



**THE CORPORATION OF THE TOWNSHIP OF TAY  
APPROVED COUNCIL POLICIES MANUAL**

<b>SUBJECT: Treasury Procurement Policy</b>	<b>EFFECTIVE DATE: September 10, 2014 (By-law 2014-67)</b>
<b>REVISION DATE: September 26, 2018 (By-law 2018-84)</b>	<b>PAGE: 1 of 24</b>

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**PURPOSE:**

The purpose of this policy is:

1. To establish a policy to ensure the procurement of goods and services using a fair, transparent and straight forward acquisition process, while fostering productive working relationships with our stakeholders;
2. To define the roles, responsibilities and authorities of Township Staff, Department Heads and Council in carrying out the Township's procurement operations;
3. To extend authority to the CAO and Department Heads for approval of detailed purchasing processes that are consistent with the will of Council and the intent of this Purchasing Policy;
4. To establish a policy regarding the procurement of goods and services, as required under Section 270(1) item 3, of the Municipal Act, 2001.

**APPLICATION:**

Council members and all Corporation staff members shall adhere to the provisions of this policy.

This policy shall not apply to the acquisition or disposal of any land, buildings, or to any lease, right or permission relating to the use or occupation of real property.

All committees using Corporation funds are herein required to adhere to this policy as a guideline for purchasing, with modifications as deemed necessary in terms of procedure.



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**GOALS AND OBJECTIVES:**

1. To procure by purchase, rental or lease the required quality and quantity of goods and/or services, including professional and consulting services in an efficient, timely and cost effective manner;
2. To encourage open competitive bidding for the acquisition and disposal of goods and services where practical;
3. To encourage co-operative and joint purchasing activities to maximize volume buying opportunities and reduce administration costs;
4. To consider all costs, including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, disposal value and disposal costs, in evaluating bid submissions from qualified, responsive and responsible vendors;
5. This policy will be reviewed every five years or earlier if necessary, in order to evaluate its effectiveness.

**DEFINITIONS:**

**Bid** shall mean an offer or submission received from a vendor in response to a request which offer or submission may be accepted or rejected, and bidding is the process of submitting a bid and bidder is the vendor that submits the bid.

**Blanket Order** shall mean the agreement wherein a vendor will provide certain items to the Township for an agreed period of time with established terms and conditions.

**Chief Administrative Officer or CAO** means the Chief Administrative Officer for the municipality or in his or her absence, the Treasurer.

**Committee** shall mean the Committee of All Council.

**Contract** means any formal written legal agreement for the supply of goods or services to the corporation.

**Corporation** shall mean the Corporation of the Township of Tay.



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**DEFINITIONS CONTINUED:**

**Department Head** shall mean the Head of a department within the Corporation of the Township of Tay which includes the CAO, Director of Finance, Director of Public Works, Director of Planning and Development, Clerk and Fire Chief.

**Emergency** shall mean an occurrence, situation or instance where potential damage or harm to persons or property may occur unless resolved immediately.

**Goods and Services** shall mean supplies, work, equipment, property, construction products, public works services or professional consultant services, which the Corporation is intending to obtain.

**Professional or Consulting Services** means services provided by architects, engineers, surveyors, management consultants, legal representation, landscape architects, land use planners and any other consulting and professional services provided to the Township.

**Request for Proposal (RFP)** means a process where a need is identified, but how it will be achieved is unknown at the outset. This process allows vendors to propose solutions or methods to arrive at the end product at a specified price and allows for evaluation on criteria other than price.

**Request for Tender** shall mean a written request for vendors to submit an offer in writing to execute some specified services, or to supply certain specified goods, at a certain price.

**Sole Source** shall mean where only one vendor possesses the unique capability necessary to meet the requirement of the solicitation, such as technical qualification, ability to deliver at a particular time, or services from a public utility or when there is a situation where a particular supplier or person is identified as the only qualified source.



