

POLICY MANUAL



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PURPOSE:

The purpose of this policy is to provide guidance on the acquisition of goods and services by authorized employees to ensure fairness, accountability, and transparency in Starland County's procurement practices.

POLICY STATEMENT:

Starland County is committed to achieving optimal financial prudence in procurement while ensuring open, transparent, and accountable spending of County resources.

Starland County is committed to acquiring goods and services at the best value for money to support the strategic goals and requirements of the organization.

DEFINITIONS:

1. **CFTA:** refers to the Canadian Free Trade Agreement, an intergovernmental trade agreement with the objective of reducing and eliminating, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and to establish an open efficient, and stable domestic market.
2. **Chief Administrative Officer:** means the Chief Administrative Officer (CAO) of Starland County as defined in the Municipal Government Act or their authorized delegate.
3. **Conflict of Interest:** means a situation where the independence or impartiality of an employee's decisions or actions are impaired or may reasonably be expected to be impaired because of outside employment, political, business, family or personal interests.
4. **Construction:** means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and material, the supply of equipment and machinery if they are included in the incidentals to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the procurement.
5. **Council:** means the duly elected Council of Starland County.
6. **Emergency:** means a situation in which there is imminent danger to public safety or of serious harm to property.
7. **Net Book Value:** means the carrying value of assets reported on the balance sheet and is calculated by subtracting accumulated depreciation from the original purchase cost of the asset.
8. **NWPTA:** means New West Partnership Trade Agreement, an agreement between the Governments of British Columbia, Alberta and Saskatchewan forming a barrier-free interprovincial market.



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9. **Procurement:** means the acquisition by any means, including by purchase, rental, lease or conditional sale of goods, services or construction. It does not include government assistance programs such as grants, loans, equity infusion, guarantees or fiscal incentives, or government provision of goods and services to persons or other government organizations.
10. **Procurement Value:** means the estimated total financial commitment resulting from procurement, considering all forms of remuneration including premiums, fees, commissions and interest and the total values of options if the procurement provides for the possibility of options.
11. **Request for Proposal (RFP):** used when the owner seeks a solution to a known problem. The owner outlines what the issue is and more vaguely what they would like in terms of a solution. RFP is used when you wish the industry or service providers to have some autonomy for the solutions provided with little to no definition provided for solutions other than the end goal. An RFP is generally not only dollar driven, but is value driven and requires a review of submission with weighting applied to various evaluation criteria.
12. **Request for Quotation (RFQ):** used to solicit quotes for defined work, without adhering to the typical rules of a formal tender procedure. When a quote is provided, there is no "Contract A" formed. Either party reserves the right to decline the work or negotiate further. RFQ would generally require the owner to invite a minimum of three quotations to ensure price competition. The process is price driven and not necessarily value based.
13. **Tender:** used when the owner knows in detail what they want. Detailed documents and drawings are provided to prospective contractors who then provide a bid or tender. There are well defined legal ramifications in Canada that are involved in the tender process that ensure it is a fair, competitive process (i.e. Contract A vs B, Bid Bonding, Award Criteria). Generally, a tender would result in a contract between the owner and the contractor/supplier and is for more complex supply or construction items.

Regulated Requirements:

14. In accordance with the Canadian Free Trade Agreement (CFTA) and the New West Partnership Trade Agreement (NWPTA), all procurements of goods and services valued at \$75,000 or greater or construction valued at \$200,000 or greater, must be nationally advertised.
15. Starland County shall use the Alberta Purchasing Connection (APC) as its "posting agent" for these procurements.
16. Tenders and RFP's shall be advertised through APC and may be advertised locally at the Department Head's discretion. Advertising mediums and geographical area shall be determined by the Department Head initiating the procurement. Letters inviting local suppliers to bid may also be sent out at the Department Head's discretion.
17. Additionally, Grant providers may require competitive bidding at any threshold, in these cases, the grant requirements shall supersede this policy.



