



TOWN OF THREE HILLS

POLICY # 480

PURCHASE AND PROCUREMENT POLICY

Approved by Council On: February 10, 2020

Resolution No: 054-2020

1. PURPOSE

- 1.1. The purpose of this policy is to govern the acquisition of all goods, services, and construction works (including contract, purchase or lease), that utilizes Town funds from all sources including both operation and capital expenditures to ensure:
 - i. Increased efficiency, economy and flexibility in the Town's procurement activities;
 - ii. Effective broad-based competition is fostered from all segments of the supplier community;
 - iii. Public access to the Town's contracting information;
 - iv. Integrity of the procurement system to safeguard and protect against corruption, waste, fraud and abuse; and
 - v. Compliance with specific provisions of relevant legislation or trade agreements including NWPTA, MGA, and FOIP-Alberta.

2. AUTHORITY

- 2.1. The authority for this policy is by resolution of the Council of the Town of Three Hills.
- 2.2. The CAO is accountable and responsible for the development, evaluation, and implementation of this policy.
- 2.3. The CAO is authorized to exercise appropriate managerial judgment to take such actions as may be necessary to achieve the purpose of this policy.

3. DEFINITIONS

- 3.1. Whenever the singular masculine gender is used in this policy, the same shall include the feminine and neutral gender whenever the context requires.
- 3.2. In this policy, unless the context otherwise requires:
 - 3.2.1. "CAO" shall mean Chief Administrative Officer for the Town of Three Hills or his designate.

- 3.2.2. “Capital Expenditures” shall mean purchases required to acquire, construct, remove or improve capital property. of assets such as land, buildings, and equipment that have a life expectancy of more than one year.
- 3.2.3. “Contract” shall mean an agreement between two or more parties, written or verbal, comprising of an offer, acceptance and consideration.
- 3.2.4. “Council” shall mean the body of elected representatives who govern the Town.
- 3.2.5. “Emergency Purchases” shall refer to situations where a lack of immediate action jeopardizes operations, disrupts public services or involves the safety of employees and/or the public.
- 3.2.6. “FOIP” shall refer to the *Freedom of Information and Protection of Privacy Act*, RSA 2000, c. F-25, as amended from time to time.
- 3.2.7. “Goods and Services” shall mean supplies, materials and equipment of every kind required to carry out the operations of the Town. Services include contractors, consultants, and other non-material requirements.
- 3.2.8. “MGA” shall refer to the *Municipal Government Act*, RSA 2000 c. M-26 as amended from time to time.
- 3.2.9. “NWPTA” shall refer to the New West Partnership Trade Agreement, an interprovincial agreement between Alberta, BC, Saskatchewan and Manitoba that ensures fair and open tendering and procurement by way of tendering requirements outlined for prescribed financial thresholds.
- 3.2.10. “Operating expenditures” shall mean purchases that are necessary to supply materials and services for the ongoing maintenance of Municipal properties and daily conduct of municipal business. These expenditures include wages and salaries, heat and light, repairs, and expenditures for any other material or services that are consumed in the ordinary course of municipal business.
- 3.2.11. “Procurement” shall refer to the acquisition of goods, services or construction from an external source.
- 3.2.12. “Proponent” shall refer to a potential supplier of goods and/or services that submits a proposal to the Town in response to a competitive solicitation.
- 3.2.13. “Purchase Orders (PO)” shall refer to a buyer generated document and first official offer issued by a buyer (Town of Three Hills) to a seller, indicating types, quantities and agreed prices for products or services. It is used to control the purchasing of products and services from external suppliers.
- 3.2.14. “Credit Card” shall mean a credit card provided by a recognized financial institution imprinted with the cardholder’s name, Town of Three Hills, credit card number and validity period.
- 3.2.15. “Request for Pre-Qualification (RFPQ)” shall refer to a request used to

establish the commercial and technical abilities of a supplier and to ensure that the supplier will be capable of providing the required goods and/or services.