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**RESPONSIBILITIES:**

1. Council has ultimate authority for all expenditures. Council delegates this authority through the authorization of annual budgets and establishing policy, or by specific resolution.
2. Township Staff are accountable for the decisions and actions which they take pursuant to this Policy and in the administration of contracts which have been awarded pursuant to this Policy.
3. The Department Head has responsibility for procurement activities within their department and is accountable for determining and achieving specific objectives as outlined for each procurement project. The Department Head is responsible to adhere to the budget categories and their respective limits as reviewed and approved by Council.
4. The CAO is responsible for:
  - a) Providing procurement advice and services to the Department Heads;
  - b) Authorizing purchases necessary to effectively carry on operations in accordance with the objectives adopted by Council;
  - c) Monitoring compliance with this policy.
5. Department Heads, in consultation with the Treasurer shall inform Council when non-compliance with this policy has occurred.
6. The CAO has the authority to instruct the Department Head not to award a contract and may direct staff to submit recommendations to Council for approval and may provide additional restrictions concerning procurement where such action is considered necessary and is in the best interest of the Corporation.
7. Regardless of purchasing authority all purchases must be made with the best interests of the Corporation of the Township of Tay as a whole in mind.



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**GENERAL PURCHASING RULES:**

1. Purchases required and not contained in the current budget shall require the approval of the C.A.O. and/or Council.
2. The C.A.O. has the authority to approve purchases outside the annual budget provided that funding can be identified from the current year's operations and that the total purchase amount does not exceed \$25,000 per occurrence. Purchases must comply with the objectives set by Council and be reported to Council at their next meeting.
3. In the case of purchases for annual operations, required prior to the adoption of the current year's budget, the previous year's budget shall apply as the basis of the expenditure.
4. In the case of purchases for capital required prior to the adoption of the current year's budget, unexpended budget amounts remaining from the prior year shall apply as the basis for the allowable purchase.
5. No purchase or commitment shall be incurred or made and no account shall be paid by the Township for goods and services that are in violation of this policy.
6. Where this policy prescribes financial limits on contracts that may be awarded under the authority of the Department Head, or provides for financial limits on contracts required to be reported to Council, for the purpose of determining whether a contract falls within these prescribed limits, the contract amount includes all costs expected to be paid to the supplier under the contract, less any tax rebates.



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7. For larger scale projects, the Department Head has the authority to approve changes to contracts that are monetary in nature provided that the Department Head works within the approved Contingency Allowance and that the work aligns with the scope of the original project approved by Council.
8. Council may direct the removal of a vendor's name from the list of bidders for a period of up to two years on the basis of documented poor performance, non-performance, health and safety violations or conflict of interest. A written notice of the decision will be provided to the vendor.
9. Subject to approval of the CAO and/or Council professional services may be contracted for a period of time longer than one year.
10. Multi-year contracts are permitted. The total purchase or contract value is used to determine the minimum procurement requirements.
11. Staff shall consider accessibility when drafting documents for purchasing. Where it is not possible to procure accessible goods, services or facilities the department responsible for the purchase shall in an accessible format, explain why accessible goods, services or facilities could not be obtained.
12. Any individual member of Council shall not acquire any goods and services without the prior approval of Council.
13. Purchases shall not be made in such a manner in order that the services could result in the establishment of an employee-employer relationship.
14. No goods and/or services shall be purchased by the Township for personal use by or on behalf of any member of Council, Appointed Officers, Committee Member, Board Member, or Employee of the Township or their immediate families.
15. Breaches of this Policy may be subject to disciplinary action.





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**PROCUREMENT METHODS AND RELATED THRESHOLDS:**

These methods of procurement constitute the minimum requirement. The Department Heads may implement additional requirements on a departmental basis above and beyond these requirements. **All purchasing thresholds assume that the purchase of the good or service is contained in annual budget.**

1. \$1,000 to \$10,000

Department Heads shall be authorized to make purchases of goods and services for estimated expenditures less than \$10,000 from such vendors and upon such terms and conditions as the Department Head deems appropriate. Department Heads may delegate authority to approve expenditures to managers and deputies up to \$10,000. Department heads may consider **Verbal quotes** or **Informal quotations** as a method of obtaining competitive pricing.

