



# PROCUREMENT POLICY

---

**POL-03**

## POLICY STATEMENT:

The Town of Bonavista strives to promote fair and equitable purchasing procedures that are both open and transparent to the public. To effectively manage the Town's purchasing procedures, the Town has adopted the following policy to handle all purchasing.

## SCOPE:

This policy applies to all individuals authorized to make purchases on behalf of the Town of Bonavista.

## PURPOSE:

To establish a Policy that outlines the guidelines and procedures to be followed for the procurement of goods, services, public works, and lease of space ("commodities") to achieve the best value, transparency and accountability in procurement.

## AUTHORITY:

- Municipalities Act, 1999
- Public Procurement Act, 2018
- Council Discretion

## PROCEDURE:

As outlined in Appendix 1 – Procurement Procedures.

## RESPONSIBILITIES:

All Town of Bonavista employees making any purchase must follow the Procurement Policy and ensure appropriate approvals and documentation is completed. All Town employees involved in purchasing activities will endeavor to maintain and enhance the Town's image by their personal conduct and method of doing business with suppliers. All employees engaged in purchasing activities will ensure that their sole priority is the best interests of the Town of Bonavista.

- The Department Head (the Director of External Operations (DEO), the Economic, Culture, Heritage Officer (ECHO), the Confidential Secretary, the Water & Sewer Maintenance Supervisor, the Recreation Director, and the Fire Chief) will be responsible to generate and approve purchases in accordance with their respective spending authorities.
- The CAO/Clerk will be responsible for ensuring that this policy is being followed.



# APPENDIX 1

## PROCUREMENT PROCEDURE

---

### SPENDING AUTHORITY:

- **COUNCIL:** Any expenditure for goods and services in excess of \$20,000, plus HST, shall be awarded by Council. If goods and services are purchased through an Open Call for Bids, Limited Call or through a contractual agreement, the invoices/contract payments will not have to come back to Council for approval unless there is a change in the scope of work.
  
- **STAFF:** The spending authority limits (exclusive of HST) that have been approved by Council are as follows:
  - Chief Administrative Officer – Up to \$20,000
  - Department Head – Up to \$10,000
  - Staff – Up to \$1,000

A Purchase Order (PO) must be obtained for any purchase that will lead to an invoice to be paid by the Town. Appendix 1.1 lists the information that must be recorded on each PO.

All PO's over the thresholds listed above must be signed/approved by a supervisor or an assigned designate.

Only management or designated staff are authorized to issue purchase orders. Councillors do not have authority to issue purchase orders.

**Note:** Council authorizes the annual expenses of the Town by approving the annual budget. Managers are authorized to purchase items within their budget without Council approval provided the purchase adheres to this policy and is included in the Council approved annual

budget. For major purchases not reflected in the budget, Council approval is required prior to issuing a Purchase Order.

## PROCUREMENT PROCEDURES:

Decisions on how to procure a commodity are subject to the commodity type (good/service/public work/lease of space) and established thresholds. The Town will only be responsible for commodities which are obtained by way of a PO or signed contract.

### *Low Dollar Purchases (Less than \$2,000)*

- For purchases of goods or services less than \$2,000, exclusive of HST, obtain a minimum of one quote from legitimate dealers, suppliers, or contractors by direct quotations, or by reference to trade catalogues, or price lists.
- Separating purchases into several smaller purchases to remain within the \$2,000 purchase threshold is not permitted.
- Reasonable Price is to be determined before issuing a PO. It is up to the employee to determine a fair, reasonable price. Factors that may affect the purchase include local availability, one-time sale price, etc.
- Regular, day-to-day purchases are to be shared amongst local vendors/suppliers (taxi services, gas purchases, supplies and materials, etc.)
- A PO must be obtained for any purchase that will lead to an invoice to be paid by the Town. In the event a PO is not accepted by the vendor a Town Visa card may be used by contacting the CAO.

### *Purchases between \$2,000 and \$10,000*

- For purchases of commodities less than legislated thresholds, quotations shall be obtained from at least 3 legitimate dealers, suppliers, or contractors.
- Separating purchases into several smaller purchases to remain below the legislated threshold is not permitted.

