

	Procurement Policy
	Council Approved
	Finance (FN) # 1300
	Approved July 14, 2020
	Next Review Date July 14, 2024

1.0 POLICY STATEMENT

- 1.1 The Town of Hinton is committed to fair, open and transparent procurement processes.
- 1.2 The Town of Hinton will ensure the best value for Town resources through competitive purchasing and by maintaining honesty, integrity, and fairness in all its purchasing practices.
- 1.3 Wherever economically feasible, the Town will procure goods or services that are environmentally preferred.
- 1.4 The Town will strive to balance efficiency and accountability for all procurement.

2.0 PURPOSE

- 2.1 The purpose of this Policy is to provide the principles for the Town’s procurement processes and to address the legislative requirements that apply to the Town, as a publicly funded institution, in the acquisition of goods, services, consulting, or construction.

3.0 SCOPE

- 3.1 All Town procurement is covered by this Procurement Policy (“Policy”) unless otherwise exempted in section 5.4.6. This Policy applies to all Town of Hinton Employees who are involved in the purchase of goods, services, consulting or construction, on behalf of the Town of Hinton.

4.0 RESPONSIBILITIES

- 4.1 Council is responsible for:
 - 4.1.1 Approving this Policy and subsequent amendments necessary;
 - 4.1.2 Approving the budget and scope of projects as part of the annual operating and capital budget process, or individual project approval submissions from Departments throughout the year;
 - 4.1.3 Approval of the project scope and budget by Council shall be deemed to be approval for the subsequent award of a contract in accordance with the Procurement Policy and where the cost of the contract is within the budget previously approved by Council.

- 4.2 The Chief Administrative Officer (CAO) or designate is responsible for ensuring the overall corporate compliance of this Policy and approving related Directives and Procedures.
- 4.3 Directors, Managers and Supervisors are responsible for ensuring that procurement activities are conducted in accordance with this Policy, and any associated Directives and Procedures.
- 4.4 The Corporate Services Director or designate is responsible for the development of Directives and Procedures associated with this Policy. Such Directives and Procedures must include:
 - 4.4.1 Processes for the approval, implementation, monitoring and evaluation of purchased goods, services, consulting or construction;
 - 4.4.2 Related Party Transaction Directive and Disclosure Form.

5.0 RELATED MATTERS & REFERENCES

5.1 Open and Fair Competition

- 5.1.1 The Town will conduct fair, open and transparent procurement processes that afford equal access to all Qualified Vendors while ensuring consistency with the Town's Policies, Directives and Procedures, and balance between accountability and efficiency;
- 5.1.2 The Town will practice reciprocal non-discrimination with respect to Alberta's trading partners.

5.2 Best Value Considerations

- 5.2.1 The Town will strive to achieve best value for the expenditure of public funds through consideration of full range of criteria;
- 5.2.2 Consideration may be given to the overall cost in the procurement of goods, services, or construction including but not limited to acquisition cost, operating costs, life cycle costing, serviceability, and delivery;
- 5.2.3 The Town will consider and evaluate the relevant non-price factors including but not limited to quality, reliability, sustainability, anticipated customer service, and past performance.
- 5.2.4 Wherever feasible, the Town will seek quotations/proposals from local vendors and consider local businesses, while still ensuring best value for Town resources.
 - a) The NWPTA prohibits any discrimination in favor of local suppliers on purchases over \$75,000 for goods and services, and \$200,000 for construction.

