

**THE CORPORATION OF THE TOWNSHIP JOHNSON
POLICY MANUAL**

POLICY TITLE:
Procurement Policy

SUBJECT:
Procurement of Goods or Services

Policy Section:
Finance and Treasury

Policy No.

Effective Date:

Enacted By:
By-Law No

SECTION A

Preamble

- 1.0.0.** The Council of the Township of Johnson has ascertained that a procurement policy is required:
- To encourage competition among bidders;
 - To obtain the highest quality of goods and services for the best possible price;
 - To ensure that the procurement process is conducted in an efficient and effective manner;
 - To ensure fairness among bidders;
 - To ensure openness, accountability and transparency while protecting the financial interests of the municipality.

SECTION B

Policy Statement

- 1.0.0** The Treasurer shall be responsible for the execution of this policy.
- 2.0.0** Department Heads or those designated by resolution as Department Heads shall be responsible for the purchase of goods or services, which are not maintained in the warehouse or office supplies inventory.
- 3.0.0.** It shall be the policy of the Corporation to ensure a fair purchasing policy which is, administratively, easy to manage.

SECTION C

Definitions

- 1.0.0.** “Best Value” shall not be limited to the lowest price but shall be a combination of price and quality. Such determination shall be left up to the discretion of the Department Head.
- 2.0.0.** “Capital Project” shall refer to a project that has been budgeted within the annual Capital Budget or if not budgeted, shall refer to

projects that would normally appear within the Capital expenditures of the municipality.

- 3.0.0.** “**Clerk**” shall refer to the Clerk of the Corporation or deemed alternate
- 4.0.0.** “**Corporation**” shall mean the Corporation of the Township of Johnson.
- 5.0.0.** “**Council**” shall mean the Council of the Corporation of the Township of Johnson.
- 6.0.0.** “**Department Head**” shall refer to anyone who has responsibility for an annual budget.
- 7.0.0.** “**Immediate Family Member**” shall mean a spouse, common law spouse, child or stepchild and same sex partners.
- 8.0.0.** “**Municipality**” shall mean the Corporation of the Township of Johnson..
- 9.0.0.** “**Treasurer**” shall refer to the Treasurer of the Corporation or deemed alternate

SECTION D

Procurement Process

- 1.0.0.** Refer to Schedule “A” attached hereto and forming part of this by-law for types of procurement.

SECTION E

Regulations

1.0.0 Restrictions

- 1.0.1.** No other forms of procurement shall be permitted, unless prior approval is obtained by Council resolution.
- 1.0.2.** Notwithstanding the above, adherence to this purchasing policy is not required with respect to those items listed below:
- Utilities, including postage, water/sewer charges, hydro, natural gas, telephone, etc.
 - Council Honorarium
 - Payroll and payments to Government agencies, carriers or unions
 - Boards and Committees Levies

- Vehicle Licenses
- Courier and other shipping charges.
- Licences, certificates and other approvals required
- Petty cash vouchers
- Subscriptions and memberships
- Petty Cash
- Training & Education
- Refundable Employee Expenses
- Ongoing maintenance for existing computer hardware and software
- Professional and skilled services provided to individuals as part of approved programs within Corporate or Community Services
- Engineering Consulting Services
- Other Professional and Special Services, including additional non-recurring Accounting and Auditing Services, Insurance Services, Legal Services, if made in accordance with the delegation of authority to municipal solicitor, banking services where covered by agreements, group benefits, realty services regarding the lease, acquisition, demolition, sale of land and appraisal of land
- Policing contracts
- Reciprocal or shared agreements

1.0.3. No contract for goods, services or construction may be divided into two or more parts to avoid the application of the provisions of this by-law.

1.0.4. No contract for services shall be awarded where the services would result in the establishment of an employee-employer relationship.

1.0.5. Only those individuals authorized to purchase on behalf of the municipality in accordance with this policy shall be permitted to contact bidders in writing as soon as practicable during the procurement process in instances where clarification about the procurement is necessary. No one involved in the procurement process is permitted to contact bidders during the evaluation process.

1.0.6. No one associated with the municipality, including members of Council and employees shall accept any gifts with a greater value than \$100.00, from any suppliers participating in or who have participated in procurement processes with the municipality.