- The Town must make every reasonable effort to obtain quotes from all local suppliers or contractors that are able to deliver the commodity.
- A PO must be obtained for any purchase that will lead to an invoice to be paid by the Town. In the event a PO is not accepted by the vendor a Town Visa card may be used by contacting the CAO. Quotes must be attached to PO/Invoice.
- Town of Bonavista Standing Purchase Agreement (SPA) – Where the Town identifies a high volume of specific goods or services with a cost less than legislated threshold, the Town can issue a SPA covering a specific time-period to avoid having to obtain quotations each time a purchase of the specific good or service is required. The cost should be calculated over the life of the SPA to ensure it is still below legislative thresholds.
- For goods and services for which the Town has issued a SPA, the Town can execute a purchase of the specific good or service from the supplier participating in the SPA at the indicated price.
- The Town may participate in the Canoe Procurement MNL Municipal Buying Program to procure commodities within these thresholds.

### *Limited Call for Bids (\$10,000 > Legislative thresholds)*

- For purchases greater than \$10,000 but less than the open call for bids thresholds for municipalities, a limited call for bids purchase must be made.
  - Method 1: Obtain quotations from at least three suppliers and document using the “Limited Call for Bids” Form (Appendix 1.2). If obtaining three quotes is not feasible, rationale must be documented on the form.
  - Method 2: Determine a fair and reasonable price (Appendix 1.3) for the commodity based on recent market conditions. If this method is chosen, file documentation must be included as to why obtaining three quotes was not feasible as well as how fair and reasonable was established.
- The Town must make every reasonable effort to obtain quotes from all local suppliers or contractors that are able to deliver the commodity.

- Depending on the value of goods and services, and the urgency to obtain them, bids will be obtained by fax, email or written invitation. If the purchase is urgent, bids may be obtained by telephone.
- The Town may participate in the Canoe Procurement MNL Municipal Buying Program to procure commodities within these thresholds.

*Open Call for Bids (>=Legislative thresholds)*

The current thresholds above which an open call for bids must be issued is as follows:

<b>Open Call for Bids Thresholds for Municipalities</b>			
<b>Goods</b>	<b>Services</b>	<b>Public Works</b>	<b>Lease of Space</b>
>= \$264,200	>= \$264,200	>= \$264,200	>= \$100,000

- For purchases over the legislated thresholds, an open call for bids shall be required in accordance with the thresholds and guidelines specified by the Public Procurement Act 2018 and the Public Procurement Regulations.
- The Town may participate in the Canoe Procurement MNL Municipal Buying Program to procure commodities above these thresholds. Awarding of bids must be approved by Council prior to a PO being issued.

*Emergency Purchases:*

In the event of an emergency, Department Heads may approve any amount up to \$20,000 without prior approval of CAO/Council and shall report such expenditures to CAO at the earliest convenience, and to Council at its next meeting. Emergency purchases generally occur as a result of fire, flood, water breaks or major equipment breakdown. There may be situations during an emergency where it is not possible to comply with normal Procurement Procedures. Documentation including the reason for the emergency purchase must be completed and forwarded to the CAO following the emergency purchase.

## PROCUREMENT RECORDS:

Procurement records shall be kept individually by procurement, shall relate to all phases of the procurement process, and shall be maintained in a central paper file or electronic file.

Procurement records shall include the following:

- approved requisition;
- quotation sheets;
- call for bids;
- amendments;
- bid submissions;
- evaluation documentation;
- contracts;
- supplier performance monitoring;
- change orders and extensions;
- Invoices with attached PO's
- any other correspondence relating to that procurement process; and
- those other procurement records which may be required by the chief procurement officer

The Town of Bonavista shall retain procurement records a minimum of two years following the procurement of the commodity, or a minimum of two years after the end date of a contract, if applicable.

## PROCUREMENT REPORTING:

The Town of Bonavista will comply with the following reporting requirements:

### ***Open Calls for Bids – Notices, Amendments, and Cancellations***

Open Calls for Bids shall be reported immediately on the Town of Bonavista website, and/or on the Public Procurement Agency website.