5.3 Green Procurement

- 5.3.1 The Town is committed to reducing its environmental impact, and wherever practical and economically feasible, will procure goods or services that are environmentally preferred;
- 5.3.2 Town employees will strive to support this value by considering specifications in procurement documents to allow for the expanded use of environmentally preferred goods and services wherever practical and economically feasible.
- 5.4 Procurement Process
- 5.4.1 For purchases of goods and services up to \$5,000:
- a) direct purchases without competitive quotes are allowed, but receipts must be signed and submitted to Accounts Payable staff,
 - b) where more than one supplier has been considered, the employee making the purchase must record the reason for their selection;
- 5.4.2 For purchases of goods and services between \$5,001 and \$10,000, and of construction up to \$25,000:
- a) a minimum of two written or verbal quotations or proposals must be received,
 - b) the quotes must be documented using the Quotation Summary Form and attached to the purchase order/invoice,
 - c) in the event that the lowest cost supplier is not chosen, the reasons for this decision must be noted;
- 5.4.3 For purchases of goods and services with a procurement value between \$10,000 and \$75,000, and of construction with a procurement value between \$25,000 and \$200,000:
- a) a Request for Quotations (RFQ) or Request for Proposals (RFP) must be issued and posted on the Town website,
 - b) a minimum of three written quotations or proposals must be received,
 - c) the quotes must be documented using the Quotation Summary Form and attached to the purchase order/invoice,
 - d) in the event that the lowest cost supplier is not chosen, the reasons for this decision must be noted;
- 5.4.4 For purchases of goods and services with a procurement value above \$75,000, and for construction with a procurement value above \$200,000:
- a) a Request for Quotations (RFQ), Request for Proposals (RFP), or Request for Tender (RFT) must be issued, advertised, and posted through an electronic tendering system such as the Alberta Purchasing Connection, in accordance with NWPTA and CFTA,
 - b) a minimum of three written quotations or proposals must be received,
 - c) in accordance with the requirements of the articles 516 and 517 of the CFTA, a detailed public disclosure of the contract award,

including the name of the supplier and value of the contract, be made;

- 5.4.5 Consulting or professional services will be considered as part of the 'service' category for procurement thresholds and must follow the Policy;
- 5.4.6 Exceptions are for utility services, legal services, recurring rental or lease payments;
- 5.4.7 In the event that the number of responses received are insufficient to meet the requirements in this Policy, the employee initiating the purchase has the discretion to extend the deadline for responses, or cancel the purchase temporarily, or select from among the responses received, as approved by the CAO;
- 5.4.8 Departments may advertise or process competitive tendering requests prior to budget approval, provided that specific wording is included advising potential vendors of conditional award;
- 5.4.9 Pre-qualification process using the Request for Pre-Qualification (RFPQ) can be used to create a list of most qualified vendors, as the first stage in a two-stage procurement process.

5.5 Procurement Authority

- 5.5.1 All purchasing funds must be approved through the annual budget or by Council resolution, except as set out herein or in a Bylaw of the Council;
- 5.5.2 The CAO is responsible for establishing and amending from time to time purchasing authorization levels through administrative Directive;
- 5.5.3 Signing authority limits are as follows:
 - a) Manager: up to \$50,000 (for budgeted expenses),
 - b) Director: up to \$200,000 (for budgeted expenses),
 - c) CAO: unlimited (for budgeted expenses);
- 5.5.4 All sole-source and single-source procurements of or above \$10,000 will require approval from the CAO or designate for budgeted expenses;
- 5.5.5 The Director, with the approval of the Director of Corporate Services, may delegate signing authority up to \$50,000 for specific functions, goods, or services, upon appropriate training completion;
- 5.5.6 Emergency purchases (outside a state of local emergency) required, outside the operating and capital budgets that cannot be offset, may only be made with the approval of CAO;
 - a) In these emergency situations, in accordance with the MGA, any expenditure anticipated in excess of the approved capital and operating budgets must receive Council's retroactive approval.

5.6 Purchasing Ethics

- 5.6.1 The Town is committed to acting ethically in all its procurement activities. Town employees should ensure that all purchasing decisions and actions protect the Town's reputation with the Qualified Vendor community;

- 5.6.2 Town employees will not engage in any procurement activities that may create, or appear to create, a conflict of interest, including but not limited to accepting gifts or favors, or providing preferential treatment to Suppliers or products. If a potential conflict of interest exists, the employee shall advise their supervisor immediately;
- 5.6.3 Town employees involved with the procurement processes will disclose their Related Parties before each transaction when applicable, and annually as part of the year-end audit by the Corporate Services Department (See 'Related Party Transaction Directive').

5.7 Confidential Information

- 5.7.1 The Town is committed to the protection of confidential information from unauthorized access or disclosure in compliance with the Town's obligations and duties under the Freedom of Information and Protection of Privacy Act, as amended or repealed and replaced from time to time.

