



CORPORATE POLICY AND PROCEDURES MANUAL

Policy No:		
001	FD	001

Policy Name:
Purchasing Policy

DEVELOPED BY:	Purchasing Department	DATE:	
DEPARTMENT:	Finance		
REVIEWED BY:	Directors, Council	DATE:	
APPROVED BY:	Council	DATE:	August 13, 2001
RESOLUTION NUMBER:	CW2002-670/CR2003-687	EFFECTIVE:	June 27, 2011
	CW2004-086 - Revised	REVISIONS:	Aug 19/04
	CR2006-610 - Revised		June 27/06
	CR2011-834 - Revised		June 21/11
CROSS-REFERENCE:	Purchasing Policy By-law 2011-140		June 27/11

Policy Statement

The City of Kawartha Lakes' Purchasing Policy holds the following objectives:

1. To promote the effective use of funds allocated by Council for the purchase of Goods and Services by achieving the optimum quality, expertise, quantity, price and other material terms and conditions as may be applicable in the circumstances for the best value for the City.
2. To promote fair, open and transparent methods and processes of acquisition and disposal which achieve the most competitive and responsive offers, terms and conditions from the most qualified and responsible Vendors.
3. To authorize purchasing decisions to be made as efficiently as possible through the delegation of authority and empowerment of staff while at all times having regards for the objectives of this policy.
4. To ensure that a process is in place so that those responsible for requisitioning and purchasing Goods and Services are held accountable for their Budget limit and spending decisions.
5. To promote procurement processes and decisions that are consistent with the City of Kawartha Lakes' strategic objectives and comply with procurement legislation and trade agreements.
6. To maintain the highest level of integrity with respect to the purchasing of Goods and Services.
7. To receive Goods and Services in a timely and expeditious manner as required for daily operations and capital improvements.

Authorities

Section 270 imported into the *Municipal Act 2001* by s. 113 of the *Municipal Statute Law Amendment Act, 2006*, [Section 271, Repealed, 2006. c. 32, Sch. A, s. 113]

(1) **A Municipality** shall adopt and maintain policies with respect to the following matters:

1. Its sale and other disposition of land.
2. Its hiring of employees.
3. Its procurement of goods and services.
4. The circumstances in which the municipality shall provide notice to the public and, if notice is to be provided, the form, manner and times notice shall be given.
5. The manner in which the municipality will try to ensure that it is accountable to the public for its actions and the manner in which the municipality will try to ensure that its actions are transparent to the public.
6. The delegation of its powers and duties.

(2) **Policies of local boards** – A local board shall adopt and maintain policies with respect to the following matters:

1. Its sale and other disposition of land.
2. Its hiring of employees.
3. Its procurement of goods and services.

As related to the procurement of Goods and Services (1.3), this Purchasing Policy is revised to Section 270 of the *Municipal Act 2001* by s. 113 and respects the policy of accountability and transparency (1.5) of actions related to procurement; and delegation of powers and duties

(1.6) and respecting the rights of Persons are dealt with fairly in procurement of Goods and Services.

Related Policies, Procedures, Guidelines and Reference Material

- Purchasing Procedure
- Authority to Sign and Execute Various Documents and Affix the Corporate Seal on Behalf of the City of Kawartha Lakes, By-law 2004-29
- Code of Conduct for Members of Council and for Employees, By-law 2009-225, passed November 24, 2009.
- Code of Conduct & Ethics – Members of Council, Policy
- Code of Conduct & Ethics – Employees, Corporate Policy and Procedure Manual, dated November 11, 2009
- Delegation of Council Powers and Duties Policy, By-law 2007-299, January 1, 2008.
- Accountability and Transparency Policy for the City of Kawartha Lakes, By-law 2007-300
- City of Kawartha Lakes Leasing Policy
- Accessible Customer Service Policy No: C168HR037
- Purchasing Policies of a Public Agency
- Purchasing Management Association of Canada Code of Ethics
- Agreement on Internal Trade (AIT)
- Ontario-Quebec Procurement Agreement
- Competition Bureau
- Contract Law
- Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)

Scope

The purchasing policy is intended to govern the manner in which the corporation of the City of Kawartha Lakes purchases Goods and Services.

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Section 1 Definitions & Interpretation Rules

1.01 Defined Terms

Defined terms may be used throughout this policy in different grammatical contexts.

