and updates of procurement-related directives, policies, procedures and standards
- b) Embedding accessibility requirements into the procurement process.
- c) Conducting reviews to ensure compliance and continuous improvement in procurement practices.
- d) Reviewing feedback on the procurement process and taking appropriate action as needed.

Everyone has the right to access public information. If a person cannot access a public document because of a disability, they are being denied their right to access.