



Town of Kentville Policy Statement G10 Purchasing and Tendering Policy

1.0 PURPOSE

To provide a uniform policy and procedures for the purchasing and tendering of goods, services and construction by the Town of Kentville and its Agencies that establishes and maintains a high degree of confidence in the purchasing process to ensure openness, fairness, consistency and competitiveness.

2.0 DEFINITIONS

The **Municipal Government Act S. 67** states that where an Act of the Legislature authorizes or directs a municipality to make an expenditure, enter into a contract or guarantee or take action as a result of which it may be required to pay money, the sums required are for the ordinary lawful purposes of the community.

The **Municipal Government Act S. 65** authorizes the Council for the Town to expend money required for service delivery by the municipality. This responsibility falls to the Chief Administrative Officer and his designates (MGA S. 31 s. (2) (d) (i)).

As of July 1, 2009, the Town of Kentville shall adhere to the Province of Nova Scotia *Policy on Government Procurement* - the Atlantic Procurement Agreement (APA) - for its public tendering process.

The **Chief Administrative Officer (or Acting)** is authorized to make contracts for the acquisition of goods, services and construction required for carrying on the business of the Town, where the amount of contracted expenditure does not exceed, in any one case, the sum of fifty thousand dollars (\$50,000) and where such expenditure is within the budget allocation.

The **Director of Finance** is authorized to make contracts for the acquisition of goods, services and construction required for carrying on the business of the Town, where the amount of expenditure contracted does not exceed, in any one case, the sum of fifty thousand dollars (\$50,000) and where such expenditure is within the budget allocation.

A **Department Head** is authorized to make contracts for the acquisition of goods, services and construction required for carrying on the business of the Department, where the amount of such expenditure does not exceed, in any one case, the sum of ten thousand dollars (\$10,000) and where such expenditure is within the budget allocation.

Designates may be appointed by Department Heads to purchase within their respective

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Departments, except that the expenditure by such designate shall not exceed, in any one case, two thousand five hundred dollars (\$2,500) and where such expenditure is within the budget allocation. Written documentation from each Director must be forwarded to the Director of Finance listing designates for each Department and the request for purchasing limits for each designate.

The Director of Finance must first approve any person designated by a Department Head to purchase on behalf of the Department as well as the dollar limit on such purchasing by the designate.

Purchases in excess of fifty thousand dollars (\$50,000) are subject to approval by **Town Council**.

3.0 SCOPE

The Town of Kentville shall have an objective of purchasing goods, services and construction at the lowest possible cost that is nevertheless consistent with an acceptable level of quality, delivery, service and past performance. A second objective is to provide a control mechanism over the purchase of goods, services and construction relative to budgetary approvals.

4.0 PROCEDURES

It shall be the responsibility of the Chief Administrative Officer, through the Director of Finance, to ensure that all purchases by the Town are for approved Town of Kentville use, cost-effective and are carried out in accordance with this policy statement and legal requirements.

1. Department Heads shall be responsible for the purchase of goods, services and construction for their respective Departments, subject to the procedures as set out within this policy and its appendices.
2. Subject to the specific sections of this policy, where possible, all requirements are to be purchased on a competitive basis.
3. Consistent with the stated objectives, all purchases made on a competitive basis shall be made at the lowest possible cost, provided the quality, delivery and service are equivalent. Past performance is an important consideration factor.
4. Department Heads shall consolidate and standardize items used within their respective Departments and the Chief Administrative Officer shall encourage the overall standardization of items used by the Town.
5. When more than one Department requires similar goods, services and construction, the purchase of such goods, services and construction shall be

combined to achieve the most cost effective acquisition possible.