1.0.7. If a Department Head considers purchasing a good or service from a Council Member, Employee or immediate family member of an Employee or Council Member and the purchase

is more than \$501.00, then two written quotations must be obtained and filed for future reference.

1.0.8. The municipality shall not consider In-House bids as an acceptable procurement process.

2.0.0

Conflict of Interest

2.0.1 Where an employee involved in the award of any contract, either on his or her own behalf or while acting for, by with or through another person, has any pecuniary interest, direct or indirect, in the contract, the employee;

- Shall immediately disclose the interest and the general nature thereof to Council
- Shall not take part in the award of the contract; and
- Shall not attempt in any way to influence the award of the contract;

An employee has an indirect pecuniary interest in any contract in which the municipality is concerned, if the employee or his or her spouse or same-sex partner;

- Is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
- Has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the contract, or
- Is a member of an incorporated association or partnership, that has a pecuniary interest in the matter, or
- Is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

2.0.2 Where a member of Council, either on his her own behalf or while acting for, by with or through another person, has any pecuniary interest, direct or indirect, in the contract, that Council Member;

- Shall not take part in the award of the contract; and
- Shall not attempt in any way to influence the award of the contract

A member of Council has an indirect pecuniary interest in any contract in which the municipality is concerned, if he or she or his or her spouse or same-sex partner;

- Is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
- Has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the contract, or
- Is a member of an incorporated association or partnership, that has a pecuniary interest in the matter, or
- Is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

3.0.0. Petty Cash

3.0.1 Petty Cash funds are intended for all purchases under **\$150.00** from local suppliers except on circumstances where the use of petty cash funds is not feasible (time restrictions). Petty cash shall be replenished through a request to the Treasurer, which contains all receipts, account charges and a proper reconciliation of the fund. Petty Cash reconciliation is to be completed on a regular basis and filed with the Treasurer.

4:00 Co-Operative Purchasing

4.0.1 The municipality may participate with other government agencies and/or local boards in co-operative purchasing where it is in the best interests of the municipality to do so. The policies of the government agency or local board calling the co-operative tender are to be the governing policy for that particular tender.

5.0.0. Non-Competitive Purchases

5.0.1 Sole Source Purchases:

5.0.1.1 Exemption from this policy is granted in circumstances where there is only one supplier available and no alternative or substitute exists and/or where there is a statutory monopoly on the product or service.

5.0.2 Single Source Purchases:

5.0.2.1 Exemption from this policy is granted in circumstances where the municipality deems it desirable to award a non-competitive contract for follow-up goods or services after the completion of a competitive contract provided that the possibility of a

follow-on contract is identified in the original bid solicitation.

6.0.0. Purchasing Procedures

6.0.1 Purchasing Responsibilities

The Council has the responsibility for procurement activities, and has ultimate authority for all expenditures. All contracts are subject to Council approval. The Council may delegate, by resolution, staff members who shall have the authority to purchase goods and/or services within the boundaries of this policy. The purchasing policy provides guidelines outlining how spending authority is to be used.

6.0.2 Cancellation of Bid Solicitation

The Council may cancel a bid solicitation at any time up to the contract award.

6.0.3 Access to Information

The disclosure of information requests made in writing to the Clerk, or other person designated by Council, relevant to the issue of bid solicitations or the award of contracts emanating from bid solicitations shall be in accordance with the provisions of the *Municipal Freedom and Protection of Privacy Act, as amended*.

6.04 Contract Without Budgetary Approval

Where a requirement exists to initiate a project for goods, services or construction and funds are not contained within the approved budget, the Department Head requesting the goods/services shall, prior to commencement of the purchasing process, submit a report to Council containing:

- Information surrounding the requirement to contract;
- The terms of reference to be provided in the contract;
- Information on the availability of the funds within existing estimates that were originally approved by Council for other purposes, or on the requirement of additional funds.

6:05 Annual Review

Year to date department expenditures will be reviewed in October, and each month thereafter to the end of the year.

SECTION F

1.0.0 Tender and Proposal Procedures

1.0.1 Tenders will be called for all work, equipment and materials by either public or by invited tenders advertising, as outlined in this section.

