

**DEPARTMENT**      **ALL TOWN DEPARTMENTS**

**TITLE**                **Purchasing Policy**

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**(1) Policy Statement**

The purpose of this policy is to establish purchasing guidelines to ensure the most cost effective and cost efficient methods are used to purchase goods and services for the Town.

**(2) Guiding Principles**

The following principles will guide the purchasing practices of the Town of Oxford:

- (a) Purchasing policy and procedures should provide the most cost efficient and cost effective methods to purchase.
- (b) The purchasing process is to be open, fair and consistent.
- (c) Purchasing methods are to encourage competitive bidding for the supply of goods and/or services.
- (d) Purchasing policy provides for the use of suppliers, who can be expected to provide satisfactory performance, based on:
  - (i) past performance and/or previous contracts;
  - (ii) financial and other resources to complete the contract bid;
  - (iii) references.
- (f) While it is recognized that this policy has no provision for “local preference” purchasers should ensure that local suppliers have an equal opportunity to participate in the competitive bidding process described in this policy.
- (g) This policy does not address payments for recurring items such as utilities, leases, rentals and similar recurring operating charges, while recognizing that in some circumstances, the initial commitment that leads to these ongoing payments is subject to the provisions of this policy.

**(3) Definitions**

- (a) Bid - Refers to a competitive bid received from either a Request for Quotation (RFQ), Tender or Request for Proposal (RFP).
- (b) Purchaser – a Town of Oxford employee with the authority to purchase goods.
- (c) Public Request of Submission - refers to teners, calls for proposals, two phase bids, etc. over the value of \$15,000. All such request will be under the signature of the CAO.
- (d) Purchase Card – a corporate visa card for the Town of Oxford with various restrictions and limits based on the cardholder.
- (e) Requisition/Purchase Order – an electronically generated document for the supply of goods or services from an approved vendor.

**(4) General**

- (a) This policy applies to all departments, agencies, boards and commissions of the Town of Oxford over which the Town has jurisdiction.
- (b) The purchasing of goods and services will be facilitated by the Department Head according to this policy.
- (c) The Town of Oxford will be under no obligation to accept any bid received which is considered to be not in its best interest, in response to a verbal or written request.
- (d) The Town may work with other levels of government, other agencies, boards and commissions, and associations such as the FCM (Federation of Canadian Municipalities) and the UNSM (Union of Nova Scotia Municipalities) to encourage standardization of items and/or to reduce overall costs to the Town.

**(5) Authority of the Chief Administrative Officer**

- (a) The Chief Administrative Officer (CAO) may authorize the purchase of goods or services that are less than \$15,000, provided such purchases are made in accordance with this policy and are included within the approved budget.

- (b) The CAO may authorize procedures consistent with this policy and may delegate the authority under this policy.

**(6) Purchasing Guidelines**

The following guidelines will be followed for the purchases of goods and services for the Town:

- (a) **Up to \$5,000.** – may be purchased by the department in accordance with the principles in this policy.
- (b) **More than \$5,000 but less than \$15,000** – Where three or more suppliers exist, at least three written quotations will be solicited by the Purchaser. The requisition is to be authorized by the Department Head of the user department ( or designate) and the funds are to be clearly identified in the approved operating or capital budget.
- (d) **\$15,000 or greater** – the Purchaser will issue a public request for submissions or by issue of invitation only with approval by CAO. The acquisitions will be advertised in one or more publications of general circulation and on the Town of Oxford website. Tenders posed in this range will be acknowledged at a public opening at a designated date and time, and forwarded to Council for approval on the recommendation of the relevant Department Head. The requisition is to be authorized by the CAO and the funds are to be clearly identified in approved operating or capital budget.

**(7) Methods of Purchasing**

The following are the methods of purchasing to be used under this policy:

- (a) **Low Value** – Purchases that are random in nature and not included in a price agreement under the value of \$5,000 may be purchased by the department, using a purchase order or Town of Oxford purchase card.
- (b) **Tenders** – An invitation to tender solicits competitive bids. It is used when detailed specifications are available that permit the evaluation of tenders against clearly stated criteria and specifications. A request for tenders is a formal, competitive, sealed bidding process. Bid deposits and performance security may be required. The award is normally to the lowest bid received from a responsible bidder meeting the requirements of the tender. Tender purchases shall be made by purchase order. Tenders must be opened in the presence of at least one elected official and the

CAO or his/her designate at a time and location that is open to the public.