6. When significant cost savings may accrue to the Town, consideration should be given to coordinating purchase of common goods, services and construction with other levels of government.
7. Every effort shall be made to ensure that specifications used to obtain bids shall be clear, concise and fair.
8. Each Department shall maintain a list of suppliers/vendors capable of providing goods, services and construction used on a regular basis.
9. The Authority shall ensure that, wherever possible and economical, specifications are prepared to provide for the expanded use of products and services that contain the maximum level of post-consumer recyclable waste and/or recyclable content, without significantly affecting the intended use of the products or service.
10. Acquisitions, which are to be leased, shall be acquired using the same procedures as if they were being purchased outright. The value to be considered for the purpose of applying the procedures shall be the value of the item(s), not the lease payments. All lease documents shall be coordinated through the Director of Finance, who shall analyze the lease as to its treatment and authorize the lease documents on behalf of the Town of Kentville.
11. Certain goods or services or construction, that meet the needs of the Town, may only be provided by one supplier and therefore, the cost of tendering may be redundant. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. Council approval is required to initiate this procedure.
12. Purchasing Authorities shall maintain a file system that records proof of verbal and written quotations and bids.

4.1 PURCHASE TOOLS

There are several means by which the purchasing of goods, services and construction may occur. The following shall be the acceptable means of purchase, along with details on the criteria. Controls for each method of procurement are included as appendices to this policy.

4.2 PETTY CASH

Criteria (*also -Petty Cash Controls- Appendix A*)

These criteria are designed to ensure that purchases are for approved Town of Kentville use, cost-effective and in compliance with the Town of Kentville Purchasing and

Tendering Policy and legal requirements.

1. As a general rule, each Department may have a petty cash fund of **no more** than \$300, the amount to be subject to the approval of the Director of Finance.
2. In certain circumstances and with the approval of the Director of Finance, the amount of a petty cash fund **MAY exceed \$ 300.**
3. In certain circumstances and with the approval of the Director of Finance, a department may carry more than one petty cash fund, as long as the purpose of each petty cash fund is clearly established and supported.
4. A petty cash custodian shall be designated within each Department that has a petty cash fund. This custodian shall be responsible for the petty cash fund, its replenishment and preparing year-end documents related to the funds held.
5. Expenditures from a petty cash fund shall be for miscellaneous items and shall not exceed, in any one case, **FIFTY** dollars (\$50.00).
6. A Department Head may choose to issue a Purchase Order for miscellaneous goods, subject to past departmental policy, if during peak times, it would be counter-productive to use petty cash.

4.3 PURCHASE ORDER CRITERIA (ALSO -PURCHASE ORDER CONTROLS- APPENDIX B)

These criteria are designed to ensure that purchases are for approved Town of Kentville use, cost-effective and in compliance with the Town of Kentville Purchasing and Tendering Policy and legal requirements.

1. Purchase orders shall be required for all purchases over **FIFTY** dollars (\$50.00) and are issued to authorize the vendor to supply the goods or services. This is the tool to finalize the bid process for goods and services.
2. The original copy of the purchase order shall be forwarded to the vendor, the second copy shall be matched with the invoice when received and the Department shall retain the third copy. The purchase order shall be signed by the proper authority depending on the cost of the goods acquired, as outlined in the **“PURCHASING AUTHORITY”** section of this policy.
3. The purchase order shall describe the goods and/or services and/or construction, the account to be charged, the terms and conditions and shall be priced and extended as to total cost.
4. “Standing” Purchase Orders shall be required yearly for goods or services supplied to the Town of Kentville on a continual basis. These shall be prepared in

April of each year. A statement should be written on each standing purchase order that indicates that the “**continual purchase is subject to satisfactory pricing and quality of goods or service**”.

5. If, for urgent reasons, immediate acquisition is necessary and it is not possible to deliver a purchase order prior to acquisition, a purchase order will be issued and marked “**confirmation**”.

4.3 PURCHASING CARDS CRITERIA (ALSO -PURCHASING CARDS CONTROLS- APPENDIX C)

These criteria are designed to ensure that purchases are for approved Town of Kentville use, cost-effective and in compliance with the Town of Kentville Purchasing and Tendering Policy and legal requirements.