1.0.2 Advertisements must include the following information:

- Site meeting (if applicable) – time, date and location
- Contact names for technical and purchasing inquiries
- Document fee (if applicable)
- Location for picking up tender packages
- Location for dropping off tender packages
- Deadline for submission of tender packages
- The privilege clause: “Lowest or any bid may not necessarily be accepted”

1.0.3 The closing date shall be a minimum of 10 calendar days after the date of advertising. However, a tender may be closed in a shorter or longer period of time depending on the urgency or complexity of the item(s) tendered.

1.0.4 The tender advertisement shall be as per municipal notice requirements.

1.0.5 Depending on the complexity of the item(s) being purchased, Council may obtain professional assistance from qualified individuals to assist with the preparation and competition of the tender specifications.

1.0.6 All tender submissions must be addressed to the Clerk and returned in the envelope provided with the tender package. Upon receipt of a tender, the Clerk shall:

- Date and time recorded on the sealed envelope
- Assign a tender number to the tender package and record the submission on the “Tender Log”
- Deposit the sealed tender in a tender envelope or box

1.0.7 The Clerk shall refuse to accept any tender submission that is:

- Not sealed
- Received after the closing deadline. Clerk or designate is to record on late tender received, the date and time received and make a copy of the sealed envelope to retain on file. Envelope to be returned to the bidder

- Submitted after a tender has been cancelled
- 1.0.8** Requests for withdrawal of a tender shall be allowed if the request is made by the bidder in writing before the closing time for the contract to which it applies. A senior official of the company must direct requests to the Clerk by letter or in person, with a signed withdrawal confirming the details. Telephone requests will not be considered. The withdrawal of a tender does not disqualify the bidder from submitting another tender on the same contract.
- 1.0.9** Tenders close at 2:00pm on the appointed day, and are opened publicly at 2:10pm (unless otherwise specified in the tender documents) in the presence of at least 1 council member. The amount of each bid shall be recorded on the "Tender Log", (Appendix I) attached to and forming part of this By-Law.
- 1.0.10** The Clerk shall review each tender to determine whether a bid irregularity exists, and action is taken according to the nature of the irregularity. For List of bid irregularities, (See Appendix II) attached to and forming part of this By-Law)
- 1.0.11** The Clerk shall submit a report for consideration by Council and approval by resolution. Such report shall include:
- List of rejected bids and reasons for the rejection
 - A recommendation in support of one of the bids
 - The rationale for this recommendation

2.0.0.

Bid Irregularities

- 2.0.1** For the purposes of this policy, bid irregularities are further classified as "major irregularities" or "minor" irregularities. See Appendix II attached to and forming part of this by-law for types of irregularities and their classification.
- 2.0.2** Major irregularity is a deviation from the bid request that affects the price, quality, quantity or delivery, and is material to the award. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. The municipality must reject any bid, which contains a major irregularity.
- 2.0.3** Minor irregularity is a deviation from the bid request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not materials to the award. If the deviation is permitted or corrected, the bidder would not

gain an unfair advantage over competitors. The municipality may permit the bidder to correct a minor irregularity.

2.0.4 The Clerk will be responsible for all action taken in dealing with bid irregularities, and acts in accordance with the nature of the irregularity:

- Major irregularity – automatic rejection
- Minor irregularity – bidder may rectify
- Errors in calculations (including errors in taxes) – may be corrected and the unit prices will govern

2.0.5 In the event that the successful bidder withdraws its bid due to the identification of a major irregularity before Council enters into a written contract with that bidder, Council, by resolution, may disqualify such vendor from participating in further quotations and tenders for a period of up to one year.

3.0.0. Procurement Documentation

3.0.1 Procurement documentation for bid requests shall void use of specific products or brand names.

3.0.2 The use of standards in procurement that have been certified, evaluated, qualified, registered or verified by independent and nationally recognized and industry-supported organizations such as the Standards Council of Canada shall be preferred.

3.0.3 Notwithstanding Clauses 3.0.1, Council may specify a specific product or brand name for essential functionality purposes to avoid unacceptable risk or for some other valid purpose. In such instances, Council shall manage the procurement in order to achieve a competitive situation if possible.