1. **"Accessibility Standard"** means the Ontario Regulation 429/07 created under the *Accessibility for Ontario with Disabilities Act, 2005 (AODA)* which provides for standards to enhance the accessibility of an organization ("the Standard"). Under the Accessibility Standard, persons with disabilities will be given an opportunity equal to that given to others, to obtain, use or benefit from the Goods and Services provided by and on behalf of the City.
2. **"Aggregate Value"** means the total amount anticipated to be spent.
3. **"Agreement"** a formal written document entered into at the end of the Procurement Process.
4. **"Award"** is when a selected Vendor and the City execute a legal contract for the Vendor to supply or perform the Goods and Services. This may be in the form on an Agreement or Purchase Order or both.
5. **"Budget"** refers to any of several documents approved by the Council from time to time, which detail the amounts of money to be spent within a fiscal period by the City on various operating expenses or capital projects. Budgets may be approved annually, or with terms of multiple years, or during any year for one or more specific projects or programs.
6. **"Centralized Purchasing"** a system of purchasing in which authority, responsibility and control of procurement activities are concentrated in one administrative unit.
7. **"Chief Administrative Officer"** means the City's employee with that title or their Designate appointed to act in that capacity. Herein referred to as the CAO.
8. **"City"** means The Corporation of the City of Kawartha Lakes.
9. **"Clerk"** means the Municipal Clerk for the Corporation of the City of Kawartha Lakes.

10. “**Competitive**” is an adjective describing a Procurement Process. The process is Competitive where two or more Persons act independently to try to secure the City’s business by offering a quotation, tender, proposal, as requested.
11. “**Contract**” is an obligation, with an accepted offer, between competent Persons upon a legal consideration, to do or abstain from doing some act. A Contract shall be written and have legal consequences and be legally enforceable.
12. “**Corporate Services Officer**” means the City’s employee with that title or their Designate appointed to act in that capacity. Herein referred to as the CSO.
13. “**Council**” means the elected council of the City. A “Councillor” is any member of the Council.
14. “**Department**” means either an administrative unit of the City, or any Public Agency for which the City provides purchasing services, as applicable in the context.
15. “**Designate**” any City employee authorized in writing by the Purchasing Manager, Director, Mayor or CAO or CSO to act in his or her stead.
16. A “**Director**” is the employee with administrative responsibilities for a City Department, or the administrative head of a Public Agency making use of this policy.
17. The “**Director of Finance**” is the Treasurer for the Corporation of the City of Kawartha Lakes and responsible for the Finance Department.
18. “**Employee**” is any person who is employed by the City to perform work for compensation.
19. “**Goods and Services**” means commodity, good, equipment, service, maintenance, construction or other item that the City may require to purchase or Contract for. The defined term refers to a single good or service and a quantity of goods and services as is appropriate for the policy statement.
20. The “**Insurance Risk Management Coordinator**” manages the Agreement with the City’s insurer and facilitates the reconciliation of a claim.
21. The “**Mayor**” is the Head of Council of the City or the person appointed by the Council to act in the Mayor’s stead.
22. “**Person**” refers to a person recognized as a legal entity at law. This is an individual or a corporate entity. Partnerships or unincorporated associations are recognized only as groups of Persons.
23. “**Procedures**” are the administrative Departmental protocols and practices which are approved by the Manager, Director or the CAO and or the CSO.
24. A “**Procurement Process**” is the method selected in the procurement of a good and/or service. There are several types of procurement referenced in this policy when “Procurement Process” is used. The actual process is determined for the good or service required and the best method to achieve market value will be used. The purchase is under terms and conditions as set by the City in a purchase order or Agreement. The “**Procurement Processes**” are defined as any of the following:
 - a. **Co-operative or Joint Ventures**

The City may participate with other Government agencies or public authorities in co-operative procurement/acquisition ventures or utilize a 'piggy back clause' within public sector contracts and consortiums.

- b. **Direct or Negotiated Purchase** – where a Vendor supplying goods and/or services agrees to specific terms and conditions of purchase.

c. **Emergency Procurement**

Notwithstanding the provisions of this policy, the following shall only apply in case of an emergency, when an event occurs that is determined by a Director or the CAO or the CSO to be:

- a threat to public health;
- the welfare of persons or of public property; or
- the security of the City's interests and the occurrence requires the immediate delivery of goods or services and time does not permit for competitive Procurement Process.

This Procurement Process is in effect with the written approval obtained on an Emergency Procurement Approval Form.

- d. **Formal Request for Quotation** - where several potential Vendors are approached to provide price quotations (fixed as to the total price or on a unit basis or both) for specific and defined Commodities, to be submitted by way of sealed Quotations on or before a specified date and time;

e. **In-House Bids**

During an open competitive Procurement Process the City may entertain a proposal or tender from a City Department for goods or services which abide by the rules of the competitive Procurement Process.