4.4 DEBIT CARD

Debit cards may be used to purchase goods and services on behalf of the Town of Kentville and its Agencies in the following manner:

Business-Related Travel and Entertainment

1. An employee of the Town of Kentville may use his personal debit card to purchase meals, accommodations, gasoline, parking or other business-related expenses, while traveling as a representative of the Town of Kentville.
2. Guidelines on per diem rates are found in **Town of Kentville Policy Statement G4- Travel, Meal and Miscellaneous Expenses** and in **Collective Agreement- PANS and Town of Kentville- Article 27**.
3. Unauthorized or unacceptable spending shall not be reimbursed to the employee and shall remain the responsibility of the employee.

Acquisition of Goods

1. All attempts shall be made to ensure that the supplier will either set up an account or will accept a purchase order. Situations may arise that will require the purchase of goods via debit card. In these situations, a purchase order will be completed **prior** to the purchase, for internal purposes only, as required in this policy and its appendices, and attached to the original receipt and cheque voucher for reimbursement.
2. The Department Head shall approve all purchases made via debit card.

4.5 BANK/TRADE CARDS

The Town of Kentville is granted bank credit cards and several trade cards to improve the cost-effectiveness of purchases and to reduce the administrative burden.

Bank Cards

1. Four bank credit cards currently exist- issued to the Mayor, the Chief Administrative Officer, the Director of Finance and the Town Clerk.
2. These cards are used for travel/discretionary spending purposes for the above-noted positions, as allowed in the Town of Kentville operating budgets.
3. Original receipts for these types of discretionary purchases shall be attached to the credit card statement when presented to Finance for payment.
4. **No purchase order is required** for discretionary purchases of the Mayor or Chief Administrative Officer where such expenditure is within the budget allocation.
5. Situations arise whereby the acquisition of goods must occur by using the credit card of the CAO, Director of Finance or Town Clerk. These types of purchases are related to the acquisition of the goods/services from out-of-province or out-of-country.
6. Prior approval for use of bank card shall be obtained from the Chief Administrative Officer and/or the Director of Finance.
7. In these situations, the bid process, as outlined in this policy, must be satisfied, depending on the value of the goods.
8. A purchase order shall be requisitioned for internal purposes **prior to the ordering of the goods** and duly approved by the Department Head. This shall ensure that the Department Head is fully aware of all expenditures within his respective department.

Trade Cards

1. The Town of Kentville has several corporate trade cards for retail operations that will only conduct business with our Agencies in this manner.
2. The trade account numbers shall be held in a secure location and shall be forwarded to a designate for purchase only after the bid process is followed and an **internal purchase order** has been requisitioned and duly approved, thereby ensuring that the Department Head is aware of all purchasing.

4.6 PURCHASING PROCESS

There are four levels of purchasing which must be observed to ensure that the Town acquires goods, services and construction in the most cost-effective manner.

1. Informal purchasing
2. Invitational bids
3. Public (advertised) tenders
4. Emergency acquisition

Informal purchasing

Where expenditures do not exceed, in any one case, seven hundred fifty dollars (\$750), formal price comparisons are not necessary but may be appropriate from time to time to ensure that the Town is getting the best value for the dollar. Where the value of the goods and services to be purchased is between \$ 751 and \$4,999, **three verbal quotations** shall be sought and written record kept. It has been the practice of Town of Kentville to patronize local suppliers as much as possible for informal purchasing.

Invitational bids

Where expenditures are more than five thousand dollars (\$5,000), but do not exceed:

Goods	Greater than twenty-five thousand dollars (\$25,000),
Services	Greater than fifty thousand dollars (\$50,000),
Construction	Greater than one hundred thousand dollars (\$ 100,000),

in any one case, at least three known suppliers (including all known local suppliers) shall be invited (by written invitation) to submit a quote for the supply of the goods or services.

Specifications

The Department Head shall prepare specifications for the goods or services or construction to be acquired by invitation and shall prepare the letter of invitation.

Public (advertised) tenders (APA guidelines)

Where expenditures exceed:

Goods	Greater than twenty-five thousand dollars (\$25,000),
Services	Greater than fifty thousand dollars (\$50,000),
Construction	Greater than one hundred thousand dollars (\$ 100,000)

in any one case, public tenders shall be solicited through public advertisement in accordance with the **“PUBLIC TENDER PROCESS”** section of this policy.

