



Municipality of Crowsnest Pass Policy

Policy No.:	1702-02
Policy Title:	Procurement of Goods and Services
Approval Date:	
Revision Date:	
Supersedes Policy:	1702-01 Purchasing Policy and Procedure
Department:	Corporate Services

1.0 PURPOSE

Strong financial leadership and planning ensures the long-term viability of the corporation. The purpose of this policy is to achieve the best value for the corporation through procurement processes that are open, fair and transparent.

2.0 PERSONS AFFECTED

Municipal Council/Employees/Special Purpose Bodies

3.0 POLICY STATEMENT

It is the policy of the Municipality of Crowsnest Pass to conduct procurement processes that conform to the following principles:

- a. Compliance with all applicable laws, regulations, by-laws, policies and trade agreements as further set out in Schedule 1 to this policy;
- b. Using a competitive process for all purchases except where the procurement meets specific justification as defined in this policy and in accordance with the applicable trade agreements;
- c. Open, fair and transparent procurement that affords equal access to all qualified suppliers;
- d. Reciprocal non-discrimination and geographic neutrality with respect to Alberta's trading partners;
- e. Achieving best value for the Municipality for the expenditure of public funds through consideration of the full range of procurement formats and the adoption of commercially reasonable business practices;
- f. Effective balance between accountability and efficiency;
- g. Ensuring adherence to the highest standards of ethical conduct.

4.0 RESPONSIBILITIES

Managers or designate to:

- Identify the need and develop requirements and specifications to be satisfied through a procurement
- Build a Procurement Project Plan and obtain appropriate conditional approval prior to proceeding to market or soliciting bids
- Identify an available and approved funding source and assign account number
- Authorize purchases that are within their delegated authority as set out in this policy
- Ensure employees involved in Procurement Projects have appropriate training
- Ensure compliance with all procurement policies, applicable laws, trade agreements and regulations
- Support the provision of appropriate education and training to employees involved in Procurement Projects

Director or designate to:

- Validate purchases that exceed the delegated authority of the Manager
- Support the promotion of sound procurement practices and appropriate education and training to employees involved in procurement
- Ensure divisional compliance with all procurement policies, applicable laws, trade agreements and regulations
- Advise Manager on budget availability and potential sources of funding prior to proceeding to market
- Assign an appropriate account number to be utilized for the Procurement Project
- Identify any applicable conditions which must be adhered to if grants are to be used in whole or in part to fund the procurement

Finance Director to:

- Ensure procurement policy is readily accessible to Municipal employees, vendors and the general public
- Report corporate procurement activity to Council on a regular basis
- Provide appropriate orientation, training and tools to employees involved in public procurement activities
- Advise Directors and Managers on market conditions and strategies in developing budgets, planning projects, framing business cases and buying decisions
- Advise on the procurement of major projects
- Advocate compliance with this policy and sound procurement practices
- Analyze on a continual basis the Municipality's business requirements and identify opportunities for cost savings and strategic sourcing

Chief Administrative Officer

- Act as chief purchasing agent of the Municipality in accordance with the Council-Manager Bylaw
- Establish administrative procurement policies in accordance with all applicable laws, trade agreements and regulations
- Ensure organizational compliance with all procurement policies, applicable laws, trade agreements and regulations
- Support the promotion of sound procurement practices and appropriate education and training to employees involved in procurement
- Authorize purchases that exceed the delegated authority of the Directors

Municipal Council

- Determine the allocation of resources through an approved operating and capital budget
- Authorize purchases that exceed the delegated authority of the Chief Administrative Officer

5.0 PROCEDURES

Detailed procedures are set out in Schedule 2 of this policy. The procedures listed in Schedule 2 do not apply to the following transactions:

- a. Insurance premiums, payroll tax and benefit remittances
- b. Real property acquisition and dispensation
- c. Education/training courses, seminars, conferences provided by third parties which are delivered off-site of any Municipal facility
- d. Memberships or dues
- e. Subscriptions for newspapers, magazines and periodicals
- f. Postage
- g. Charges or remittances to other governmental bodies
- h. Operating grants to community and social groups
- i. Original art work

Notwithstanding that the transactions listed above are not subject to the competitive process outlined in this policy, departments should ensure that the Municipality is achieving good value for all purchases.

