

County of Essex Policy Manual

Purchasing Policy

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Approved by:	County Council
Department:	All Departments
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1.0 Policy Overview

This policy governs the procedures, goals, methods and authority regarding the evaluation, acquisition, inventory and disposal of all goods and services as required under the Municipal Act, section 271.

1.1 Purpose

The purpose of this policy is twofold:

- To ensure that the Corporation of the County of Essex subscribes to a uniform, transparent and strategic approach towards the procurement of all its goods and services and the disposal of its goods and equipment.
- To ensure optimum value is obtained in the acquisition and disposal of goods and services.

2.0 Definitions

- Acquisition: the process for obtaining goods and services.

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- Approved Budget: a budget approved by the Council for the current fiscal year.
- Asset: a non-consumable item valued over \$1,000 with a useful life of over 3 years.
- Authority: the legal right to conduct activities outlined in this policy.
- Bid: an offer or submission received from a vendor, contractor or consultant in response to a request, tender or proposal which may be subject to acceptance or rejection.
- Chief Administrative Officer, (C.A.O.): means the Chief Administrative Officer of the County, or the most senior official who is directly responsible to Council and is the senior management officer of the Corporation.
- Capital Purchase: an item that is valued over \$1,000, is a replacement or new purchase, is not recurring, could be building improvements, and must be furthering asset life for non-building items.
- Committee: the Standing Committee of Council that is deemed responsible for the issue at hand.
- Competitive Method (Process): an acquisition method whereby vendors/manufacturers are given an equal opportunity to compete for County business.
- Contract: any written legal agreement describing supplies, goods, services, equipment, construction, space, defined actions or deliverables, or the conditions of a business relationship, being purchased or simply agreed to, usually noting a specified price, terms, delivery date, and a start and expiry date.
- Contracted Service: a signed agreement to perform an ongoing service or action.
- Consulting Service: the deliverable is a paper or electronic document i.e. report, study, action or service related to a specific project.
- Corporation: Refers to the Corporation of the County of Essex.

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- Council: the Council of the Corporation of the County of Essex.
- County: the Corporation of the County of Essex.
- Department: any department within the County, led by a Department Head, including any board for which the County controls operations.
- Department Head: the individual responsible for a Department within the County and who reports directly to the Chief Administrative Officer within the organization.
- Designate: a person authorized by the Director to act on his/her behalf, for purposes of this policy.
- Divisional Manager: a Manager who reports to a Department Head or General Manager or Director, who is responsible for a Division within a Department.
- Emergency: a situation where immediate purchase of goods or services is essential to prevent safety hazards, serious delays, further damage, or to restore minimum services.
- Goods and Services: supplies, work, equipment, real property, construction to approved specifications, vehicles, including rented or leased vehicles or equipment, etc. that the County is intending to obtain or benefit from, including the services or intellectual knowledge of professional consultants.
- Negotiated Method: an acquisition method whereby the County may negotiate with one or more vendors/manufacturers to acquire goods or services without using the Competitive process.
- Proposal: an offer to perform or provide a function, service, or product that cannot be fully defined or specified.
- Purchases: the acquisition of goods or services for which the County will undertake to pay.
- Purchasing Card: a credit card issued to authorized County Staff members to be used for procuring goods and services from an authorized vendor within established guidelines.

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- Quotation: a written or verbal offer from a firm to sell or buy goods and services in response to a direct request from a Department Head or their designate.
- Responsible Vendor: a vendor whose reputation, past performance and business and financial capabilities are such that the vendor would be judged as capable of satisfying the needs of the specific contract.
- Responsive Vendor: a vendor whose bid does not vary from the specifications and terms and conditions set out in the quotations, bids, or request for proposal.
- Signature: a written or electronic signature (i.e. an email received from that party would be an acceptable signature)
- Tender: a formal offer received from a firm in response to an invitation from the County to supply stipulated goods or services via a public advertisement or an invitation to bid.
- Total Acquisition Cost: the cost, which would result in the lowest cost of ownership, operation, purchase or lease over the life of the product or service to the County. This cost is arrived at after considering all factors such as firm stability and reputation, quality, courtesy, expertise, qualifications, interest, expedience, environmental impact, health and safety implications, ethical business practices, after sale service, terms and conditions, guarantees and warranties, all taxes and discounts, and of course, unit price.

3.0 Purchasing Principles

The guiding principles for the procurement of goods and services for the Corporation of the County of Essex shall be as follows:

- a) To purchase, rent or lease the quality and quantity of goods and/or services required by the County in the most efficient and cost effective manner, as well as to have regard for accessibility to those goods and services by persons with disabilities, where applicable.