Emergency acquisition

Notwithstanding the above, in the case of a pressing emergency, where the delay resulting from inviting tenders or bids would be injurious to the public interest and/or the Town's assets, the Chief Administrative Officer may approve the purchase and report it to the Council at the earliest date thereafter.

4.7 PUBLIC TENDER PROCESS

Council Approval

An invitation to tender or a public tender call shall only be made if the goods, services or construction have been budgeted for or otherwise approved by Town Council.

Specifications

The Department Head shall prepare specifications for the goods or services or construction to be acquired by tender and prepare the advertisement.

Tender Documents

Tender documents shall include the following:

- a) Form of "Instructions to Bidders"
- b) Form of "Tender"
- c) Form of "Contract Agreement"
- d) Form of "General Conditions"
- e) Project drawings and/or specifications where required.

The tender documents must set out the closing date and time, the fact that all tenders submitted must be in sealed envelopes, clearly marked with the purpose of the tender and the time and place at which they will be opened.

A **privilege clause** shall be included in the tender and advertisement that states "**The Town reserves the right to reject any or all tenders, not necessarily accepting the lowest tender, but accepting any tender which it may consider to be in its best interest. The Town also reserves the right to waive formality, informality or technicality in any tender.**"

When tenders are received, they shall be date and time stamped. Tenders received after the closing date and time shall be returned to the bidder, unopened.

Posting

Public tender calls shall be posted in the local or Provincial newspaper and/or on the Provincial Procurement Services website and on the Town of Kentville website.

Public Opening

Tenders shall be opened in public in the presence of at least two people, one of whom shall be the Department Head, or designate, of the Department making the purchase, or the Director of Finance, or designate. The Department Head shall ensure that a recorder

documents the proceedings at the opening, including the names of those persons in attendance and the amounts of the bids.

The Director of Finance or the Department Head, as agreed between them, shall prepare an analysis and comparison of the tender and a recommendation for award.

Tender Award

It shall be customary to award the tender to the bidder of the lowest price **meeting the specifications**. However, the Town reserves the right to make an award for reasons deemed to be in its best interest. An award shall not be made in any circumstances to a firm that did not submit a bid on a tender call.

All purchases over \$50,000 must be approved by Town Council. There are two situations where Council approval will be required - if acceptance of the tender would result in the cost being more than budgeted and if the recommendation is to be a supplier who is not the lowest bidder.

In the event that all bids exceed the budgeted amount or otherwise do not meet the criteria established by the Town, one of the following options will be followed:

- (a) Cancel the process and do not purchase
- (b) Make an award to the lowest acceptable bidder based upon the amount of the budget overrun, and the significance and priority of the purchase;
- (c) Undertake negotiations in the scope of the work with the bidder submitting the lowest acceptable tender;
- (d) If the previous three options are not acceptable, recall the tender.

Purchase Order/Contract

Award of the tender shall be made by the appropriate Purchase Authority. A formal contract along with a purchase order shall be prepared for the total amount of the goods, services and construction that is to be signed by the appropriate authority and the successful respondent.

Alternative Procurement Circumstances

There exist common exceptions to public tendering. These circumstances are listed as Appendix D. The Alternative Procurement Process shall not be used to avoid competition or to discriminate against specific suppliers.

4.8 REQUEST FOR PROPOSALS PROCESS

When seeking professional services that cannot be rigidly defined under tender specifications, the Purchasing Authority shall prepare a **Request for Proposal** (RFP). The RFP shall generally describe the scope of work or goods entailed, and would invite written proposals from prospective suppliers which detail the methodology to be utilized, the time frame for completion and an estimated cost for completion of the outlined work.

The Purchasing Authority may stipulate an amount for the services to enable a more fair evaluation of the proposals.

The selection of the successful bidder shall be based on consideration of a number of relative factors and shall not be selected on the basis of price alone. The Purchasing Authority is then authorized to negotiate a final contract with the selected bidder. All final contracts require the approval of Town Council.