6.0 PROCUREMENT VALUE

In order to fulfill trade agreement obligations and to ensure that procurement projects are appropriately streamed, an accurate estimate of the total value of the procurement project is required. The estimated procurement value should include all the costs payable to the contractor or supplier which are integrally linked to the acquisition including delivery, installation, training and maintenance fees.

Subdividing projects or splitting contracts to reduce the procurement value in order to avoid the requirements of this policy is not permissible.

7.0 APPROVAL AND VALIDATION AUTHORITY

Individuals performing procurement activities on behalf of the Municipality must have authorization to do so. The Municipal Government Act confers the sole authority to expend Municipal funds to Municipal Council. This authority is delegated to the Chief Administrative Officer through the Council-Manager Bylaw and then further to the Directors and Managers through this policy.

The thresholds established for Conditional Approval of Project Procurement Plan and Final Approval of vendor selection and procurement of goods and services are set out in Schedule 3 of this policy.

8.0 CONFLICT OF INTEREST AND ETHICS

The Municipality's procurement process must be conducted with integrity so as to maintain the public's trust.

The Municipality must ensure that it effectively manages internal and external conflicts of interest.

a. Internal Conflict of Interest

All participants in the procurement project including members of the evaluation team must ensure that there are no internal conflicts of interest.

The Municipal Government Act also regulates the manner in which current elected officials and their family members may engage in business with the Municipality where they have a pecuniary interest. Businesses in which a current elected official or their family has a pecuniary interest are eligible to bid on work with the Municipality, provided that:

- i. They do not have a role in creating, conducting or evaluating bids
- ii. The pecuniary interest is disclosed to Council prior to any discussions on the matter
- iii. The matter is submitted to Council for approval prior to an agreement or other form of commitment being signed
- iv. They remove themselves and abstain from voting on any question relating to the matter.

b. External Conflict of Interest

- i. In addition to ensuring that there are not internal conflicts of interest, Procurement Projects must also be free of external conflicts of interest. All suppliers are required to declare, as part of their bid in a procurement process, that there are no conflicts of interest or provide details of any actual or apparent conflicts of interest. The Directors must ensure that all procurement templates include appropriate conflict of interest language and declarations.
- ii. A conflict of interest can arise when a supplier is retained to participate in the development of a Competition Document (including the specifications) or to provide consulting services in connection with an initial or earlier phase of a multi-phase project.

In such situations, Directors must assess whether such a supplier would have an unfair advantage over other bidders as a result of their previous work on the project. If it is determined that such an advantage exists, the Municipality must then further determine whether it can be effectively mitigated. If an advantage exists and it cannot be effectively mitigated, the supplier should be precluded from submitting a bid or directly or indirectly participating in the submission of any bid in response to a subsequent or related competition document.

Directors should conduct this assessment at the beginning of the entire procurement project before any suppliers have been retained. Where it is determined that a potential bidder will be disqualified from participating in downstream phases because of a conflict of interest, it must be disclosed in the initial procurement process by which the supplier is retained.

9.0 NON-COMPLIANCE AND REPORTING

Municipal employees must adhere to the Municipality's procurement policies. Directors and the Chief Administrative Officer are responsible for ensuring compliance. If non-compliance is detected it is to be reported to the Director and/or the Chief Administrative Officer.

10.0 DEFINITIONS

- a. Addenda/Addendum means written changes after issuance of a competition document which are meant to correct errors or to clarify or disclose additional information and that will form part of the final contract
- b. Bid means a submission in response to a competition document
- c. Bidder means a supplier that submits a bid
- d. Bid Security means a surety bond or other financial instrument submitted by a bidder to the Municipality, upon request, which obligates the bidder to honour their submitted bid or forfeit the bid security value which may be up to 10% of the total value of the bid.
- e. Chief Administrative Officer means the person appointed by Municipal Council to manage the Municipality's business
- f. Competition Document means the document used to solicit bids and includes Invitation to Tender (ITT); a Request for Proposals (RFP); a Request for Quotations (RFQ); and a Request for Supplier Qualification (RFSQ)
- g. Competitive Process means either an open competition or an invitational process
- h. Direct Award means a contract award outside of a competitive process, as further defined in Schedule 2 of this policy
- i. Emergency Purchases means a situation where the purchase of the goods or services was necessary because of an immediate risk to the safety or health of Municipal employees or the general public or because of the possibility of serious damage to Municipal or private property