5.8 Laws, Regulations, Trade Treaties and Other Requirements

- 5.8.1 Procurement activities at the Town will be conducted in accordance with all laws, regulations and standards including, but not limited to:
 - a) Municipal Government Act and Regulations,
 - b) CPA Canada Public Sector Accounting Handbook – PS 2200 – Related Party Disclosure,
 - c) Competition Act and Regulations,
 - d) Freedom of Information and Protection of Privacy Act and Regulations,
 - e) All Town of Hinton bylaws, policies, directives, and procedures.
- 5.8.2 Procurement activities at the Town of Hinton will comply with the following binding Trade Agreements:
 - a) Canadian Free Trade Agreement (CFTA),
 - b) New West Partnership Trade Agreement (NWPTA) - British Columbia, Alberta and Saskatchewan,
 - c) Trade, Investment and Labor Mobility Agreement (TILMA) - British Columbia and Alberta.

6.0 DEFINITIONS

- 6.1 See Town Policies, Procedures, and Directives Policy CL #1106 for a list of defined terms.
- 6.2 Fair: treating all interested Suppliers equally with unbiased Procurement actions and decisions, giving no preferential treatment of one Supplier over others.

- 6.3 Open: all eligible Suppliers that meet the essential requirements and characteristics for a specific Procurement shall be given the opportunity to submit a response.
- 6.4 Transparent: timely, easily understood access to information. Transparency protects the integrity of the Procurement process and the interests of organizations, stakeholders, and the public.
- 6.5 Qualified Vendor: a vendor who is in the business of providing the required goods and/or services and possesses the required licenses, certifications, and clearances as may be required for the Procurement.
- 6.6 Reciprocal Non-Discrimination: consideration will be provided to all vendors through the competitive process regardless of their geographic location, in accordance with the trade treaties.
- 6.7 Best Value: is not limited to the lowest price but is a combination of several factors related to the overall transaction and the long term benefit or advantage to the Town. Individual factors may vary from contract to contract, but will generally include, but not be restricted to, price, quality, experience, performance history, service history, equipment, financial capacity, ease of use, sustainable purchasing, availability/delivery, purchase terms, and other pertinent factors related to the service or goods required.
- 6.8 Environmentally Preferred: goods, services, and construction that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. This comparison may consider raw materials acquisition, product, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service.
- 6.9 Quotation: is a commitment verbally or writing regarding the current price of goods or services.
- 6.10 Request for Quotations (RFQ): is used when very clearly defined criteria or specifications have been developed. The Town is considered the expert and the award is made using a Purchase Order.
- 6.11 Request for Proposals (RFP): is used where requirements and specifications are not clearly defined, the vendor is considered the expert, and negotiations may be required. An RFP is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the Town. The evaluation criteria and weightings shall be established prior to the call for bids.
- 6.12 Request for Tenders (RFT): is used where there are clearly defined criteria or specifications. It usually entails thoroughly detailed work (e.g. construction

tender) or a specific, product-based quote where the award is based on mandatory technical compliance and 'Best Value' bid from a responsive and responsible bidder.

- 6.13 CFTA: the Canadian Free Trade Agreement, an intergovernmental Canadian trade agreement established to replace Agreement on Internal Trade (AIT). It seeks to eliminate trade barriers to the free movement of persons, goods, services, and investments within Canada.
- 6.14 NWPTA: the New West Partnership Trade Agreement, between the Provinces of Alberta, British Columbia, Saskatchewan, and Manitoba.
- 6.15 Public Advertising: a formal public invitation to Suppliers to bid on a good or the provision of a service at a specific price, based on detailed specification.
- 6.16 Request for Pre-Qualification (RFPQ): is a request for the submission of information from potential bidders, including the experience, financial strength, education, background and personnel of firms or corporations who want to qualify to be able to compete to supply goods, services or construction to the Town.
- 6.17 Sole Source Procurement: occurs when a source is predetermined to be the only source capable of performing the service or supplying the material, or where it can be demonstrated that only one Supplier is able to meet the requirements of a procurement, within reasonable scope of the Town; or the good, service or system is unique to one vendor and no alternative exists.
- 6.18 Single Source Procurement: occurs when more than one source is available, but there are valid and sufficient reasons for selecting one vendor in particular, as follows:
 - 6.18.1 An attempt to acquire the required goods and/or services by soliciting competitive bids has been made in good faith, but has failed to identify more than one willing and responsive vendor;
 - 6.18.2 The confidential or security-related nature of the requirement is such that it would not be in the public interest to solicit competitive bids;
 - 6.18.3 There is a need for standardization or compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods, and/or services being supplied under an existing contract (i.e. contract extension or renewal);
 - 6.18.4 Where necessary to maintain an existing warranty from a previous vendor;
 - 6.18.5 The required goods and/or services are to be supplied by a particular vendor(s) having special knowledge, skills, expertise or experience;