As to licensed professional services including audit, architect, banking, legal, insurance, investment and engineering services: Generally, these services will be subject to a **Request for Proposal** process on a three to five-year basis. The Chief Administrative Officer, the Director of Finance or the Engineer is responsible to carry out this process and file a recommendation with Town Council for the appointment.

The Chief Administrative Officer, the Director of Finance or the Engineer shall prepare the specifications for these services, call for proposals, carry out the necessary interviews (if required), and prepare a recommendation for Town Council.

4.8 RECEIPT OF GOODS OR SERVICES

Immediately upon receipt of goods, authorized staff shall ascertain that the delivery is acceptable as to condition, quantity, quality and conformity to the Purchase Order requirements.

If the goods or services are accepted, the delivery slip (or a receiving report) shall be signed by the person authorized by the Purchasing Authority to receive the goods and such slip shall be matched with the purchase order and invoice.

If the goods or services are not acceptable and are rejected or returned by the person authorized to receive them, the delivery slip (or receiving report) shall be delivered to the Purchasing Authority. The carrier is to be notified promptly of any damage.

When a service has been ordered and is in the form of a continuing activity, which is automatically paid monthly, it is the responsibility of the Purchasing Authority to notify Finance Department Accounts Payable of any change in the normal payment procedures.

With respect to construction work, a field verification on the detailed physical progress shall be supported by a summary of the items and values, duly approved by the Department Head or designate, which shall satisfy the payment support and requirements.

Department Heads shall be required to approve all invoices, vouchers, claims for payment for goods and services purchased by their respective Departments. Such approval shall ensure that all documentation including purchase order, delivery/packing slip or receiving report is attached and that pricing is appropriate.

Such approvals by Department Heads shall be undertaken in a timely manner to avoid any credit interest charges. The Town of Kentville strives to pay its vendors of goods, services and construction within a thirty (30) day-period, unless other terms are detailed on the vendor's invoice.

4.9 PAYMENT FOR GOODS AND SERVICES

Departments shall forward all invoices and cheque vouchers to the Finance Department for payment properly authorized and accurately coded.

The Finance Department shall be responsible to verify that all appropriate steps and approvals for the acquisition of and payment for the goods and services were in place, using appropriate verification procedures.

5.0 ASSOCIATED DOCUMENTS

- Appendix A: Petty Cash Controls
- Appendix B: Purchase Order Controls
- Appendix C: Purchasing Card Controls
- Appendix D: Alternative Procurement Circumstances

6.0 POLICY REVISION HISTORY

Date Created:	September 11, 1991
Revisions:	November 14, 2001
	February 11, 2009
	January 2017. Reformatted.



CAO Mark Phillips

APPENDIX A: PETTY CASH CONTROLS

These controls are designed to ensure that petty cash funds are properly established, maintained, safeguarded and protected against misuse.

1. All petty cash funds are established through the Finance Department.
2. The custodian shall store petty cash in a locked, metal cash box to be stored out of sight in a secure location.
3. Petty cash is replenished regularly to avoid shortages and to record expenditures within the fiscal period they have occurred.
4. All petty cash shall be balanced and replenished at the end of the fiscal year – March 31.
5. Petty cash is never replenished or supplemented from sources other than reimbursements from the Finance Department.
6. Petty cash is never used for loans, advances, personal expenses or to cash cheques.
7. Petty cash is not used to make payments to individuals for services (other than personal services that are small and non-recurring in nature.)
8. A petty cash voucher shall be prepared for each withdrawal indicating the details of that withdrawal. The person making the purchase shall be required to return the original sales slip (to be attached to the voucher) along with remaining funds.
9. Petty cash reimbursements are approved at the departmental level by the Director and are supported with original receipts. Approvals shall be obtained by the Accountant and the Director of Finance through the reimbursement process.
10. Petty cash is reconciled monthly within the department by someone other than the custodian and annually by a representative from the Finance Department.
11. Petty cash is counted periodically and agreed to records by someone other than the custodian.
12. Cash custody, transaction recording and reconciliation to financial statements are performed by different personnel.
13. Unspent petty cash funds are closed and returned to the Finance Department at the end of the fund's usefulness.