(c) **Two Phase Bids** – Where detailed specifications are not available or it is impractical to prepare a set of specifications based on price, a two phase bid may be issued, inviting for the submission of bids as follows:

(i) **Phase One** – Pre-qualification step in which bidders submit proposals/expressions of interest in response to a basic terms of reference for evaluation;

(ii) **Phase Two** – Those bidders whose submissions were determined to be acceptable in Phase One will be invited to submit priced bids for further consideration.

This type of purchasing has the advantage of a request for proposal in Phase One and the advantages of a tender in Phase Two. Two phase bid purchases shall be made by purchase order.

(d) **Request for Proposal**

(i) A request for proposal 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. It is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Unlike tenders Request for Proposals are compared to each other to assess the best proposal, and to the terms of the RFP to determine if any should be accepted.

(ii) Negotiations may be conducted with bidders after the date for the receipts of proposals provided such discussion and negotiations are conducted to:

(1) Award equitable treatment to each acceptable bidder with respect to an opportunity for discussion and the revision of the proposal.

(2) Prevent the disclosure of the content of the discussion on negotiations with one bidder to another bidder.

(iii) Proposals submitted in response to a request for proposal need not be opened in public. A list of the submissions will be available to the public and the proponents upon request.

(iv) An award of a contract based upon a request for proposals will be made to the supplier, whose proposal is determined to be the most advantageous to the Town based upon criteria for evaluation set out in the request for proposals and equitably applied to all proposals.

(v) RFP purchases shall be made by purchase order.

(e) **Request for quotation**

A request for quotation is an informal request for prices for goods and services and is normally used where bid deposit and performance bonds are not required and where the cost of the work does not warrant the time and level of effort required for a formal tender process. Quotations should be written. RFQ purchases shall be made by purchase order.

(f) **Negotiations**

(i) Negotiations with one or more suppliers for the supply of goods and/or services would take place when any of the following conditions exist:

(a) Due to market conditions, goods and/or services are in short supply;

(b) There is only one source of the goods or services;

(c) All bids received are not acceptable or exceed the amount budgeted for the purchase.

(d) The extension or reinstatement of existing contract would be more cost effective or beneficial to the Town. The extension or reinstatement of existing contract is subject to the approvals listed in section 8 – Award of Contracts.

(e) When authorized by Council.

(g) **Sole Source Purchasers**

(i) This occurs when there is only one available supplier of a required product or service that meets the needs of the Town. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A single source purchase occurs:

(1) Where the compatibility of a purchase with existing equipment, facilities or services is a paramount

consideration and the purchase must be made from a single source;

(2) Where an item is purchased for testing or trial use;

(3) Where the Town purchases supplies for resale;

(4) Where the Town has a rental contract with a purchase option and such purchase option could be beneficial to the Town;

(ii) Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Town, the Purchaser may make such a purchase as a single source purchase;

(iii) Where items are offered for sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the CAO may authorize the submission of a bid or the conduct of negotiations where the CAO determines the purchase to be clearly in the best interest of the Town.

(h) **Emergency Purchases**

(i) An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation;

(a) A condition where lack of suppliers or services may adversely affect the functioning of civic government, threaten public or private property or the environment, or jeopardize the health or safety of the public;

(b) Interim contractual arrangements following the expiration; or breach of a contract' or the receipt of unacceptable or uncompetitive bids.

(c) Emergency purchases are completed using the most expedient method, but will take economy into consideration.

(ii) Emergency purchases must be pre-approved by the CAO (or designate) where such approval may be reasonably sought.