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- b) To promote an open and transparent competitive bidding process on the acquisition and/or disposal of goods and services, where practical.
- c) To consider the Total Acquisition Costs, including, but not limited to, acquisition, operating, training, maintenance, quality, warranty, payment terms, residual value, and disposal costs in evaluating bid submissions or quotes from qualified, responsive and responsible vendors.
- d) To recognize the authority of the annual budget approved by Council as providing a framework in the determination of the goods and services to be purchased.
- e) To encourage the procurement of goods and services with due regard to the preservation of the natural environment, vendors may be selected to supply or dispose of goods and/or services utilizing methods which result in the least damage to the environment and supply products incorporating recycled materials where practical.
- f) To make every effort possible to purchase centrally and standardize where possible those goods and services that are of a common nature to the Divisions and Departments concerned, so as to promote lower Total Acquisition Costs.
- g) To participate with other publicly funded bodies in co-operative purchasing activities where they are in the best interests of the County.
- h) To ensure that specifications shall not be designed or written to allow only one manufacturer, supplier, distributor, or bidder to tender a bid. Specifications shall not limit the bidding to only one make and model for equipment or to one type of service unless there is documented evidence to warrant such actions.
- i) To abide by the County of Essex "Employee Code of Conduct". (Policy #93-001)
- j) To delegate the appropriate level of authority to enable the County departments to meet their service requirements. To ensure that employees who are responsible for requisitioning and purchasing goods and services are accountable for their actions and decisions.

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4.0 Approval Levels

Unless otherwise approved by Council, all purchases of goods and services must be approved in the annual budget. Formal approval of the budget constitutes financial approval to proceed with the procurement process. The ability to incur the actual expenditures is delegated to County staff based on the following approval levels:

Up to \$50,000	Department Head
\$50,000 to \$100,000	Department Head and Treasurer
\$100,000 to \$200,000	Department Head, Treasurer and CAO
\$200,000 and over	County Council

The dollar limits noted above refer to invoice costs exclusive of taxes.

No requisition, purchase or contract shall be divided in order to circumvent the requirements of the spending limits of this section.

5.0 Procurement Procedures

The following table outlines the authorized procedures for the procurement of goods and services, followed by a discussion on the goals of each procedure, the circumstances under which each type of procedure will be used, and the circumstances where a tendering process is not required.

Procedure	Expenditure Level
Petty Cash	\$100 or less
Purchasing Card	\$1,000 or less
Direct Purchase	\$3,000 or less
Informal Quotation	\$15,000 or less
Request for Quotation	\$25,000 or less
Request for Tender	Greater than \$25,000
Request for Proposal	Greater than \$25,000
Negotiation	-----

6.0 Petty Cash

A petty cash fund shall be maintained in each department to expedite small purchases and acquire goods and services where immediate payment is

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required upon receipt of goods. The value of the goods and/or service shall not exceed \$100.

Petty cash should only be used when it is not feasible to use a purchasing card and not practical to be invoiced for the good or service.

All petty cash disbursements shall be evidenced by proof of purchase / receipt. All proof of purchases slips will accompany the voucher payable request form used to replenish the fund.

7.0 Purchasing Card

A purchasing card is used for goods and services from an approved supplier for individual transactions under \$1,000 and shall not include capital assets. This method of procurement shall be used primarily for low value goods where other methods of procurement are deemed unpractical or inefficient.

Corporate Services shall maintain a complete list of Purchasing Cards and users and be made aware of all departmental guidelines for the utilization of the Purchasing Cards.

The use of Purchasing Cards shall adhere to the Purchasing Principles as outlined under [Section 3](#).

8.0 Direct Purchase

Direct Purchase refers to the ordering and purchase of goods and service from a supplier with or without negotiation. This method is to be used primarily for low value goods where the cost and administrative burden of other methods of procurement are considered too great in relation to their value of the acquired good or service.

This method of procurement should expedite the acquisition of the goods and/or services, while reducing the workload for the purchaser. The purchaser should be able to demonstrate that fair market value was achieved and that the Purchasing Principles outlined in [Section 3](#) have been followed.

Where it is in the interest of the County to obtain one or more informal quotes by phone or in writing prior to acquiring the goods and/or services that process should be followed.

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9.0 Informal Quotation Process

The Quotation Process is a competitive method, where the specifications for the goods and services and terms of purchase have been established with sufficient clarity to permit comparable quotations to be provided by suppliers.