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Procurement Authority:

18. Council approves an annual budget which provides general direction in the operating and capital expenditures of Starland County. The Chief Administrative Officer is authorized to delegate financial signing authorities.
19. An employee who has been delegated procurement (spending) authority may sign any procurement document, purchase order or contract, within the limits of their delegated spending authority, necessary to complete the procurement and shall ensure that the expenditure is within the approved budget or a spending resolution approved by Council.
20. Non-Budget and Pre-Budget Expenditures must be approved by Council resolution. Following approval, all non-budgeted, emergency or pre-budget expenditures shall be undertaken as outlined within this policy.

Procurement:

21. Procurements shall be made at the lowest cost available consistent with the required quality and service.
22. All procurement shall be done on a competitive basis, except for emergency requirements, and shall have the appropriate spending authority and approvals.
23. The operating principle of NWPTA and CFTA is to ensure that Canadian suppliers are not discriminated against based on geographic location. This means that entities must consider persons, goods and services from other provinces equal to their own.
24. Procurements made through an authorized Buying Group, such as RMA Trade, have already been carried out in a manner that is consistent with CFTA and NWPTA and will not be required to go through the following procedures again.

Procurement Methods and Limits:

25. \$1 to \$9,999 – procurements can be made directly using purchase orders, cash or other approved methods such as corporate credit cards. Small reimbursable expenditures can be paid for directly by the employee and reimbursed through petty cash. Budgeted expenditures in this category can be approved by the Department Head or their delegate within their delegated financial authorities.
26. All procurement with a procurement value of \$10,000 or more must have at least three informal price quotes (i.e. telephone, e-mail, web, or catalogue). Quotes shall be documented and include the date, name of supplier and contact person, total cost quote, and shall be signed by the individual requesting the quote and attached to the purchase order.



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27. \$9,999 up to \$74,999 for goods and services and from \$9,999 to \$199,999 for construction– procurements can be made directly using a purchase order or other approved method such as corporate credit cards. Where it is deemed appropriate, Tenders, Request for Proposal or Request for Quotation may be requested to substantiate procurements at any amount. Budgeted expenditures in this category must be recommended by the Department Head and approved by the Chief Administrative Officer.
28. To allow flexibility and efficiency within procurement scenarios, Department Heads are given the authority to vary process requirements for procurements noted in Clauses 28-30. When using this discretion, Department Heads are to ensure they maintain the integrity of the overall procurement policy. Department Heads shall notify the CAO in writing when any such variance has been undertaken.
29. Greater than \$75,000 for goods or services and greater than \$200,000 for construction – procurement at these values shall be completed by the Tendering or Request for Proposal Process outlined in this policy.
30. Tenders or Request for Proposals, even if approved in the budget, must be signed off on by the CAO before proceeding with the process. The Tender/Request for Proposal award recommendations must be approved by Council.
31. In the case of an emergency or where it can be demonstrated that there truly is only one source available for the good or service, the CAO may authorize the direct sole sourcing of a contract without tender/award process having been followed. Council shall be apprised of the relevant criteria that made it necessary to bypass the typical process and if the purchase is over \$75,000, council must approve the sole sourcing through resolution, with exception to emergency expenditures. Once such an exception has been approved, all necessary purchase processes will follow as per this policy.
32. No Procurement is to be divided (contract splitting) in order to avoid the requirements of this Policy or the County's obligations pursuant to CFTA or NWPTA.
33. Where goods, services or construction of a similar type are to be supplied on a repetitive basis from one or more vendors either over a period of time, in a calendar year or over the course of a season, those goods, services or construction shall be procured in accordance with the procurement process applicable to goods, services or construction having a procurement value equal to the total estimated cost of all such similar goods, services or construction to be supplied in the term of contract, whole calendar year or during the course of the entire season as the case may be. The appropriate procedure above shall be utilized according to the total dollar value.

Disposal of Capital Purchases:

34. The Chief Administrative Officer is authorized to dispose of capital items with a net book value under Ten Thousand (\$10,000) dollars.
35. Unless otherwise authorized, all capital item disposals with a net book value greater than Ten Thousand (\$10,000) requires Council approval.
36. All disposals shall be completed through a process approved by the Chief Administrative Officer.