2. \$10,001 to \$25,000

Department Head approval required.

**Formal quotations** will be requested for purchases for services for estimated expenditures exceeding \$10,000 and less than \$25,000.

3. \$25,001 to \$50,000

CAO approval required.

**Tenders or Request for Proposals** will be requested for purchases and/or services for estimated expenditures exceeding \$25,000.

4. \$50,001 and greater

Council approval required.

**Tenders or Request for Proposals** will be requested for purchases and/or services for estimated expenditures exceeding \$50,000.



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**Informal Quotations**

1. Advertising not required;

**Formal Quotations**

1. Advertising is not required;
2. A minimum of three written quotations shall be obtained from suppliers whenever possible. Where three quotations cannot be obtained, the reason shall be documented;
3. The prospective suppliers shall be provided with the same information required in order to submit a quotation;
4. All firms requested to submit quotations shall be allowed at least seven working days before the deadline of submitting their quotation;



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**Tenders or Requests for Proposals**

Request for Proposals rather than Tenders may be sought when the requirement for goods and/or services cannot be definitely specified, the requirements of the Township are best described in a general performance specification, and innovative solutions are sought. Depending on its terms, the process may involve negotiations subsequent to the submission of proposals on any or all of the specifications, contract terms and prices.

1. Must be publicly advertised by posting on the Township's website and by placing an advertisement in a local newspaper or on-line bid distribution website.
2. Where the anticipated purchase/award amount is such that the Comprehensive Economic and Trade Agreement (CETA) or Canada Free Trade Agreement (CFTA) applies, the Department Head must ensure the requirements of CETA and/or CFTA are met.
3. Must include a day and time by which the proposals must be submitted to the Department Head which shall be at least fourteen days after the date of advertisement.
4. The amount of the deposit, performance bond or other security shall be at the discretion of the Department Head.
5. Any Tender/Proposal received after the deadline shall not be accepted or opened, and shall be returned to the firm which submitted same.
6. Notwithstanding the provisions of this policy, any proposals which are, illegible, unsigned, contain insufficient deposits/securities or performance bonds, (if required) shall be rejected.



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**GENERAL RULES FOR PROCUREMENT METHODS:**

1. **Confidentiality** - This policy is subject to the Municipal Freedom of Information and Protection of Privacy Act. Persons applying this policy should be aware of this legislation when disclosing information received relevant to the issue of Bid Solicitations or the award of contracts emanating from Bid Solicitations.
2. **Unfair** - No member of Council, Staff or Committee member of the Township shall knowingly cause or permit anything to be done, or communicated to anyone, which could cause any potential vendor to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and/or services to the Township.
3. **Division of Contracts** - No contract for goods, services and/or construction shall be divided into two or more parts in order to comply with the provisions of this policy.
4. The Corporation shall not apply any **Local Preference** policy in respect of any procurement process in a manner that would breach any law or policy applicable to the Corporation.
5. **Exclusion of Bidders** - The Township may, in its absolute discretion, reject a bid if the bidder, or any officer or director of the bidder, is or has been engaged either directly or indirectly through another corporation, in legal action against the Township, its elected or appointed officials, officers and employees in relation to any other contract or service or any matter arising from the Township's exercise of its' powers, duties, or functions.



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6. The Department Head whose budget provides for the procurement of goods and services shall be responsible for the preparation and approval of all specifications and/or terms of reference (Scope of Work) to be used for the procurement of such goods and services.
7. Where practical specifications and/or terms of reference should be considered that are detailed but **not brand specific** so that potential vendors may provide alternatives in the event an equal or better-proven product or method is available.
8. Where the Department Head wishes to consider a process of **Expressions of Interest** or **Request for Pre-qualification** and the value is greater than \$50,000, the Department Head shall obtain Council approval prior to this process being followed.
9. The Department Head may establish **Blanket Orders** using the applicable bid mechanism based upon the estimated annual expenditures. The Department Head shall be authorized to select vendors not solely on the basis of cost; but also on ability, quality or workmanship, service, availability, overall performance and experience.
10. Where further **approvals external to the Township** are required prior to contract signing, the report recommending the award shall indicate that such approvals shall be obtained prior to the contract being executed and the commencement of the proposed works or acquisition.