A sufficient number of suppliers shall be requested to submit quotations on the specific goods and services such that at least three responsive quotations are received, where practical.

The Informal process does not involve advertising, the receipt of sealed bids nor the preparation of formal quotation documents.

The requirement of the competitive process may be waived under the authority limits established in [Section 4](#). In this case, the competitive process will be replaced by the negotiated method. The circumstances in which the negotiated method would be appropriate and the associated procedures are provided under [Section 7](#).

10.0 Request for Quotation

The Request for Quotation process is a competitive method, where the specifications for the goods and services and terms of purchase have been established with sufficient clarity to permit comparable quotations to be provided by suppliers.

A sufficient number of suppliers shall be requested to submit quotations on the specific goods and services such that at least three responsive quotations are received, where practical.

The formal process shall include the preparation of a quotation document, which provides the prospective suppliers with clear instructions, specifications, terms and conditions. The quotation document shall provide a quotation form and a quotation envelope in which the quotation can be submitted.

The requesting Department will give notice of the Request for Quotation in at least one local newspaper and/or the Corporation's Web site. Request for Quotation may also be sent directly to approved vendors.

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The Quotation document shall clearly indicate the final time and place for the receipt of quotations. At least three quotations should be presented, if possible. The quotation will be awarded consistent with the Purchasing Principles stated in [Section 3](#).

The requirement of the competitive process may be waived under the authority limits established in [Section 4](#). In this case, the competitive process will be replaced by the negotiated method. The circumstances in which the negotiated method would be appropriate and the associated procedures are provided under [Section 7](#).

11.0 Request for Tender

The Request for Tender process is a competitive method of procurement, which may include supplier or contractor pre-qualification. The specifications for the goods and services and contract terms of purchase are detailed within the tender documents in such a degree that there is no prospect of negotiations between the parties. It is the intention that the lowest priced compliant bid would be accepted, as the vendors must meet all the terms, conditions and specifications.

The tender process procedures would be as follows:

- 1) Contractor and Supplier Qualification (if applicable)
- 2) Development of Specifications and Contract Terms
- 3) Publication and Solicitation of Tenders
- 4) Receiving and Opening of Bids
- 5) Bid Evaluation and Selection

Tender documents will contain at least the following information:

- 1) Name of the tender, closing date and time and contact person.
- 2) Non-technical information that advises the potential bidders of the general terms and conditions that applies to the tender of goods and/or services.
- 3) Performance Guarantee / Financial Guarantee in the form of cash, certified cheque, irrevocable letter of credit, or bond (performance,

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labour, and/or material). Requirements should be clearly outlined in Non-technical information section.

- 4) Specifications detailing the nature, scope and extent of the goods and/or services required.
- 5) The Tender Form, which when properly completed and signed is a legal offer by the bidder to carry out the tendered work. The tender Form should include an acknowledgement from the bidder that he has reviewed and understands all of the tender documents and is prepared and capable of carrying out the contemplated work.
- 6) A standardized tender envelope or envelopes should be provided to all bidders where appropriate.

The requesting Department will give notice of the Request for Tender in at least one local newspaper and/or the Corporation's Web site. Electronic tendering networks, as available should also be employed.

12.0 Request for Proposal (RFP)

The Request for Proposal process is a competitive method of procurement, which may include supplier or contractor pre-qualification. Exact specifications for the goods and services are not predetermined but the outcomes expected should be reasonably stated. By issuing a Request for Proposal, the County is inviting suppliers to propose a creative solution to a problem, requirement or objective. The selection of the successful proponent is based on the effectiveness of the proposed solution rather than on price alone. As the evaluation process will be more complex, the process should be clearly outlined in the RFP document.

The Request for Proposal process procedures would be as follows:

- 1) Contractor and Supplier Qualification (if applicable)
- 2) Development of desired outcome to a stated problem, requirement or objective
- 3) Publication and Solicitation of RFP
- 4) Receiving and Opening of RFP
- 5) RFP Evaluation and Selection

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It is expected that negotiations with one or more bidders may be required with respect to any aspect of the proponent's solution to the problem, requirement or objective.

The requesting Department will give notice of the Request for Proposal in at least one local newspaper and/or the Corporation's Web site. Electronic networks, as available should also be employed.

Request for Proposals are not formally opened in public nor is it necessary to disclose pricing or terms at the time of submission.

13.0 Emergency Procurement Requirements

Where an emergency situation arises requiring the immediate purchase of goods and services essential to the prevention of safety hazards, serious delays, further damage, or to restore minimum services, a Department Head may purchase the required goods or services notwithstanding any other provision of this Policy.