- 3.2.16. “Request for Proposal (RFP)” shall refer to an invitation for a supplier to propose a solution to a problem, requirement or objective. It defines the scope of the project, deliverables or supplies and the criteria that will be used to identify the successful proposal.
- 3.2.17. “Request for Quotation (RFQ)” shall refer to a request for bids for prices on specific goods and/or services from a supplier submitted in writing.
- 3.2.18. “Request for Tender (RFT)” shall refer to a formal public invitation to suppliers to bid on the provision of a service at a specific price, based on detailed specifications.
- 3.2.19. “RFx” shall be used as a catch-all term for procurement methods and processes that captures all references to RFPQ’s, RFQ’s, RFP’s and RFT’s.
- 3.2.20. “Sole Source” shall mean that there is a single vendor of a required product or service that the Town requires and where terms and conditions of purchase are negotiated.
- 3.2.21. “Town” shall mean the Town of Three Hills.
- 3.2.22. “Vendor” also referred to as “Supplier” “Contractor” “Subcontractor” or “Seller” shall mean any person or company that supplies goods or services to the Town.

4. POLICY

4.1. Guidelines

- 4.1.1. All purchases for the Town of Three Hills for materials, goods and services shall be made in accordance with established procedures. No deviations shall be made from this policy without the approval of Town Council. Goods and services obtained without following the provisions of this policy will not be accepted, and any invoices received may not be processed for payment. Goods and/or services NOT subject to this Policy are listed in Schedule “A”. The final determination of whether goods and/or services qualify for exemption under Schedule “A” shall be determined by the CAO.
- 4.1.2. The Town undertakes to provide a consistent method of choosing suppliers and products that will ensure its operations are cost effective and at the same time supportive of local business.
- 4.1.3. As per the MGA, the Town may only make an expenditure that is:
 - i. Included in an operating budget, interim operating budget or capital budget, or otherwise authorized by Council;

- ii. For an emergency; and/or
- iii. Legally required to be paid.

4.2. Responsibilities

4.2.1. Standards of Conduct

All staff delegated with approval authority shall conduct themselves in a manner that a reasonable and informed third party would conclude as being appropriate.

- i. Avoidance of Conflicts of Interest
 - a. Staff should exercise professional judgement and discretion in order to avoid and apparent or actual conflict of interest when performing their duties. Should a conflict of interest arise, the staff member is required to disclose their interests to their employer and/or other impacted parties as soon as possible. Staff members should consider removing themselves from any decisions in which they have a conflict of interest until express direction from the appropriate authority is obtained.
- ii. Protection of Confidential or Sensitive Information
 - a. Where a staff member has been privy to confidential or sensitive information, it is their responsibility to ensure that it remains so. Such information must not be used for any personal gain or advantage. Information given in the course of a staff member's professional activity should be forthright and not intended to mislead or deceive others.
- iii. Business Relationships
 - a. Staff should maintain relationships with suppliers and third parties in a manner that contributes to and promotes fair competition in the market and protects the interests and reputation of the Town of Three Hills. Staff should not use their position to garner personal favours or advantages.
- iv. Gifts, Gratuities, and Hospitality Inducements
 - a. Staff must ensure that the objectivity of their decisions is not compromised or unduly influenced by the acceptance of gifts, gratuities, or hospitalities of any kind. Staff should be discerning in their business and social relationships and activities consistent with current Town of Three Hills Code of Conduct and through them, seek to enhance the integrity of the Town of Three Hills.
- v. Environmental and Social Responsibilities
 - a. Staff shall exercise their responsibilities in a manner that

promotes and provides opportunities for the protection and preservation of the natural environment. Staff shall favour the use and distribution of resources in an efficient, effective, and ethical manner. Staff will be cognizant of the social rights extended to all people, including the conventions with respect to labour standards, and will encourage and support supplier diversity. These attributes of sustainability should guide members in their decisions, and in implementing the policies and values of the Town.

