

<b>POLICY TITLE:</b> Purchasing of Goods & Services - Corporate		
<b>POLICY NO.</b> 07-CO-016-108		
<b>ORIGIN/AUTHORITY:</b> Town of Bonnyville Finance Department	<b>ADOPTED BY:</b> Town of Bonnyville – Council	<b>EFFECTIVE DATE:</b> March 27, 2007
	<b>REPLACES POLICY NO.</b> 02-016-229	<b>REVISION DATE:</b> March 27, 2007

**1.0 PURPOSE**

1.1 To establish and secure guidelines for the control of financial commitments made by Council and Town of Bonnyville staff, within the approved budget.

**2.0 RESPONSIBILITY**

2.1 Annually, Town of Bonnyville Council shall approve an operating and capital budget for each department of the town. The Director of each department shall monitor the budget of his/her department and ensure that expenditures are not in excess of the approved budget.

2.2 The Chief Administrative Officer or his delegate shall be the Chief Purchasing Agent for the Town and shall enter into any and all contracts when required by Council.

2.3.1 The following purchasing authority limits are hereby established for purchases included in the approved or interim budgets

- Supervisors -Up to \$500.00
- Directors/Finance Officer -Up to \$15,000.00
- Chief Administrative Officer -Unlimited with a report to Council on expenditures
- Assistant CAO -Up to \$50,000.00

2.3.2 The following purchasing authority limits are hereby established for purchases not approved in the budget.

- Chief Administrative Officer -Up to \$1,000.00
- Council -Over \$1,000.00

2.4 Accounts Payable shall be notified in writing when signing authorities change

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### 3.0 POLICY

#### 3.1 Local purchases policy-The Town of Bonnyville recognizes the

importance of supporting local business and contributing to the health of the local business community and therefore, it would be the preference of the town to make purchases from local merchants and that all goods & services for less then \$250.00 will be purchased locally, where products are available.

#### 3.2 Requests for Proposal or quote shall be obtained, from no less then 2 vendors, for all purchases of \$1,000.00 to \$30,000, and shall include advice that the town has a purchase locally policy. Which states that; purchases shall be made locally unless the out of town quote is more then 10% below the local vendor’s quote. *Exception: no local preference is permitted on a project that is provincially or federally funded through grants. Lowest bid is always accepted.*

#### 3.3 Tenders shall be requested for expenditures in excess of \$30,000.00, all capital projects and annual consumable products. “Invitation to tender” letters (See example one) shall be mailed to interested suppliers, and shall include:

3.3.1-Name of project

3.3.2-Description of work or quantities for “unit price” contracts

3.3.3-Bid bond amount and Consent of Surety requirements

3.3.4-Time, date, place of receipt of tender documents

3.3.5-Any of submitted tenders may not be accepted

3.3.6-Location to pick up “Tender Documents”, and amount of refundable deposit and method of deposit refunds.

3.3.7-FAXED tender documents or corrections to tender documents shall “be” or “not be” accepted.

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3.4 **Tender Document checklist** shall be considered when reviewing “Tender Documents” and contracts for completeness. It may not be necessary to include all the points listed in every tender/contract; however, all points must be addressed. (see example two)

### 3.5 **Pre-tender checklist**

- 3.5.1- Document shall set out reason for the contract, product, goods & services, or labor, equipment material to be provided
- 3.5.2- Document shall include compensation to one of the parties
- 3.5.3- Responsibilities to the first party shall be defined
- 3.5.4- Responsibilities of the second party shall be defined
- 3.5.5- Completion date or delivery shall be stated
- 3.5.6- Clause holding the town blameless for the actions of the other party
- 3.5.7- Addresses for delivery of services or notice for both parties shall be included
- 3.5.8- Liability insurance of not less than \$1,000,000.00 shall be provided by the second party
- 3.5.9- Auto liability insurance including non-owned vehicles in the amount of not less than \$1,000,000.00 shall be provided by the second party
- 3.5.10- Bid bond of 10% and consent of surety shall be provided by the second party.
- 3.5.11- Performance bond of 50% of tender amount shall be provided by the second party (This provision may be waived by Council after Tender awarded)
- 3.5.12- Labour & materials bond of 50% of tender amount shall be provided by the second party
- 3.5.13- Workers Compensation coverage shall be provided before commencing the job
- 3.5.14- GST specifications (included or added to the tender price)
- 3.5.15- Contract termination shall specific as to under what conditions and by whom
- 3.5.16- Terms of payment shall be defined