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11. Vendors or potential vendors should not be requested to expend time, money or effort on **design or in developing specifications** or otherwise help define a requirement beyond the normal level of service expected from vendors. When such services are required
- The contracted vendor will be considered as a consultant and unable to make an offer for the supply of the goods and services;
  - A fee shall be paid;
  - The detailed specification shall become the property of the Township of Tay for use in obtaining competitive bids.
12. Items listed in **Schedule A** are **exempt** from the requirements of this Purchasing Policy.



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**CIRCUMSTANCES WHEN COMPETITIVE BIDDING PROCESSES ARE NOT REQUIRED:**

**Emergency Procedures**

Notwithstanding the provisions of this policy, the Tender and Quotation procedures may be disregarded for goods or services that may be required in the event of an emergency situation provided the Department Head first obtains approval from the C.A.O. Any purchase of goods or services purchased in the event of an emergency shall be reported to Council or Committee of All Council at the first meeting following the emergency. Emergency procedures include but are not limited to the following:

- a) a threat to public health
- b) the maintenance of essential Township services
- c) the welfare of persons and/or of public property
- d) the security of the Township's interests and the occurrence requires the immediate delivery of goods or services and time does not permit for competitive bids.

**Volatile Market Conditions**

Notwithstanding the provisions of this policy, where market conditions are such that long term price protection cannot be obtained for goods and services, the Department Head shall obtain competitive prices for short term commitments until such time a reasonable price protection and firm market pricing is restored.

**Co-operative or Joint Purchasing**

The Township may participate with other Government agencies or public authorities in co-operative procurement/ acquisition ventures whenever it is determined to be in the best interest of the Township to do so. This may include but is not limited to the Ministry of Government Services Vendor of Record program, the County of Simcoe and the Georgian Bay Purchasing Co-operative. Purchasing staff shall ensure that any procurement conducted through cooperative purchasing is carried out in a manner consistent with CFTA and CETA.



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**Single or Sole Source Procurement**

Purchase by negotiation may be adopted, if in the judgment of the Department Head any of the following conditions apply:

1. Goods and services are in short supply due to market conditions;
2. The sources of supply are restricted to the extent that there is not effective price competition, or consideration of substitutes is precluded due to any of the following:
  - a) components or replacement parts for which there is no substitute;
  - b) compatibility with an existing product, facility or service is required;
  - c) a specific consultant/vendors depth of knowledge or their product is far more advanced and/or experienced than others in the field and has historically outperformed all others in terms of value;
  - d) specific standards are adopted by Council.
3. Work is required on a project where a contractor has already been secured through a tender process, with established unit prices and it is considered to be beneficial and cost effective to extend the unit prices for the work to be completed for the Township;
4. When the time required for Tenders or Requests for Proposals is not feasible due to requirements for project completion in funding agreements. (i.e. grants)
5. When the expertise or product of an individual organization or individual is deemed to be specifically required by the Corporation;
6. Where the procurement is a prototype of a first good or service to be developed in the course of and for a particular contract for research experiment, study or original development, but not for any subsequent purchases;





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7. Ensure continuity of critical processes or to avoid technical or environmental risk or violation of warranty/guarantee requirements when service is required;
8. Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations must be considered;
9. When there is documented evidence to support the extension, enhancement or takeover of an existing contract (that may include existing subcontractors) would prove more cost-effective or otherwise beneficial as defined by the requester and agreed to by the CAO and the involved Department Head;
10. When there is a statutory or market based monopoly on the item;
11. Where the required item is covered by an exclusive right such as a brand name, patent, copyright or exclusive licence or to maintain specialized products that must be maintained by the manufacture or its representative;

