



Prepared By: Finance

Effective Date: March 11, 2019
Council Resolution No.: 19-79

Reference: Canadian Free Trade Agreement
New West Partnership Trade Agreement
Municipal Government Act

POLICY STATEMENT

To provide a framework for effective access to products, goods and services at competitive prices in a responsible and accountable manner.

PURPOSE

The purpose of this policy is to ensure that:

1. potential and existing vendors are treated in a fair, equitable and transparent manner by establishing procedures to support procurement;
2. best business practices are followed regardless of dollar value;
3. appropriate and consistent practices are followed in the performance of purchasing activities; and
4. the principles of sustainability (namely economic, social, culture, environmental and governance considerations) are respected.

SCOPE

This policy applies to all employees of the Town of Olds.

DEFINITIONS

“CAO” shall mean the Chief Administrative Officer for the Town;

“Council” shall mean the elected officials of the Town of Olds, including the Mayor and Councillors;

“Emergency Expenditure” shall mean a situation in which the Town must expend money in order to protect people or property and which there is not adequate time for Council to approve the expenditure;

“Employee” shall mean any permanent, temporary, casual, probationary person or a person on an employment contract employed by the Town;

“Expression of Interest” is a preliminary step to a tender and is used to gauge whether there are potential suppliers in the market that are interested in, and capable of satisfying the procurement needs.

“Request for Proposal” shall mean a notification given to vendors that the Town intends to purchase a good or service and invites vendors to submit a proposal on how they can fill the identified need of the Town;

“Request for Quotation” shall mean an invitation given to vendors to bid for the supply of a specific good or service for a specific length of time;

“Tender” shall mean an offer made in writing by a vendor to execute certain work, supply certain services or commodities at a given cost;

“Town” shall mean the Town of Olds.

RESPONSIBILITIES

Town Council’s responsibility is to:

1. approve by resolution this policy and any amendments; and
2. consider the allocation of resources for successful implementation of this policy in the annual budget process.

The Chief Administrative Officer’s responsibility is to:

1. conduct policy and procedure reviews on a regular basis and verify the implementation of policies and procedures; and
2. approve expenditures for those purchases approved by Council through the budget process.

The Director of Finance’s responsibility is to:

1. implement this policy and approve the procedures.
2. ensure all competitive bids are filed and kept in accordance with the Town’s records retention bylaw.

It is the responsibility of all Town employees to understand and adhere to this policy and the related procedures.

STANDARDS

1. Purchasing Thresholds

Acquisition value thresholds are based on the premise that the expenditure has been budgeted for. All unbudgeted expenditures are to be approved by Council, except in the case of an emergency, when a department director has the authority to spend up to \$25,000 without adhering to purchase thresholds. Emergency Expenditures in excess of \$25,000 may be approved by the Mayor or Deputy Mayor. In the absence of both, any Councillor and the Chief Administrative Officer or the Director of Emergency Management may approve the expense.

Value	Who can purchase	Competitive Bid Process required (Y/N)
0 - \$5,000	All employees as authorized by their supervisor	N
\$5,001 to \$50,000	Any Manager or Director as authorized by their supervisor	N Written bids or quotations from a min. of three potential vendors
\$50,001 to \$100,000	Any Director or Chief Administrative Officer	Y
Over \$100,001	Chief Administrative Officer or designate	Y

2. Competitive Bid Process

- 2.1 The formal competitive bid process is intended to ensure that all interested vendors are given equal opportunity to provide the Town with goods or services in response to identified need.

- 2.2 The process is expected to create a competitive environment within which the Town will acquire goods or services at the lowest net cost, unless otherwise identified (all things being equal) under conditions which maximize the corporation's resources.
- 2.3 The selection of the appropriate competitive process is relative to the knowledge of the product or service being acquired and the award processes. The four (4) processes that can be used at the discretion of the Town are as follows:
- Tender – A tender process should be used when price or cost is the sole award factor and specifications, terms and conditions are clearly defined. A pre-Tender meeting must be held for all Tenders, Proposals or Quotations estimated at greater than \$500,000.
 - Request for Quotation (RFQ) - The "Request for Quotation" process is normally used where cost and other factors are considered in the award. Specifications may not be conclusive and an element of review is required to ascertain lowest net cost and appropriate quality prior to award.
 - Request for Proposals (RFP) - The "Request for Proposals" process may be used for goods or services of any dollar value where requirements or specifications are not clearly defined. This method provides the vendor with an opportunity to bid on work or service using their unique skills. An RFP is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the Town. The selection of the successful vendor is based on the Town's appreciation of the proposal and the vendor's ability to complete the project or provide the service.
 - Sole Source – A Sole Source purchase may be used when there is only one available supplier of a required product or service that meets the needs of the Town, subject to regular review. Negotiation should be used to complete the terms and conditions for this purchase.
- 2.4 Upon completion and award of all purchase transactions where the formal bid or Tender process has been used, the unsuccessful vendors in the competition are to be notified. Only the name of the successful vendor and the total cost paid are to be released.
- 2.5 Tenders, proposals or quotations that are received by the Town of Olds with an estimated value greater than \$50,000 will be reviewed by a committee consisting of representatives from the sponsoring department (this can include, but is not limited to Employees, consultants, contractors) and a representative from the Finance department.