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- 3.5.17- Terms of “Hold Back” shall be defined according to the “lien Act” of Alberta. Proof of current WCB coverage and Accounts Payable shall be submitted before “Hold Back” is released
- 3.5.18- The right to withhold payment by the Town of Bonnyville for deficiencies shall be defined including the method of finalizing corrections and the time limit allowed for corrections
- 3.5.19- Conditions for contract extension shall be defined
- 3.5.20- Lump sum contracts shall specify the value and frequency of progress claim submissions
- 3.5.21- Contractors right to “stop work conditions” shall be defined
- 3.5.22- Responsibility of the contractor with subcontractors shall be defined and that there is no contractual agreement with the subcontractor and the Town of Bonnyville
- 3.5.23- Contract persons for both the Town and the contractor shall be specified for the purpose of day-to-day performance.
- 3.5.24- Unit price contracts shall include a statement of adjustment of estimated quantities
- 3.5.25- Contingency expenditures can only be made by a change order approved by Project manager
- 3.5.26- Guarantee period and method of finalizing corrections or deficiencies outside this period shall be specified.
- 3.5.27- the contractor shall purchase a current Town of Bonnyville Business License.

### 3.6 **Tender receiving and opening procedure**

- 3.6.1- One designated person to receive **ALL** tenders
- 3.6.2- Tender documents shall be stamped immediately upon receipt with date, time, & initialed by receiver.
- 3.6.3- Tender documents shall be opened in public at the specified time, read without comment or correction, and recorded. Two staff members shall be designated to be present at each opening, one as project supervisor or delegate and one as a recording secretary.
- 3.6.4- Tenders received after the time and date for closing shall be returned to the sender unopened.

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- 3.6.5- Tenders shall be checked for compliance with all required elements, and addition before proceeding with recommendation of acceptance. Normally the lowest tender is accepted. A recommendation for acceptance of a tender that does not meet all requirements must be justified.
- 3.6.6- All tender participants shall be notified in writing of the decision of acceptance.

### 3.7 **Petty cash**

Specific amount is allotted to each department for small purchases of insignificant amounts. These funds shall be kept in a locked box on the premises of the department and shall be administered by the director or delegate. The voucher and cash receipts shall be submitted to Accounts Payable for reimbursement on a (not more then) quarterly basis.

### 3.8 **Credit Cards**

- 3.8.1 Credit Union Credit cards have been issued to each Director & the Mayor and shall be used for the purpose of travel expenses, training expenses and other exceptional cases where charging privileges are not permitted.

### 3.9 **Procedure for invoicing**

- 3.9.1 The name of the purchaser and the department he/she represents shall be written on every invoice in lieu of a purchase order number.
- 3.9.2 Invoices, including weigh bills from courier or freight companies, shall be signed and GL coded, by department head, or delegate, and returned to Accounts Payable promptly. Packing slips will not be used for payment.
- 3.9.3 Invoices for any purchases exceeding \$50,000.00 shall be accompanied by a copy of the “motion by Council”.

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- 3.9.4 Purchasing authority limit of the CAO as outlined in item 2.3 of this policy is waived when, at the discretion of the CAO, or his delegate, it is deemed an emergency purchase.
- 3.9.5 Letters shall be mailed by the Accounts Payable department, to all new vendors, explaining the purchasing policies and payment terms of the Town of Bonnyville. (See sample)

<b>Approved by:</b>	<b>Date Approved:</b>
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