- j. Invitational Competition means an invitation to at least three suppliers to submit bids, as further defined in Schedule 2 of this policy
- k. Limited Competition means a procurement project whose value would otherwise require an open competition, but the circumstances fall within one of the exceptions prescribed in Schedule 2 and as an alternative to a direct award, permits an invitational competition
- l. Major Project means a project that is of a value, complexity, risk level or profile that requires it be given a significant allocation of attention and time by Municipal employees and stakeholders
- m. Open Competition means a publicly posted competition document, as defined in Schedule 2 of this policy
- n. Procurement means the process by which the Municipality of Crowsnest Pass obtains goods and services to support the delivery and maintenance of municipal programs, services and infrastructure. Effective procurement is a critical support function for the Municipality in responsibly managing public funds.
- o. Procurement Project means any purchase of goods, services or construction by the Municipality and includes major projects and direct awards

MUNICIPALITY OF CROWSNEST PASS

Blair Painter, Mayor

Date

February 10, 2016

Sheldon Steinke, CAO

Date

04 / Feb / 16

Schedule 1

Applicable Laws, Trade Agreements and Regulations

1. Procurement activities at the Municipality of Crowsnest Pass must be conducted in accordance with all laws, regulations and standards, including, but not limited to:
 - a. Income Tax Act and Regulations
 - b. Excise Tax Act and Regulations
 - c. Occupational Health and Safety Act and Regulations
 - d. Worker's Compensation Act and Regulations
 - e. Freedom of Information and Protection of Privacy Act and Regulations
 - f. Municipal Government Act and Regulations
 - g. Competition Act and Regulations
 - h. Municipality of Crowsnest Pass Bylaws and all Municipal Council and administrative policies.

2. Procurement activities at the Municipality of Crowsnest Pass must comply with the following binding Trade Agreements:
 - a. Agreement on Internal Trade (AIT) – all Provinces & Territories (except Nunavut)
 - b. Trade, Investment and Labour Mobility Agreement (TILMA) – Alberta, British Columbia
 - c. New West Partnership Trade Agreement (NWPTA) – Alberta, British Columbia, Saskatchewan

Schedule 2

PROCEDURES

Section 1: Project Planning

1.1 Procurement Project Plan – Overview

Effective Procurement Project planning is essential to ensure an effective result and to limit risk to the Municipality. Directors are responsible for ensuring the development and approval of a plan for each procurement project. The Chief Administrative Officer and Finance Director will act in an advisory capacity, where necessary, to develop the procurement project plan.

Directors must consider the following general principles when developing a procurement project plan:

a. The Director must identify the appropriate stream as set out below:

i. **Framework, Existing Corporate Agreements or Internal Resources**

Prior to commencing a procurement project, Directors must first consider whether there is a compelling need for the acquisition and must first consider the availability of existing supply sources, including existing frameworks or sources lists, corporate agreements or internal resources, including exploring job descriptions and capacity of Municipal employees, where applicable.

ii. **Competitive Processes**

1. **Open Competition**

An open competition involves the public posting of a competition document on the Municipality's prescribed electronic tendering site and must be employed for all goods and/or services whose estimated value is \$75,000 or greater or for construction where the estimated value is \$200,000 or greater.

2. **Invitational Competition**

Where the estimated value is less than the open competition thresholds the Municipality may choose to engage in an invitational competition. For the purchase of goods, services or construction greater than \$5,000 and less than \$25,000 the Municipality should conduct an invitational competition by requesting bids from at least three (3) qualified suppliers. For the purchase of goods, services or construction over \$25,000 and less than the open competition thresholds the Municipality will conduct an invitational competition, as a minimum requirement, by requesting bids from at least three (3) qualified suppliers. Where the procurement project is particularly complex or the market conditions warrant it, the Municipality should conduct an open competition. An

invitational competition may also be used in circumstances of limited competitions.