4.2.2. Professional Principles

Staff will perform their roles and duties based on the following principles of professional practice:

- i. Professional Competency
 - a. Maintain professional competency by staying informed of, and complying with, the best supply chain management practices.
- ii. Professionalism
 - a. To provide professional advice to the Town of Three Hills or any other impacted party to the best of their knowledge, recognizing that any final decision is the prerogative of the senior authority within the Town; to act with courtesy and due consideration in dealings with other professional members and in all business relationships.
- iii. Honesty and Integrity
 - a. Maintain an unimpeachable standard of integrity and honesty in all business relationships both inside and outside of the Town.
- iv. Responsible Management
 - a. Optimize without prejudice, the use of resources for which they are responsible so as to provide the maximum value as defined by the Town.
- v. Serving the Public Good
 - a. Use their position to advance the interests and well-being of society; to denounce all forms of business practice which may compromise value or bring discredit to the Town.
- vi. Compliance with Legal Obligations
 - a. To be aware of and comply with a) all laws, regulations, bylaws and standards that are relevant to supply chain management practices; b) the Town's policies and bylaws; and c) contractual obligations that apply to the staff member or employer. Staff

must not engage in or condone any activity or attempt to circumvent the clear intention of the law.

- vii. Failure to Comply
 - a. Failure to adhere to the requirements outlined in this or any other Policy may lead to disciplinary action up to and including termination of employment.

4.3. Levels of Approval Authority

Dollar value (excluding taxes, duty or shipping)	Approval Authority Within Current Budget Year
Greater than \$40,000.00	Council
\$40,000.00	CAO
\$20,000.00	Directors
\$5,000.00	Coordinators; Managers; Fire Chief; Executive Assistant
\$500.00	Arena Contractor; Campground Contractor

- 4.3.1. Levels of approval authority are on a per transaction basis.
- 4.3.2. All applicable taxes and duties 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.
- 4.3.3. In the case of multi-year supply and/or service contracts, the preauthorized expenditure limit shall refer to the estimated annual expenditure under the contract.
- 4.3.4. In case of an emergency, Council grants unrestricted procurement and expenditure authority related to the emergency to the CAO. Emergency purchases may be made when one of the following applies:
 - i. Where there is risk of safety or health of the Town staff or property or to the general public;
 - ii. Where the operation of the Town or portion of it is in jeopardy;
 - iii. where there is an unforeseeable situation of urgency and the goods and/or services cannot be obtained in time by means of an open procurement process.

- 4.3.5. The CAO may approve expenditures exceeding the authorized level, such as contract payments or capital payments, providing:
 - i. The expense was allocated in the Annual Budget and approved by Council;
 - ii. A Motion was previously passed by Town Council approving purchase.
- 4.3.6. Capital Purchases that have been approved as part of the approved Capital Budgets do not require additional approval by Council.

4.4. Procurement Methods

4.4.1. Low Dollar Value Procurements (UP TO \$5,000.00)

- i. A low dollar procurement shall utilize applicable Town contract and shall otherwise be in accordance with this Policy.
- ii. A Town Credit Card may be used for low dollar value procurements provided the user complies with the section on Credit Cards within this Policy.
- iii. All information on low dollar value procurements must be documented and maintained on file as outlined in the Town's record retention bylaw, as amended from time to time.
- iv. Low dollar procurements do not require RFX's. Obtaining competitive quotes is considered a good business practice and is recommended, however, single or sole sourcing is permitted.

4.4.2. Semi-Formal Quotation (\$5,000.00 to \$75,000.00)

- i. A semi-formal quotation process shall be used wherein a minimum three written quotations are requested.
- ii. Semi-formal quotation procurement shall utilize applicable Town contracts and shall otherwise be in accordance with this Policy.
- iii. A Town Credit Card may be used for semi-formal quotation procurements provided the user complies with the section on Credit Cards within this Policy.
- iv. All information on semi-formal quotation procurements must be documented and maintained on file as outlined in the current records retention Bylaw.
- v. Semi-formal quotation procurements do not require RFX's.