### ***Awards – Open Calls for Bids and Limited Calls***

Awards (successful bidder, description of commodity, date of award, financial value of award, terms of contract) will be reported within 30 days of contract award on the Town of Bonavista website for the following thresholds:

- Goods (\$10,000 and above)
- Services (\$50,000 and above)
- Public Works (\$100,000 and above)

### **PROVINCIAL SUPPLIER ALLOWANCE:**

In the evaluation of submissions, for either a limited or open call, the Town of Bonavista will apply a ten percent (10%) reduction to the bid price of a provincial supplier prior to the evaluation, provided the estimated value is below trade agreements thresholds. The 10% reduction will only be applied when the evaluation includes suppliers that are not provincial suppliers.





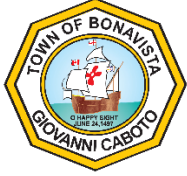
# APPENDIX 1.1

## SUPPORTING DOCUMENTS

---

### PURCHASE ORDER INFORMATION

- All Purchase Orders must include the following info:
  - 1.) Vendor info
  - 2.) Description of items being purchased
  - 3.) Intended use
  - 4.) Attached are price quotes as outlined in the following procedure section.
  - 5.) Authorizing Signature
- All purchases will require a Purchase Order unless:
  - Vendor does not accept a PO
  - Utilities such as NL Power & furnace oil
  - Recurring invoices for approved service contracts
  - Capital Projects such as MYCW, Gas Tax Expenditures and/or Major infrastructure funding. These types of purchases will follow the Government Capital Projects approval procedures.



# APPENDIX 1.2 SUPPORTING DOCUMENTS



## Limited Call For Bids Form

FILE # \_\_\_\_\_

Project: \_\_\_\_\_

PO#: \_\_\_\_\_ Date: \_\_\_\_\_

Description:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

QUOTES:

BIDDER	PRICE	SELECTED?

WERE THREE BIDS OBTAINED/RECEIVED?

IF NO, INCLUDE RATIONALE AS TO WHY IT WAS NOT FEASIBLE:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

HOW WAS A FAIR/REASONABLE PRICE ESTABLISHED?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMPLETED BY: \_\_\_\_\_

Limited Call for Bids Form

TOWN OF BONAVISTA



# APPENDIX 1.3

## SUPPORTING DOCUMENTS

---

### FAIR AND REASONABLE PRICE

Examples of methods in which a fair and reasonable price may be established include, but are not limited to:

- obtaining two direct quotations and comparing the prices to determine whether competitive market forces have ensured that the prices are fair and reasonable – note that if this method is being used, the lowest quotation bidder must be accepted;
- obtaining one direct quotation and substantiating that it is fair and reasonable through reference to trade catalogues, price lists, or a recent acquisition price for similar goods or services;
- obtain one direct quotation and substantiate that it is fair and reasonable through the utilization of a rotational system, which consists of at least two suppliers, and which is monitored to ensure that prices are competitive and fair and reasonable;
- obtaining one direct quotation and substantiating that it is fair and reasonable from an operations perspective where the goods or services are urgently required and a delay in delivery would negatively impact the operations of a department;
- obtaining one direct quotation and determining that the price is fair and reasonable as a result of a limited supplier base in the area (consideration would be given to additional direct and administrative costs associated with acquiring the goods or services in another area); or
- obtaining one quotation via shelf pricing or advertised price for a low dollar value, or purchasing card, acquisition and a direct quotation is not generally provided, and, in this instance, the business should be rotated to ensure that prices are competitive and fair and reasonable.

## AMENDMENT OF RULES

Any motion to amend these rules must be presented to Council in accordance with Section 413 of The Municipalities Act and must be passed by a two-thirds majority of members present.

## EFFECTIVE DATE

This policy shall become effective upon the date of enactment and may be known and cited as the “Town of Bonavista Procurement Policy”. All previous Town of Bonavista Procurement Policies and amendments are repealed.

## ADOPTION & AMENDMENTS

<b>Motion No.</b>	<b>Date:</b>	<b>Description:</b>
22-67	June 20, 2022	New Policy Adopted