3. **Limited Competition**

A limited competition may be conducted in cases where the estimated value of the goods, services or construction exceeds the open competition thresholds, but subject to the procurement fitting one of the exceptions to competition set out in Section 1.4(a) and (b), an invitational competition may be undertaken as an alternative to a direct award.

iii. **Direct Award**

A Direct Award process, where the contract is awarded without using a competitive process, may only be employed in the specific circumstances set out in Section 1.4(a) and (b) of this policy.

- b. The department should develop a concise initial mapping statement for the procurement project plan. The initial mapping statement clearly identifies what is to be procured. This initial mapping statement should be used to develop clear business requirements and to appropriately scope the contract. Standardized internal procurement project plan templates are available from the Finance department.
- c. Where the department is uncertain about the specifications for a procurement project or where there is insufficient internal knowledge about the market, the department should conduct a Request for Information (RFI) process. An RFI process should be openly posted in order to gather market research from prospective bidders. It should not be used as a prequalification tool.
- d. The department should employ the internal procurement project plan template to ensure that all components of project planning have been met. A copy of this template is available from the Finance department.
- e. Departments must ensure that they leave sufficient time to plan for a procurement project, including:
 - i. Developing proper specifications and business requirements,
 - ii. Conducting stakeholder reviews,
 - iii. Assembling competition documents,
 - iv. Obtaining necessary approvals.

The content requirements of a procurement project plan are set out in Section 1.3 and 1.4.

1.2 **Major Projects**

When conducting a major project, departments should consider the following:

- a. The appointment of an internal project lead to coordinate input from multiple departments or stakeholders;

- b. Where there may be insufficient internal resources your project planning should evaluate the need for the retention of external advisors to assist in developing specifications or business requirements.

1.3 Procurement Project Plan – Competitive Process

The following components must be included and considered by departments in a procurement project plan for both invitational competitions and open competitions:

- a. Funding Source – An approved funding source must be in place before proceeding with any procurement project. Funding sources may include the current operating or capital budgets, funding through special municipal resolution, externally funded grants or other cost sharing agreements. Consideration must be given to the funding source when considering a multi-year contract or multi-phase project in order to properly structure the procurement document.
- b. Requirements and Specifications – The department is responsible for drafting clear, detailed specifications and business requirements for each procurement project. Specifications may include any or all of the following:
 - i. Physical characteristics;
 - ii. Functional, performance or expected results characteristics;
 - iii. Quality characteristics defined by recognized, third-party standards bodies;
 - iv. Intended use descriptors such as consumer grade, industrial grade, medical or laboratory grade, or suitability for use under extreme conditions.

When developing specifications, the department should take the following into consideration:

- i. Specifications cannot be written in a way that unduly restricts suppliers from bidding, but should encourage open, fair and transparent competition.
 - ii. All specifications must be generic and non-branded.
 - iii. Ensure all material disclosures are made in the competition document (i.e. information that goes to a bidder's decision to submit a bid or calculate proposed pricing.) Examples may include specific site restrictions or conditions, engineering reports or any other factors that bidders should know to submit responsive pricing.
 - iv. Governing legal terms, such as indemnification and insurance and any other relevant legal requirements affecting the delivery of the goods or services should be included in the competition document. Departments may need to consult a Solicitor for questions concerning these specific requirements.
- c. Pricing Structure – Departments must develop a clear pricing structure for each procurement project. Pricing structures will depend on the specific purchase, but types of pricing structures to consider may include lump sum, unit rates, or time and

materials. Pricing structures can also include price adjustment formulas and extension options, where applicable.