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Tender and Request for Proposal Process:

37. All tenders shall be assigned a tender number. The Inventory Coordinator will assign the tender number and create the file.
38. Appropriate approvals, sources of funds and scope of work should be clearly identified before the tender process proceeds. Evidence of approved budgets or exception authorization should be provided as outlined in this policy.
39. The user department shall prepare the tender and specification documents, with input and assistance from legal counsel or engineering services provider if required. All call for tenders shall include the date and time of the competition closing and shall indicate that the submissions are to be delivered to the address and person specified.
40. The usual length of time allowed for a public tender is 20 business days from the time of the announcement of the tender. However, a tender may be closed in a shorter or longer period depending on the urgency or complexity of the item being tendered.
41. The user department that initiated the tender shall be responsible for answering tender result inquiries.
42. All tenders for construction projects and contracted services providers (i.e. contract grader operators or gravel haulers) shall be subject to public opening. The time, location and conditions of the public opening shall be made known in advance. Only the name of the supplier and the total cost or price in the submission is to be released during a public opening. Tenders received for goods such as vehicles or equipment shall be opened by the Inventory Coordinator who shall prepare a detailed list of the submissions for Council review and award.
43. Proposals received in response to an RFP process constitute a response to an inquiry and are, therefore, internal documents and are not subject to public opening.
44. The following criteria shall be considered when awarding an RFP:
 - a. Price
 - b. Capability to perform work
 - c. Experience with bidder
 - d. Result of reference check
 - e. Information relating to financial state of bidder
 - f. Availability
 - g. Quality
 - h. Warranties
45. The lowest priced bid meeting the tender requirements shall not necessarily be accepted. If the lowest bid was not selected, justification in writing, along with a recommendation to award based on alternative criteria, shall be submitted to the Chief Administrative Officer and/or Council based on the purchasing levels outlined in this policy.
46. The right to reject any or all tenders is reserved by the County Council.
47. Any or all tenders shall be rejected if there is reason for believing that collusion exists among the Bidders, and none of the participants in such collusion shall be considered in future proposals.



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48. Suppliers and Contractors currently involved in civil or criminal legal actions involving the County are excluded from providing bids and services until such time as the action is resolved to the satisfaction of the County or as directed by a Court having jurisdiction over the matter, notwithstanding all available appeals.
49. Failure to satisfactorily complete previous contracts, avoidable delays in completing such contracts, or a lack of experience or capital shall be considered enough cause for rejecting any tender.
50. To minimize the risk to Starland County in the event of a legal challenge to a tendered procedure, the following privilege clause shall be included in advertising and tender documents: "Starland County reserves the right to accept or reject any or all quotes and to waive irregularities and informalities at its discretion. Starland County reserves the right to accept a quote other than the lowest quote without stating reasons. By the act of submitting its quote, the bidder waives any right to contest in any legal proceeding or action the right of Starland County to award the tender to whomever it chooses in its sole and unfettered discretion, and for whatever reasons Starland County deems appropriate."
51. If bidders fail to submit a bid on/before the prescribed date and time, their bids shall be returned unopened.
52. The tender documents shall include a list of Vendor Responsibilities, outlining the expectations for each Tender and RFP required by the Starland County.

Awarding and Documentation:

53. Once the tender has been approved, the user department, in cooperation with the Assistant CAO and/or legal counsel, is responsible for drafting the contract and getting signatures on all documents required.
54. The department that initiates the tender process shall ensure that all original signed documents are forwarded to Records Management so that a contract file may be created. Tenders are public records, must be available for public review and must be retained as per the Starland County approved records retention schedule.

Conflicts of Interest:

55. Employees are to exercise caution when dealing with vendors where there is the possibility or perception of a conflict of interest, either through a direct or indirect relationship of any kind and must declare any actual or potential conflict of interest that may arise at any time in the procurement process to their supervisor.
56. Employees shall not use their public role to influence or seek to influence a County procurement decision which could further a personal and/or business interest of the employee or employee's family.