3.0.4 Awards shall typically be made to the lowest bidder who has complied with the terms and conditions in the Request for Quotation or Request for Tender, all other factors being equal. In addition to price, consider of factors as set out below may result in the acceptance of a bid other than the lowest bid.

- Ability and experience to perform in accordance with the Terms of the invitation
- Record of past performance with Council
- Past performance with other municipalities or boards
- Financial and technical resources
- Knowledge of the municipality's operations, systems and services

- Compatibility with other goods and services of the municipality
- The percentage of local content, including supplies, materials and sub-contractors from within the municipal boundaries
- Any other factors, including a scoring system which may be used by Council in evaluating bids received
- All bid requests shall include the privilege clause "The lowest or any bid may not necessarily be accepted". When using such privilege clause the specific reasons for not accepting the bids shall be disclosed to all bidders

4.0.0

Guarantee of Contract Execution and Performance

- 4.0.1** Council may require that a bid bond or other similar security to guarantee entry into a contract shall be submitted with all bids. Unless otherwise specified, in circumstances where a bid bond or other security is required, the refundable deposit requirements for Request for Tenders shall be a minimum of 10%.
- 4.0.2** Prior to commencement of the work, the successful bidder may be required to provide the following security in addition to the security provided to in Clause
- A performance bond, percentage to be pre-determined in original tender documents, to guarantee the performance of a contract, and
 - A payment bond, percentage to be pre-determined in original tender documents, to guarantee the payment for labour and materials supplied in connection with a contract
- 4.0.3** Council shall select the appropriate means to guarantee execution and performance of the contract. Means may include one or more of, but are not limited to, certified cheque, bank draft, irrevocable letter of credit, money-order and, where appropriate, a bid bond issued by an approved guarantee company properly licensed in the province of Ontario, on bond forms acceptable by Council.
- 4.0.4** Prior to the commencement of work, evidence of Health & Safety Policy, safety orientation, Liability and Workplace Safety Insurance coverage satisfactory to the municipality must be obtained, ensuring indemnification of the municipality from any and all claims, demands, losses, costs or damages resulting from the performance of a Bidder's obligations under the contract and from any risk determined by the municipality as requiring coverage.

4.0.5 Prior to payment to a supplier, a Certificate of Clearance from the Workplace Safety Insurance Board shall be obtained ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board to the date of payment.

5.0.0. Evaluation of Bids Received and Award

5.0.1 The Clerk and Department Head requesting the goods/services, shall review all bids against the established criteria and reach consensus on the final rating results and the Clerk shall ensure that the final rating results are kept with the procurement file.

5.0.2 The Clerk shall submit a summary of the procurement and provide a recommendation to Council respecting award of contract to the bidder whose bid meets all mandatory requirements as specified in the bid solicitation and provides best value to the municipality based on the evaluation criteria specified in the bid solicitation.

5.0.3 In the event that more than one bidder has submitted a tender in the same amount, Council shall make its decision based on the merit of the bid (i.e. including such factors as time for completion and previous performance of the bidder). If the merit for each bid is equal, then the bid to be accepted shall be decided by means of a draw. The names of the tied bidders shall be placed in a container and the bid to be awarded shall be drawn by a member of Council. The Clerk shall set the time and location of the draw and notify all bidders in order that they may be present.

6.0.0. Bids in Excess of Project Estimates

6.0.1 Where bids are received in response to a bid solicitation but exceed the project estimates, the Clerk, with the authority of Council, may enter into negotiations with the Lowest Responsive Bidder to attempt to achieve an acceptable bid within the project estimate.

6.0.2 Council may cancel a competition or call a new competition when an original bid cannot be negotiated that falls within budget limits.

7.0.0. Contractual Agreements

7.0.1 The award of a contract may be made by way of an agreement.

- 7.0.2 A formal agreement may be used when the contract is complex and will contain terms and conditions other than Council's standard terms and conditions.
- 7.0.3 Council shall approve any all changes in a contract that affect price or terms of the original contract.
- 7.0.4 All contracts shall specify conditions under which the contract may be terminated by either Council or the bidder.