- d. **Evaluation Plan** – Departments are responsible for developing an evaluation plan for each competitive process. The following principles of public procurement must be considered when developing an evaluation plan:
- i. Mandatory requirements should be kept to a minimum. Where there are mandatory threshold criteria, the requirements must be clear and capable of review upon submission.
 - ii. There are two basic evaluation models for the ranking of eligible bidders:
 1. Lowest price
 2. Highest score, where qualitative criteria are rated and then combined with price for a total score.
 - iii. Where rated criteria are employed, all factors that will be considered in evaluating those criteria must be disclosed in the competition document. Further, the methods and weightings that will be used to evaluate the bids must also be disclosed. Departments should allocate the maximum justifiable amount to price. The minimum amount that must be allocated to price is 20% of the total points available.
 - iv. The formula for calculating price must be clearly established.
 - v. Where qualitative factors are also being evaluated, the formula for adding price to the qualitative factors in order to calculate total score must be disclosed.
 - vi. Any short-listing process or qualifying or minimum scores must be disclosed and defensible and if presentations, interviews or references form part of the evaluation process, their weighting and impact on the eligibility or ranking of bidders must be disclosed.
- e. **Format Selection** – Departments are responsible for selecting the most appropriate competition document format based on the range of template formats. Types of competition document formats include:
- i. Request for Quotation (RFQ) – Used to procure simple goods and services where bidder ranking is typically assessed based on lowest price.
 - ii. Invitation to Tender (ITT) – Used to procure goods or construction projects where the specifications or requirements are well-defined, the terms of the contract are clear and where bidder ranking is assessed on lowest price.
NOTE: The ITT format usually includes soliciting bid security or irrevocable bids from bidders and gives rise to a legally binding process called Contract A. Where a procurement project is operating within Contract A, the risk to the Municipality is greatly increased and departments may need to consult legal advice to fully understand the Municipality's legal obligations during such procurement projects.
 - iii. Requests for Proposals (RFP) – Used for more complex deliverables where bidder ranking is assessed based on high score and where bidder responses may

help inform the development of final specifications or performance terms. This format allows negotiation of the contract with the selected bidder.

- iv. **Requests for Supplier Qualifications (RFSQ)** – Used to prequalify suppliers in the first stage of a two-stage open competition. Bidders who meet the requirements of the RFSQ are eligible to participate in the second stage and are invited to respond to a subsequent competition document (i.e. ITT or RFP).

Factors to consider in choosing the appropriate competition document format include:

- i. Value and complexity of the purchase.
 - ii. Whether bid security is required. Bid security and irrevocable bids should only be used in consultation with legal advice and where there are legitimate business requirements for doing so,
 - iii. Where bidder responses may inform the final specifications or performance terms and the final contract will need to be negotiated with the top-ranked bidder.
- f. **Limited Competition** – Where a limited competition is justified, the procurement project plan must also include an explanation for why the procurement project fits into one of the exceptions for direct awards set out in Section 1.4(a) and (b).

1.4 Procurement Project Plan – Direct Award

The department must also develop a procurement project plan in direct award and limited competition situations. A procurement project plan for a direct award must address funding source; requirements and specifications; and pricing in the same manner as would be included in procurement project plans for a competitive process. In addition, justification for not utilizing a competitive process must form part of a procurement project plan for a direct award:

- a. **Direct Award Justification – Goods/Services less than \$75,000 or Construction less than \$200,000.**

Under this policy, the purchase can only be made by direct award in the specific circumstances listed in Section 1.4(b). The department must provide full details to explain why the procurement project fits into one of the allowable direct award exceptions:

- i. **Cost:** goods or services are valued less than \$5,000
- ii. **One-of-a-Kind:** goods or service has no competitive product and is available from one source.
- iii. **Compatibility:** goods or service must match existing brand of equipment for compatibility and is available from only one supplier.
- iv. **Replacement part/item:** replacement part/item for a specific brand of existing equipment that is available from only one supplier.
- v. **Delivery Date:** only one supplier can meet necessary delivery requirements.
- vi. **Continuity:** goods or service must comply with established Municipal specifications and standards and is available from only one supplier.

- vii. Unique design: goods or service must meet physical design or quality requirements and is available from only one supplier.
- viii. Emergency: risk of safety and health, acts of God, urgent need for the item or service does not permit soliciting competitive bids.

These justifications are in accordance with the Agreement on Internal Trade (AIT).

b. Direct Award Justification – Goods/or Services \$75,000 or greater or Construction \$200,000 or greater.