- 6.18.6 It is advantageous to the Town to acquire the goods or services from a Supplier pursuant to the procurement process conducted by another public body, including AUMA and RMA;
- 6.18.7 It is advantageous to the Town to acquire the goods or directly from another public body or public service body;
- 6.18.8 Where due to abnormal market conditions, the goods or services required are in short supply.
- 6.19 Emergency purchase: when the lack of immediate action to supply would disrupt critical services to the public, or damage to Town assets or private property, or involve the safety of personnel or the community.
- 6.20 Conflict of Interest: includes, but is not limited to, the following situations:
- 6.20.1 Where an employee has a direct or indirect financial or personal interest in a matter involving the Town that could improperly influence the performance of his or her duties and responsibilities;
- 6.20.2 Where an employee could improperly influence or appear to be able to influence any decision on a matter by the Town for his or her personal gain or benefit;
- 6.20.3 Where a party responding to a procurement document has access to confidential information of the Town that is not available to other parties, has communicated with any person with a view to influencing preferred treatment by the Town, has a relationship with any person which could result in preferred treatment by the Town or has engaged in conduct that compromises or could be seen to compromise the integrity of any procurement activities;
- 6.20.4 Where a vendor has commitments, relationships or financial interests that could, or could be seen to, improperly influence the objective, unbiased and impartial exercise of its independent judgment or otherwise compromise or be incompatible with the effective performance of its contractual obligations.
- 6.21 Related Party: exists when one party has the ability to exercise control or shared control over the other, or when both parties are controlled by the same entity. Related parties are also Town employees and their close family members.
- 6.22 Related Party Transactions: is a transfer of an economic resource or obligations between related parties, or the provision of services by one party to a related party. The parties must be related prior to when the transaction takes place.
- 6.23 Close Family Member: includes an individual's spouse or common law partner, parents, step parents, children, step children, siblings, mother-in-law, father-in-law, foster parents, brother-in-law, sister-in-law, son-in-law, daughter-in-law,

grandparents, grandchildren of the employee, and those dependent on either the individual or the individual's spouse or common law partner.

7.0 APPENDICES, PROCEDURES, & FORMS

7.1 Related Party Transaction Directive

7.2 Procurement Directives/Procedures

7.3 Town of Hinton Procurement Policy – Summary Tool

8.0 REVISION CONTROL

8.1 This Policy must be reviewed every four (4) years, or as MGA or Public Sector Accounting Board changes come up, to maintain legislative compliance.

8.2 Upon Council approval, all former versions of this Policy are hereby rescinded.

Date	Revision

Town of Hinton Procurement Policy – SUMMARY TOOL

Estimated Value of Purchase	Signing Authority	Minimum Method of Procurement	Documentation
Up to \$5,000 or less	Designated Personnel	Direct purchase/ verbal quotes	Quotation Summary form, or Expense form (see Procurement Directive/Procedures)
\$5,001-\$10,000 goods and services, or Up to \$25,000 construction	Department Manager/ Director unless delegated	Request for Quotation/Proposal: Two verbal or written quotations or proposals	Quotation Summary form, attach quotations (see Procurement Directive/Procedures)
\$10,000-\$75,000 goods and services, or \$25,000-\$200,000 construction	Manager- up to \$50,000 Director- up to \$200,000 CAO- unlimited*	Request for Quotation/Proposal/Tender: Three written quotations or proposals	Quotation Summary form, attach quotations (see Procurement Directive/Procedures)
Above \$75,000 goods and services, or Above \$200,000 construction	Director- up to \$200,000 CAO- unlimited*	Request for Quotation/Proposal/Tender: Three written quotations or proposals; must be advertised, and posted via an electronic tendering system in accordance with NWPTA and CFTA	Tender documents (see Procurement Directive/Procedures)
Above \$10,000 sole-source and single-source purchases	CAO- unlimited*		Quotation Summary Form/ Tender documents (see Procurement Directive/Procedures)
Emergency expenses outside budget approved	CAO (requires retroactive Council approval)		

*Within budgeted expenses