APPENDIX B: PURCHASE ORDER CONTROLS

These controls are designed to ensure that purchases are for approved Town of Kentville use, cost-effective and in compliance with the Town of Kentville Purchase Policy and legal requirements.

1. Purchases are initiated with the appropriate level of signed authorization.
2. Written agreement or contracts are completed when warranted instead of, or in addition to a purchase order. (e.g. for retaining consultants or service providers.)
3. Quotations are obtained in accordance with the Purchasing and Tendering Policy.
4. Orders are not split to circumvent requirements for purchase orders or competitive bidding.
5. If a sole source supplier is used, the justification is documented and authorized in accordance with the Purchasing and Tendering Policy requirements.
6. Invoices and cheque requests are approved by the Department head and Director of Finance and/or the CAO.
7. Invoices are reviewed for accuracy and agreed to purchase orders, goods receipts, contract terms, etc. prior to payment.
8. Payments are cancelled if goods are returned.
9. All available vendor discounts are taken.
10. Business numbers must be clearly displayed on all invoices and small suppliers that do not charge Harmonized Sales Tax must denote that on invoice,
11. Purchase initiation, goods receiving and Financial Information Systems entries are performed by different individuals.
12. Federal Income Tax guides are referred to when determining whether an employee or independent contractor relationship exists.

APPENDIX C: PURCHASING CARD CONTROLS

The following controls ensure that the purchasing cards are used for authorized Town of Kentville business and conform to the criteria outlined in this policy statement.

1. Purchasing cards are not used for personal purchases or cash advances.
2. Billing statements are approved by the appropriate Department Head or CAO, along with the Director of Finance and/or Accountant.
3. Billing statements are paid on time to prevent the addition of service or interest charges.
4. Records of purchases (original sales receipts, packing slips) are attached to the billing statement.
5. Purchasing cards are stored in a secure location when not in use.
6. Purchasing cards are used only by the person named on the card or the approved designate.
7. Expenditures are reconciled with the billing statement monthly.
8. Purchase initiation/processing and reconciliation are performed by different individuals.
9. Actual receipts shall be attached to a cheque voucher when requesting reimbursement and Department Head shall approve said cheque voucher before payment is made to employee.
10. The Director of Finance reviews billing reports monthly for propriety of use and follows up questionable items with the cardholder and/or the CAO.

APPENDIX D: ALTERNATIVE PROCUREMENT CIRCUMSTANCES

The alternative procurement practice processes may be used in the circumstances described below:

1. An unforeseen situation of urgency or emergency where the good, service or construction requirement cannot be obtained by means of open procurement.
2. A situation where tendering could reasonably be expected to compromise government confidentiality, cause economic disruption, or otherwise be contrary to the public interest.
3. To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licenses, copyright, and patent rights; or to maintain specialized products that must be maintained by the manufacturer or its representative.
4. Where, for technical reasons, there is an absence of competition and the good or services can be supplied only by a particular supplier and no alternative or substitute exists (otherwise known as Sole Source).
5. The procurement of goods or services for which there is a statutory monopoly that is controlled by a supplier.
6. The purchase of goods on a commodity market.
7. Work to be performed on or about a leased building, or portions thereof, that may be performed only by the lessor.
8. Work to be performed according to the provisions of a warranty or guarantee.
9. The procurement of a 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.
10. The purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.
11. The procurement of original works of art.
12. The procurement of subscriptions to newspapers, magazines or other periodicals.
13. The processes that foster the development of minority business
14. Processes that foster the development of sheltered workshop programs
15. Goods intended for resale to the public.
16. Goods and services from persons with disabilities, philanthropic institutions, or through employment equity programs.

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17. Services of expert witnesses, specifically in anticipation of litigation of for the purpose of conducting litigation.
18. Medical services for persons in the care and custody of the Province.
19. Procurement of goods or services from another level of Government.
20. Unsolicited proposal