SECTION G

1.0.0

Supplier Performance

- All staff participating in a procurement process shall document evidence where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for Health and Safety Violations. The Treasurer shall maintain such documentation on file for the respective vendors.
- The Department Head requesting the goods/services shall complete a performance evaluation to rate the performance of the contractor, supplier or consultant on criteria determined by Council. Such criteria shall be appropriate in determining if the municipality has obtained a satisfactory level of performance by the successful bidder. The performance evaluation and criteria adopted from time to time shall be provided to the successful bidder in advance of the contract, and shall remain constant for the duration of the contract. The same evaluation criteria shall apply to all procurement activities.
- The Department Head shall provide the bidder with the written results of the performance evaluation and the bidder shall have 20 days following delivery of the evaluation to request an appeal.
- Council shall hear from both parties at a time and place appointed in writing by the Clerk. The decision of Council shall be in writing, a copy of which shall be provided to the contractor, supplier or consultant, and the decision of a majority of Council present and voting shall be final.

SECTION H

Contract Options

1.0.0.

Exercise of Contract Renewal Options

- 1.0.1 Where a contract contains an option for renewal, Council may exercise such option provided that:

- The supplier's performance in supplying the goods, services or construction is considered to have met the requirements of the contract, and
- Council agrees that the exercise of the option is in the best interest of the municipality, and
- Funds are available in appropriate accounts within the municipality's approved estimates including authorized revisions to meet the proposed expenditure.

1.0.2 The authorization from Council shall include a written explanation as to why the renewal is in the best interest of the municipality and include comment on the market situation and trend.

2.0.0. Execution and Custody of Documents

2.0.1 The Head of Council and Clerk are authorized to execute formal agreements in the name of the municipality that have been approved by by-law.

2.0.2 The Treasurer shall be responsible for the safeguarding of original purchasing and contract documentation for the contracting of all goods, services or construction awards.

SECTION I

1.0.0. Review and Evaluation

1.0.1 The municipality shall review this policy every three years commencing from the date of adoption. Such review shall include the evaluation of the effectiveness and efficiency of all policies.

SCHEDULE "A"
TO BY-LAW NO. 2004-504

Amount of Purchase	Procurement Process to be Used	Conditions/Explanation
\$0 to \$500.00	Direct Acquisition, including Petty Cash purchases	Dept Head is permitted to purchase goods and/or services without receiving Council approval.
\$501.00 to \$5,000.00	Informal Quotations	<p>Dept Head is permitted to purchase goods and/or services provided that:</p> <ul style="list-style-type: none"> • The goods and/or services have been included in the annual budget estimates approved by Council. • • Dept Head obtains a minimum of 3 verbal quotations, where possible and practicable • Written documentation is maintained for each quotation • Where only one supplier is available, the Treasurer will file that supplier's quote plus details of refusals. The Treasurer as well as the Department Head shall sign the subsequent purchase orders.
\$5,001 to \$10,000.00	Quotations (Request for Quotations-RFQ)	<ul style="list-style-type: none"> • Dept Head obtains a minimum of 3 quotations, where possible and practicable. • Copies of quotations are provided to Council with a recommendation • Council shall make the final decision, by resolution, based on the quotations provided. • Expenditures must be made so as to obtain the best value for the Corporation • Where only one supplier is available, the Treasurer will file that supplier's quote plus details of refusals. The Treasurer as well as the Department Head shall sign the subsequent purchase orders.
\$10,001 and up	Tendering (Request for Tenders -RFT)	<ul style="list-style-type: none"> • The tender process outlined in Section "F" of this policy shall be followed
No \$ Limit	Proposal (Request for Proposal-RFP)	<ul style="list-style-type: none"> • Used when a unique proposal designed to meet a broad outcome to a complex

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problem or need for which there is no clear or single solution

APPENDIX I

**TENDER LOG
CORPORATION OF THE TOWNSHIP OF JOHNSON**

Project Name:	
Tender Deadline:	

Name of Bidder	Envelope #	Date Submitted	Time Submitted	Tender Amount**

**** To be completed only after tenders are opened in accordance with Tender Document.**