4.4.3. Goods and Services (GREATER THAN \$75,000.00 AS PER NWPTA)

- i. In order to comply with requirements of the NWPTA any procurement for goods and services over \$75,000 shall be conducted by a formal process of RFP which is to be posted on relevant Purchasing websites and Town website at a minimum. All rules, regulations and guidelines

of the NWPTA shall be followed to ensure compliance.

- ii. All information on this procurement must be documented and maintained on file as outlined in the current records retention Bylaw.

4.4.4. Construction (GREATER THAN \$75,000.00 AS PER NWPTA)

- i. Any construction procurement greater than \$75,000 shall be conducted by a formal process of RFX which is to be posted on relevant Purchasing websites and Town website at a minimum.
- ii. A Town Credit Card may be used for this type of procurement provided the user complies with the section on Credit Cards within this Policy.
- iii. All information on this procurement must be documented and maintained on file as outlined in the current records retention Bylaw.

4.5. Town Credit Cards

- 4.5.1. Credit Card limits shall be at the discretion of the CAO.
- 4.5.2. The CAO shall approve who is authorized to have a Card and those authorized must sign an agreement for the use of the card as attached to this policy as Schedule “B”.
- 4.5.3. Schedule “B” outlines the purchasing using such cards and all employees using a Credit Card must comply with the procurement policy at all times. Only budgeted and approved expenditures may be made using a Credit Card. The employee will ensure that should the approval limit be exceeded that a supervisor’s approval is approved prior.
- 4.5.4. Employees who have been issued Credit Cards will be responsible for maintaining accurate documentation of all purchases and submitting all required backup to the finance department with the monthly Credit Card statement. Any missing documentation must be obtained from the company the purchase was made from and will be submitted to finance. Employees who do not maintain accurate documentation may have their Credit Cards revoked.

4.6. Purchase Orders (PO)

- 4.6.1. A written PO shall be required on all purchases of items except for those identified in Schedule “A.”
- 4.6.2. Purchases that have been approved as part of the Operating and Capital Budgets do not require additional approval by Council.
- 4.6.3. PO forms shall be completed in full prior to purchase, wherever possible, coded with the applicable internal code, and signature approved by the authorized Department Director/Manager/Coordinator. The PO number shall be given or sent to the supplier, when requested, with a copy delivered to the Town’s accounting department along with all supporting

documentation, and another copy retained by the appropriate department.

- 4.6.4. Suppliers will be encouraged to make reference on any subsequent invoices to the Town's PO.
- 4.6.5. Where a required expenditure exceeds the budget provision, the individual requesting approval must identify available funds for the required expenditure and submit a request to Council to reallocate budget funds, prior to purchasing.

4.7. Special Conditions

- 4.7.1. Before purchasing materials and supplies outside of the Town boundaries, Directors/Coordinators/Managers shall ensure that a reasonable attempt has been made to purchase materials and services from local businesses first. It is understood that these materials and services must be of a comparable quality, price, and received in a comparable time frame.
- 4.7.2. Directors/Coordinators/Managers may select tenders or quotations up to his/ her authorized approval level.
- 4.7.3. Notwithstanding the foregoing, Council may by resolution vary or waive provisions of this policy for particular projects and circumstances.

4.8. Delivery of Materials

- 4.8.1. As a general rule materials and equipment are to be shipped and delivered directly to the appropriate Town facility.

4.9. Receiving of Goods

- 4.9.1. At the time of delivery, materials and equipment shall be inspected for damage. This inspection shall be the responsibility of the department that ordered the material or equipment. If an order is of such a size that unpacking is not immediately possible, or if the equipment has to be tested first, then the receiving staff member shall mark the receiving slip "Visually Inspected Only" and have the driver sign his/her name. Any noticeable damage to packages, cartons or equipment should be noted on the delivery slip. The Town Office should be notified immediately after damaged goods have been received.

5. PRIOR POLICY

- 5.1. This policy shall supersede and replace all prior policies, oral or written, regarding purchasing and procurement practices, including the use of Town issued Credit Cards, within the Town of Three Hills.