(8) **Award of Contracts**

- (a) All publicly advertised tenders and request for proposals shall be presented to the CAO for approval and/or recommendation to Council..
- (b) Awards less than \$15,000 can be approved by the CAO in conjunction with the user department:
  - (i) Where the funds and program have been approved by Council as part of the annual business planning and budget process and the expenditure will not result in an over-expenditure of the entire budget.
  - (ii) Where the purchase was the result of a public purchasing process conforming to the Town's purchasing policy.
  - (iii) Where the tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications.
  - (iv) Where the award of a Request for Proposal is made to the highest scoring proponent based upon evaluation criteria within the Request for Proposal.
  - (v) Where the award does not exceed \$15,000 for the purchase of goods, equipment, services or construction.
    - (a) Where the award does not exceed \$10,000 for consulting services.
    - (b) Where there is no legislative requirement to obtain Council approval.
    - (c) Awards over the value of \$15,000 will be submitted to Council for approval.
    - (d) A quarterly report to Council of awards of contracts over the value of \$15,000 approved by the CAO or designate shall be made available to Council and shall show the name of the contract, the name of the successful bidder, the amount of award, any person or company to whom a single or sole source has awarded, the amount of award and the budgetary provision.

(9) **Supplier Performance**

- (a) Suppliers may be subject to disqualifications if there is sufficient evidence of consistent failure to meet the standards specified by the Town. Suppliers may be evaluated based on competitive price, quality of a

product, contract adherence and performance and after sales service. Upon reasonable opportunity for response a supplier can be disqualified for a period not exceeding three years from participation in solicitation for goods and services when;

- (i) Serious breach of contract indicating unwillingness to perform a contract in accordance with the terms and conditions or specifications or a record of unsatisfactory performance of one or more contracts in accordance with its specifications or both.
- (ii) The offer of any gratuity to an official or employee of the Town by a supplier or contractor for consideration.
- (b) A written decision shall be issued to the person disqualified or suspended setting out its reasons for disqualification or suspension, for the usual business address of that person as shown in the records of the purchasing section.
- (c) Disqualification will be approved by the CAO.

(10) **Contract Documents, Bid and Performance Securities and Specifications**

- (a) The CAO may, from time to time, approve such standard forms including bid and performance securities, if any, for purchase by invitation to Tender, Request for Proposals, Request for Quotations, sole source, or emergency purchases as well as forms of contract for types of purchase including but not limited to construction, supplies and installation or service as they may deem advisable.
- (b) Bid bonds, performance bonds, irrevocable letters of credit and other securities including labour and material bonds shall be required for such purposes in such form and in such amounts as the CAO deems advisable.

(11) **Special Services**

- (a) Legal Services – Legal services will be acquired by staff based upon qualifications, experience, services offered, past performance, proposed fees and other relevant considerations. The acquisition of legal services must be approved by the CAO in consultation with the Department Head(s) of the user department(s). (These services include expert witnesses, and subject experts required for legal proceeding, hearing or similar matter.) Legal services having a value of \$10,000 or more shall be approved by Council. The term for legal services will be at the pleasure of the Town.

(b) Banking Services – General banking services will be acquired by public advertisement and will continue at the pleasure of the Town.

(c) Auditing Services – These services may be contracted on a one year term to be renewed on an annual basis on terms satisfactory to the Town. Selection of an auditor shall be completed by the Audit Committee of Council who will recommend the selection of an audit to Council. Annual renewal of the contract for audit services will be made by the Audit Committee.

(12) **Tie Bids**

After the assessment process is complete and it cannot be reasonably determined who has submitted the lowest compliant bid and a tie exists, the Purchaser shall flip a coin to determine the award.

(13) **Suppliers indebted to the Town of Oxford**

Any supplier/contractor having a customer account with the Town of Oxford, which is in arrears, will have such arrears deducted from any payments due to the supplier/contractor. Such deduction may be waived by the CAO, where the supplier/contractor has entered into a payment arrangement deemed to be suitable by the Treasurer.

(14) **Purchases by Town of Oxford Employees**

Employees or immediate family members (husband, wife, son, daughter) of employees of the Town of Oxford are not permitted to purchase personal use items through the purchasing system except where employee purchase plans are being offered.