**Council approval is required for all purchases made under the Sole Source Procurement provisions estimated to be greater than \$25,000.**



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**SPECIAL CIRCUMSTANCES:**

**Purchase of Additional Goods**

The requesting Department Head, Director of Finance and CAO may jointly authorize the purchase of additional goods, services or construction provided that:

1. The requirement for additional goods, services and/or construction could not reasonable have been anticipated at the time the original contract or price agreement was awarded;
2. The authorization to purchase the additional goods, services and/or construction is required to prevent interruption in service delay or to avoid incurring extra costs;
3. That the overall value of the project has not exceeded the level authorized by Council during the budget process by more than 10% provided that funding can be identified from the current year's operations and be reported to Council at the next regular meeting of Council.

**Negotiation when only one bid/proposal received**

Negotiation after a tender/request for proposal has been closed is allowed when none or only one bid/proposal is received through the procurement process and in the judgement of the Department head responsible and the CAO, the Township's best interest would be served by negotiating at that point with the lone bidder/interested party or by cancelling the process and negotiating directly with the lone bidder and/or others.



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**Bids in Excess of Budget**

In the event that all submissions received in response to a solicitation exceed the funds available for the completion of the project the Township may pursue the following options:

1. The Township may, upon CAO and/or Council approval, add funds to those already allocated to the project, such that there are sufficient funds available to allow the Township to select a submission;
2. All bids may be rejected;
3. When none or only one bid/proposal is received through the procurement process and in the judgment of the Department head responsible and the CAO, the Township's best interest would be served by negotiating at that point with the lone bidder/interested party or by cancelling the process and negotiating directly with the lone bidder and/or others.

**Contract Terminated Prior to Completion**

Where a contract is terminated within six months of its acceptance, the Department Head in consultation with the CAO shall review the bids/quotes originally submitted and may award the contract to the next most suitable bidder subject to meeting the requirements of this policy.



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**PURCHASE AGREEMENTS & CONTRACT EXECUTION**

Subject to statutory requirements and where all the requirements of this By-law have been met, a Department Head/CAO is authorized to enter into purchase agreements and execute contracts and any ancillary documents when all of the following commitments have been met:

- Sufficient funds are available with the Council approved budget.
- Procurement methods and related thresholds were adhered to;
- There is no future financial or performance obligation at the termination of the contract; and the term is for a specific period or until completion of a defined project.
- The contractor or service provider has demonstrated compliance to the Township's insurance requirements (WSIB and/or General Liability) and Health and Safety policies and procedures.

Contracts with a value of \$100,000 or greater shall also be authorized by by-law and signed by the Mayor and Clerk.

Upon execution, the contract becomes a public record and may be released in whole or in part, to the public upon request, subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act



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**PAYMENT OF ACCOUNTS**

Department Heads, or their approved designate are responsible for approving all invoices submitted for payment. Approval of invoice confirms that the procurement process and reporting procedures were carried out in accordance with the procurement policy.

Payment will be made on the following invoices prior to receiving department head approval; Utilities such as hydro, gas, benefit programs monthly invoices and payroll remittances.

The Township will endeavor to remit payment of invoices 30 days from the date of the invoice with the exception of the following:

- Payroll remittances
- Payments required the for immediate delivery of a product or service
- To take advantage of discounts and special offers
- Reimbursements of expenses to staff and council
- Customer rebates, overpayments and deposit refunds



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**DISPOSAL OF SURPLUS GOODS:**

Surplus goods will be offered first to all Township departments. Any surplus goods not transferred within Township's departments with an estimated value greater than \$200 will be accumulated by the Township and will be disposed of by any of the following methods:

- a) Advertised as being for sale to the public;
- b) Sold by auction and/or consignment;
- c) Donation to a registered charity.

Assets or groups of assets with an estimated value equal to or less than \$200 that the Department Head has determined have no value and cannot be sold shall be disposed of as deemed appropriate by the Department Head and approved by the CAO which may include being donated to a non-profit entity.