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SCHEDULE A – Goods and Services NOT Subject to this Policy

The following items are not subject to this Policy.

- Conferences, Seminars, Courses and Conventions
- Magazines, Subscriptions, Periodicals
- Memberships
- Staff Development
- Staff Workshops
- Payroll Deductions
- Tax Remittances
- Postage
- Charges to and from other Governments
- Newspaper Advertising
- Retirement and other recognition awards
- Licenses, certificates and other required approvals
- Election materials
- Communication costs (telephone and internet)
- Insurance (property, liability, etc.)
- Utilities
- Fuel oil deliveries

SCHEDULE B – Cardholder Acknowledgement and Responsibilities Agreement

The Town of Three Hills may issue a Town Credit Card to certain employees for use in their jobs. This waiver sets out the acceptable and unacceptable uses of such Credit Cards. Use of Town Credit Cards is a privilege, which the Town may withdraw in the event of serious or repeated abuse. Any Credit Card the Town issues to an employee must be used for business purposes only, in conjunction with the employee’s job duties. Employees with such Credit Card shall not use them for any non-business, non-essential purpose, i.e. for any personal purchase for any other transaction that is not authorized or needed to carry out their duties. Employees must pay for personal purchases (i.e. transactions for the benefit of anyone or anything other than the Town) with their own funds or personal Credit Card. THE Town will not regard expenses for one’s own business-related use, such as accommodations and meals while on Town-approved business trips, as personal purchases, as long as such expenses are consistent with the Town’s Personnel Policy. In any employee uses a Town Credit Card for personal purchases in violation of this waiver, the cost of such purchase(s) will be considered an advance for future wages payable to that employee and will be recovered in full from the employee’s next pay cheques. Any balance remaining will be deducted in full from subsequent pay cheques until the wage advance is fully repaid. Such deductions may take the employee’s pay below minimum wage for the pay period(s) in question. If an employee uses a Town Credit Card for any other type of unauthorized transaction in violation of this waiver, i.e., incurs financial liability on the Town’s part that is not within the scope of the employee’s duties or the employee’s authorization to make business-related purchases, the cost of such purchase(s) or transaction will be the financial responsibility of that employee and the employee will be expected to reimburse the Town via deductions from pay until the unauthorized amount is fully repaid. Such deductions will be in the amount of the unauthorized purchase(s), but if a deduction for such amount would take the employee below minimum wage for the pay period in question, the deductions will be in equal increments that will not take the employee’s wage below minimum wage for any pay period involved. In addition to financial responsibility and liability for wage deductions, any purchases an employee makes with a Town Credit Card in violation of this waiver will result in disciplinary action up to and possibly including termination of employment, depending upon the severity and repeat nature of the offense.

Agreement for Wage Deductions Associated with Improper Use of Credit Card

I, (employees name), hereby certify that I understand and agree to abide by the Town’s waiver regarding the use of a Town of Three Hill Credit Card, a copy of which I have received, and which has been explained to me. I agree that if I make any personal purchases (i.e. transactions for the benefit of anyone or anything other than the Town) in violation of that waiver, the amount of such purchases is an advance of future wages payable to me that the Town may deduct that amount from my next pay cheque, and that if there is a balance remaining after such deduction, the Town may deduct the balance of the wage advance from future pay cheques until the amount is repaid in full. I further agree that if I make any non-personal transactions in violation of the waiver in question, (i.e. incur financial liability on the Town’s part that is not within the scope of my duties or authorization to make business-related purchases), I am financially responsible for any such expenses and agree to reimburse the Town via wage deductions for such amounts until the unauthorized amounts are fully repaid. Such deductions will be in the amount of the unauthorized purchase(s), but if such amount would take my pay below minimum wage for the period in question, the deductions would be in two or more equal increments that will not take my pay below minimum wage for any pay period involved.

Signature of Employee

Name - Printed

Date

CAO

Name - Printed

Date