Under this policy, the purchase can only be made by direct award in the following specific circumstances. The department must provide full details to explain why the procurement project fits into one of these allowable direct award exceptions:

- i. Where an unforeseeable situation of urgency exists and the goods, services or construction cannot be obtained in time by means of a competitive process.
Note: In cases of emergency purchases, it is not necessary to have a project plan in advance of the direct award; however, an explanatory project plan must be drafted after the emergency purchase is complete in order to justify the use of the direct award procedure.
- ii. Where goods or services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through a competitive process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest.
- iii. Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt, compound and pre-mixed concrete for use in the construction or repair of roads.
- iv. In the absence of a receipt of any bids in response to a competitive process made in accordance with this policy.
- v. Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement project.
- vi. The goods are intended for resale to the public.
- vii. The goods or services that are being procured from philanthropic institutions, prison labour or persons with disabilities.
- viii. The goods or services are being purchased from a public body or a non-profit organization.
- ix. The goods are being purchased for representational or promotional purposes.
- x. The services are being purchased for representational or promotional purposes outside of Alberta.
- xi. The goods or services are being procured on behalf of an entity not covered by a trade treaty to which Alberta is a party.

- xii. The goods or services are being procured from an entity that operates a sporting or convention facility in order to respect a commercial agreement containing provisions that contradict this policy.
- xiii. In procuring health and social services.
- xiv. The services are provided by lawyers and notaries.
- xv. The services or financial products related to borrowing, lending, investing, managing or holding money, securities or other property. This includes managing debt, loan, asset or investment portfolios, entering into commodity or other derivative transactions or acquiring, exchanging, disposing of, or transacting in securities, foreign currencies or any property acquired as a result of borrowing, lending, managing or investing money or securities.

These justifications are in accordance with the New West Partnership Trade Agreement (NWPTA).

- c. Selection Plan – Notwithstanding that a direct award purchase is not subject to a competitive process, the department must still explain how the supplier being awarded the contract will be selected, including reference to how qualifications will be evaluated and how departments will ensure that the Municipality is getting value for money through the selection of the supplier.

1.5 Conditional Procurement Project Approvals

After developing a procurement project plan and before either posting the competition document or seeking bids from suppliers, the department must seek conditional approval in accordance with the thresholds set out in Schedule 3 of this policy.

Conditional approval permits a department to proceed with the procurement project. Final approval to select a vendor and award the contract must still be obtained in accordance with Schedule 3. Once a direct award has been conditionally approved, the department may engage in negotiations with the prospective vendor before finalizing the selection in accordance with Schedule 3 of this policy.

Section 2: Competition

Once a procurement project plan for a competitive process has been completed and conditionally approved, the procurement project should proceed to the competitive phase in accordance with the following steps:

2.1 Issuing Competition Document – For open competitions, the department is responsible for posting the competition document on the electronic tendering site prescribed by the applicable trade agreements. For invitational competitions, the department can issue the competition document, if the estimated value is less than \$25,000, to the invited bidders as set out in the procurement project plan.

2.2 Addenda Process

- a. All changes to the competition document and all communications to bidders after issuance of the competition document must be conducted through formal addenda. All responses to bidder questions should be issued as a formal question and answer document in the form of an Addendum. All addenda must be issued in the same manner as the competition document.
- b. It is essential that all contact during the competitive phase be through the single, designated contact person as disclosed in the procurement document. Other employees who receive inquiries from bidders must direct those bidders to the designated contact person.
- c. All questions received from bidders must be collected by the individual named in the competition document. Once the questions have been reviewed and answered by the department for technical content, they should be included in an addendum.
- d. If an addendum containing significant new information is released within three (3) business days of the submission deadline, the Municipality should extend the submission deadline to allow bidders time to review and incorporate the addendum.

2.3 Bid Receipt

- a. All bids should be received centrally at Reception.
- b. Physically submitted bids must be time and date stamped and initialled upon receipt, even if received after the submission deadline.
- c. Bids received after the submission deadline are ineligible for consideration and must be returned to the bidder unopened.

2.4 Bid Evaluations

- a. Each evaluation process must be fair, defensible and transparent and must comply with the evaluation methodology disclosed in the competition document.
- b. Evaluators should ensure that all written notes relating to an evaluation process are kept and maintained in the appropriate procurement file.
- c. Where an open competition is evaluated only on price, the bids should be reviewed by at least one representative from the department and one representative from Finance.
- d. Where an open competition is evaluated based on a combination of price and non-price factors and which requires Council approval, the evaluation team must include a representative from Finance who will monitor and observe the entire evaluation process, including all group scoring sessions and any interviews, demonstrations or presentations required.