In the event that the purchase is for greater than \$25,000 (see [Section 5.0](#)), a report to the CAO outlining the emergency and noted goods and services acquired will be produced as soon after the emergency situation as practical.

In the event that the purchase is for greater than \$200,000 (see [Section 4.0](#)) and Council approval is not available prior to the purchase, the report will be brought forward to Committee outlining the emergency and noted goods and services acquired, as soon after the emergency situation as practical.

14.0 Procurement through Negotiated Process

The provisions of this Policy may be suspended in whole or in part, under direction of the CAO, to allow negotiation with one or more bidders in order to obtain the lowest Total Acquisition Cost for the County when any of the following conditions apply:

- 1) When, due to market conditions, the goods and services required are in short supply.
- 2) When there are a limited number of sources where the goods and services can be purchased.

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- 3) When two or more identical lowest bids have been received.
- 4) When all acceptable bids exceed the budgeted cost of the goods or service and it is impractical to recall tenders or quotations.
- 5) When all bids received fail to comply with the specifications or tender terms and conditions and it is impractical to recall tenders or quotations.
- 6) When the extension or enhancement of an existing contract would prove more cost-effective or beneficial.
- 7) When no bids are received on a formal quotation, tender or request for proposal.
- 8) When compatibility with an existing product or process is the overriding consideration.

15.0 Disposal of Surplus Assets

Disposal of surplus assets is the responsibility of the disposing department in consultation with Corporate Services.

Where any goods, equipment or inventory stock are deemed surplus, obsolete or not repairable, they shall be declared surplus by the disposing department to Corporate Services. Corporate Services shall have the authority to transfer surplus assets to other using departments. When no other use can be found, the asset will be added to the surplus list for disposal. Corporate Services and/or the disposing department shall determine asset value through trade-in options and/or appraised value and shall offer the asset to the local municipalities through a sealed bid process. If, in the opinion of the disposing department, a higher return can be achieved by trade-in or public sale (i.e. sealed bid, auction, etc.), the disposing department shall have the authority to do so. Proceeds from the sale of assets will be credited to the Equipment Replacement Reserve.

Sale of surplus assets shall be made to the highest responsive bidder. This may be by sealed bid or by offering the goods at public auction or through trade-in

If it is determined that the goods have no residual value, the disposing department may dispose of the item in an accredited landfill site.

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This Policy does not apply to the sale of surplus land.

16.0 Specifications

Development of specifications are the responsibility of the using department within the framework of the Purchasing Policy except where another department has been given the responsibility to develop common specifications for all using departments. Example: Corporate Services has responsibility for specifications on all computers and computer related equipment.

Specifications should be structured in an open format as possible so as to not exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.

17.0 Exemptions

This Policy establishes the purchasing policies and practices applicable to the purchase of all types of goods and services with the exception of the following items unless specifically requested by the C.A.O., Department Head or Council:

- 1) Petty Cash Items
- 2) Training and Education
- 3) Conferences
- 4) Courses
- 5) Conventions
- 6) Memberships
- 7) Seminars
- 8) Staff Training
- 9) Staff Workshops
- 10) Subscriptions
- 11) Refundable Employee Expenses

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- Advances
 - Meal Allowances
 - Miscellaneous - Non-Travel
 - Travel Expenses
 - Entertainment Expenses
- 12) Employer's General Expenses
- Payroll Deduction Remittances
 - Medicals
 - Licenses (Vehicles, etc.)
 - Debenture Payments
 - Insurance
 - Grants to Agencies
 - Damage Claim
 - Petty Cash Replenishment
 - Building Lease Payments
 - Tax Remittances
 - County Charges from other Government or Crown Corporations
 - Preventative Maintenance and Repairs to Vehicles
 - Courier Fees
- 13) Professional and Special Services
- Counseling Services
 - Payment to Social Agencies for Purchasing Services

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- Physician Fees
 - Banking and Underwriting Services, where covered by Agreements
 - County's Agent of Record (Health Benefits, Financial, Insurance, Emergency Services, Library Materials)
 - Legal
- 14) Utilities
- Postage
 - Water and Sewer
 - Hydro
 - Gas
 - Telephone
 - Internet fees

18.0 General

This Policy shall be read with all necessary changes of genders and changes of singular to plural which may be required in its context.

Notwithstanding the provision of this Policy, the County shall have the right to reject the lowest or any bid in its absolute discretion.

This Policy shall be reviewed every five (5) years or earlier, to evaluate its effectiveness.