All assets shall be accepted as is or where is and without warranty or guarantee. The new owners shall assume all risk and expense associated with these assets.

**Exceptions to the above**

The following assets shall be excluded from this disposal policy:

- a) Township land
- b) Council member laptop computers
- c) Vehicles and equipment traded in as part of a subsequent purchase



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**SCHEDULE A  
GOODS & SERVICES EXEMPT FROM PROVISIONS OF  
THE PROCUREMENT POLICY**

1. Training and Education expenses
  - a) Conferences
  - b) Memberships
  - c) Staff training. Courses, seminars
2. General Corporation Expenses
  - a) Payroll deduction remittances
  - b) Debenture payments
  - c) Grants to agencies/donations
  - d) Payments of damages
  - e) Tax remittances (HST)
  - f) Charges to/from other Government or Crown Corporations
  - g) Employee wages
  - h) Postage
  - i) Water and wastewater charges
  - j) Hydro and natural gas charges
  - k) Telephone and cable television charges
3. Professional and Special Services
  - a) Witness fees
  - b) Court reporters' fees
  - c) Honoraria
  - d) Arbitrators
  - f) Legal settlements
  - g) Temporary Help
  - h) Recreation Instructor Fees
  - i) Legal fees



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### SCHEDULE B THRESHOLDS FOR PURCHASING

Purchase Threshold	Method	Rules	Advertising	Approval
Up to and including \$10,000	Verbal or Informal Quotations	<ul style="list-style-type: none"> <li>• Where possible and practical verbal or informal quotations should be sought.</li> </ul>	Not Applicable	The Department Head shall authorize specific individuals to make purchases and assign a limit of spending authority that is submitted to the Treasurer.
\$10,001 to \$25,000	Formal Quotations	<ul style="list-style-type: none"> <li>• Minimum of three written quotations</li> <li>• Same information provided to all prospective suppliers</li> <li>• Prospective suppliers given 7 working days to submit quotation</li> </ul>	Not Applicable	The Department Head shall authorize purchase. C.A.O. is authorized to approve purchases outside the current year budget, provided that purchase aligns with the objectives set by Council and that the <b>purchase is reported to Council at the next regular meeting.</b>
Over \$25,000 up to and including \$50,000	Tender or Request for Proposal	<ul style="list-style-type: none"> <li>• Prospective bidders must have at least 14 days to submit their bid following the advertisement.</li> <li>• Amount of the deposit, performance bond or other security at the discretion of the DH.</li> </ul>	<ul style="list-style-type: none"> <li>• Advertised on Township's website required</li> <li>• Public advertisement required (Bidding or newspaper)</li> <li>• Must comply with CETA/CFTA (if applicable)</li> </ul>	C.A.O. shall authorize purchase.
Over \$50,000				<b>Council approval required prior to the purchase.</b>
Single or Sole Source Purchases of \$25,000 & Over	Single or Sole Source	<ul style="list-style-type: none"> <li>• Purchase process at the discretion of the Department Head &amp; C.A.O</li> <li>• Specific conditions must apply (see <b>Procurement Policy</b>)</li> </ul>	Not Applicable	The requesting department must obtain Council approval before the process begins if purchase estimated to be over \$25,000.
Expression of Interest and/or Pre-Qualification Purchases of \$50,000 & Over	Expression of Interest and/or Request for Pre-Qualification	<ul style="list-style-type: none"> <li>• Department Head must first obtain the approval of the Council</li> </ul>	<ul style="list-style-type: none"> <li>• Public advertisement required (Bidding or newspaper)</li> <li>• Must comply with CETA/CFTA (if applicable)</li> </ul>	The requesting department must obtain Council approval before the process begins if purchase estimated to be over \$50,000.
Extraordinary (Emergency) Purchase	Purchases as per emergency procedures	<ul style="list-style-type: none"> <li>• Department Head must first obtain the approval of the C.A.O.</li> </ul>	Not Applicable	Department Head must first obtain the approval of the C.A.O. <b>Report to Council at first meeting following emergency.</b>





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