Section 3: Contract Formalization

The following steps must be followed for all procurement projects in order to approve, award and finalize the contract:

- 3.1 Final Recommendation** – The department should draft a final recommendation that outlines all pertinent details of the procurement project.

This recommendation will be treated as a public document and it should be crafted with utmost care and attention.

- 3.2 Award Approval** – The final recommendation to select a vendor and award a contract must be provided to the appropriate approval authority in accordance with the thresholds set out in Schedule 3 of this policy.

- 3.3 Supplier Selection Letter** – Once the necessary approval has been obtained, a selection letter should be sent to the successful supplier. This selection letter should indicate that they have been selected and will be receiving the necessary contract documents shortly.

- 3.4 Contract Finalization** – Once the supplier selection letter has been sent, the procurement project file should be sent to the Municipality's Solicitor to finalize the contract (if required). The Solicitor will finalize the contract with the successful supplier. The contract should be executed by the supplier and executed by the Municipality.

The Municipal Government Act confers the sole authority to sign contracts to City Council. This authority is delegated jointly to the Mayor and the City Clerk, or their designate, through the Municipality's Signing Authority Policy. Other Municipal employees do not have authorization to sign contracts or agreements.

Section 4: Post-Award Process

Once the supplier has executed the contract, there are a number of processes that are necessary to conclude the procurement project and fulfill the public procurement obligations:

- 4.1 Procurement Notification** – The department is responsible for posting the results of open competition on the prescribed electronic tendering website and for reporting procurement activity to Council.

- 4.2 Debriefings** – Unsuccessful bidders may request a debriefing. Debriefings should be scheduled with and conducted by the department. Debriefing content should be limited to the requesting bidder's submission and not disclose any information related to other bidder's pricing or scores.

- 4.3 Bid Protest Procedure** – Unsuccessful bidders may also formally protest the outcome of a procurement project. In order to avail itself of the Municipality's bid protest procedure, the bidder must first request and receive a debriefing. If the bidder still wishes to challenge the outcome of the procurement project, they must formally protest the outcome in writing. The department must respond in a timely fashion to any bid protest and must respond with a

schedule to address the bidder's concerns. The appropriate department representative and a Solicitor must attend any bid protest meeting.

Section 5: Contract Management

Once the contract has been signed, it is essential that it be properly managed. Departments are responsible for all aspects of contract management. The following principles must be followed with respect to the management of all Municipality contracts:

- 5.1 Formal Contract** – The contract should be fully finalized and signed prior to the commencement of the services or the delivery of the goods.
- 5.2 Scope Management** – The scope of each contract must be appropriately managed to ensure that all deliverables are properly received, payments are appropriately made, all timelines are met and any extension options are appropriately exercised.
- 5.3 Payments to Suppliers** – Departments are responsible for ensuring that all payments are made in accordance with the contract and for reviewing and approving supplier invoices.
- 5.4 Scope and Contract Changes**
 - a. If a planned contract change results in a net increase to the expenditure amount previously approved, approval must be sought from the Chief Administrative Officer in accordance with The Council Manager Bylaw.
 - b. Contract scope changes that are cost neutral can be approved at the department level but must be appropriately documented.
- 5.5 Contract Disputes** – All potential contract disputes with suppliers must be managed in accordance with the dispute resolution mechanisms outlined in the contract. Where a contract is silent on dispute resolution, departments should ensure that potential disputes are proactively managed and appropriately escalated. Written copies of all communications and correspondence with suppliers concerning a contract dispute must be maintained by the department.
- 5.6 Performance Tracking** – Departments must also ensure that the performance of all suppliers is appropriately monitored and recorded. Departments must maintain written records of any performance issues, including correspondence or notifications to suppliers. Ensuring that performance problems are addressed quickly and effectively and that a written record is kept of all matters connected with performance tracking is essential to proper contract management.
- 5.7 Termination** – A contract can only be terminated prior to its expiry date on the advice of a Solicitor.

- 5.8 **Bidder Barring** – Problematic suppliers can be potentially barred from future contracts with the Municipality if performance issues have been properly documented and upon seeking the advice of a Solicitor.

Section 6: Governance

6.1 Procurement Record Keeping, Access to Information and Confidentiality

Proper documentation should be maintained for all stages of the procurement project.

- a. **Access to Information** – The Municipality is subject to the Freedom of Information and Protection of Privacy Act and as such the maintenance, release and management of all procurement records must be in accordance with the Act. The department must cooperate with the Information Management Clerk in connection with any requests for access to procurement related documents.
- b. **Confidentiality** – The Municipality must ensure that bidder and supplier information submitted in confidence as part of a procurement project is adequately protected. The department must ensure that all bids and contracts are kept in a secure location and only accessible by those individuals directly involved with the procurement project.
- c. **Procurement Record Keeping** – Departments are responsible for ensuring that all documentation relating to the procurement project is properly filed in the procurement project file. The following are the minimum requirements of what should be kept in each procurement project file:
 - i. Internal drafts of all competition documents, including internal correspondence concerning same,
 - ii. Original copies of all final competition documents,
 - iii. Copies of the procurement project plan, together with evidence of all necessary conditional approvals,
 - iv. If using an invitational process, evidence of quotations obtained from suppliers,
 - v. Records of any communications with bidders or potential bidders
 - vi. Copies of all addenda,
 - vii. Copies of all original bids received from bidders,
 - viii. All records of evaluation processes, including evaluator notes and final scores,
 - ix. Copy of the final recommendation memo together with all required approvals,
 - x. Copies of debriefing or bid protest procedure requests and outcomes.

Schedule 3

Section A – Conditional Procurement Project Approval Matrix

After developing a procurement project plan and before either posting the competition document or seeking bids from suppliers, the department must seek conditional approval in accordance with the following tables and the approved budget:

a. Competitive Process

Value	Approval Level Required	Validation Level Required
\$5,000 or greater and less than \$25,000	Department Manager	N/A
\$25,000 or greater and less than \$75,000	Manager	Director
\$75,000 or greater	Director	Chief Administrative Officer

b. Direct Award

Value	Approval Level Required	Validation Level Required
Less than \$5,000 ¹	Manager	N/A
\$5,000 or greater and less than \$15,000	Manager	Director
\$15,000 or greater	Director	Chief Administrative Officer

The approvals listed above are only conditional approvals to proceed with the procurement project. Final approvals to select a vendor and award the contract must still be obtained in accordance with Section B of this Schedule. A variance of 5% or less between conditional and final approval should be tolerated on most projects whenever the project is within the approved budget. Once a direct award has been conditionally approved, then it should be finalized in accordance with Section B of this Schedule.

¹Multiple sole sources \$5,000 or less by one department to the same vendor, for the same goods or services, in the preceding twelve (12) month period cannot exceed \$15,000.

Section B – Final Award Approval Matrix

The recommendation for vendor selection and award of contract must be submitted to the appropriate approval authority in accordance with the following thresholds:

a. Competitive Process

Value	Approval Level Required	Validation Level Required
\$5,000 or greater and less than \$25,000	Department Manager	N/A
\$25,000 or greater and less than \$75,000	Manager	Director
\$75,000 or greater and less than \$500,000	Director	Chief Administrative Officer
\$500,000 or greater	Municipal Council	

b. Direct Award

Value	Approval Level Required	Validation Level Required
Less than \$5,000 ¹	Manager	N/A
\$5,000 or greater and less than \$15,000	Manager	Director
\$15,000 or greater and less than \$75,000	Director	Chief Administrative Officer
\$75,000 or greater	Municipal Council	

¹Multiple sole sources \$5,000 or less by one department to the same vendor, for the same goods or services, in the preceding twelve (12) month period cannot exceed \$15,000.

Schedule 4

Payment Methods

Method	Value	Use
Petty Cash	\$25 or less	Reimbursement upon receipt of paid sales slip authorized and coded
Purchase Order	Greater than \$25	Preferred method for all purchases
Procurement Card (when applicable s/b in conjunction w/PO)	Amount up to cardholder transaction limit	On-line purchases, hotel reservations, emergency
Travel Expense Approval	Amount up to authorized travel expense limit	Reimbursement of approved per diem and/or authorized travel expenses. Payment issued upon receipt of paid sales slip and travel voucher.