- f. **Informal Request for Quotation** – where the staff approach several potential Vendors seeking price quotations for specific and defined Commodities, to be submitted in writing by fax, mail or email;

- g. **Request for Information** is a process by which information (such as specifications of goods or equipment or availability) is sought from potential Vendors about a good or service.

- h. **Request for Proposals** – where potential Vendors are invited to propose solutions or methods for particular projects (where creative solutions are sought by the City) for evaluation on criteria in addition to price.

- i. **Request for Tender** – where potential Vendors respond to the request for tender submissions to supply a defined quantity and quality of Goods and Services, labour, maintenance, renovation and/or construction with all of the material terms, conditions and specifications pre-set (with the exception of the price).

- j. **Single Source** means there is more than one source in the open market but for reasons of function or service, one Vendor is recommended for consideration of the particular procurement. This denotes a Purchase in which the terms and conditions are negotiated. Rationale for selecting negotiation with one Vendor would include any of the following:

1. Goods and Services are in short supply due to market conditions;
2. no alternative or substitute good exists that meets the specific or unique technical components or replacement parts for equipment or compatible with an existing product, equipment, facility or service required and the Vendor has the skills related to an existing knowledge of the nature of the service. This recognizes exclusive rights such as licenses, copyright and patent rights, warranty or guarantees held or to maintain specialized products that must be maintained by the manufacturer or its representatives;
3. there is only one Vendor that can provide the Good or Service by the specific date required;

4. Specific requirements are adopted by Council and only one supplier can make or distribute the good and service;
 5. the subject matter of the requirement is of a confidential or privileged nature and to disclose through a competitive Procurement Process could compromise security, cause economic disruption or otherwise be contrary to public interest;
 6. work is required at a location where a Vendor has already been secured through a recent competitive Procurement Process, with established unit prices by another party and it is considered to be beneficial and cost effective to extend the unit prices for the work to be completed;
 7. there is documented evidence that the extension or reinstatement of an existing Contract for one additional term would prove most cost effective or beneficial; or
 8. the procurement is for construction materials where transportation costs and 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 the use in the construction or repair of roads.
- k. **Sole Source** means there is only one known source of manufacture or supply of a particular good and service. The procurement is of real property or original work of art. This good or service could be copyrighted or trademarked, or simply not available for general purchase.
 - l. **Standing Agreement** means that a Procurement Process has been followed to select the Vendor(s) to enter into an Agreement for a period of time for multiple ordering by one Department or more than one Department in the City. The value of each order and the total spend can vary over the term of the Standing Agreement.
 - m. **Unsolicited Proposal** is a proposal received by the Purchasing Manager without request on a non-competitive basis.
25. A **“Public Agency”** is a local board, commission, committee, association, special services body, and/or nonprofit corporation or government body carrying out a public function. Where the authority to enter into a purchase Agreement is a decision which is solely within the jurisdiction of a Public Agency, that Public Agency may request that the City provide the services of the Purchasing Division to allow the Public Agency to avail itself of this policy. In those circumstances, the terms and conditions of this policy apply.
 26. **“Public Opening Committee”** is a committee of the Purchasing Manager, Council member or Designate who facilitate the opening of the submissions received in response to calls for a competitive Procurement Process with the public in attendance.
 27. **“Purchase”** means the act of acquiring Goods and Services.
 28. The **“Purchasing Division”** is the administrative unit within the Finance Department which is responsible for making or administering the City’s Purchases.
 29. A **“Purchase Order”** is a Contract in a standardized form with standard terms and conditions of the purchase, utilized by the City. Through a Purchase Order, the City commits to a Vendor that it will Purchase a good and or service under the terms and conditions of the purchase order.
 30. **“Purchasing Manager”** is the employee who is responsible for the City's Centralized Purchasing function and is hereby authorized to act as agent in all such matters pertaining thereto.
 31. **“Responsible”** is an adjective used to describe a Vendor or potential Vendor. It reflects a Person whose reputation, past performance and business and/or financial capabilities give it credibility. The City can have a certain level of confidence that a Responsible Vendor will fulfill any Contract entered.

32. “**Responsive**” is an adjective used to describe an offer that does not vary from the specifications and terms and conditions set out in a competitive Procurement Process issued by the City.
33. “**Surplus Disposal**” is the sale, exchange, transfer, trade-in, destruction or gift of goods or equipment owned by the City, which is no longer required for the corporation’s purposes.
34. “**Vendor**” is a Person or Group of Persons from whom the City makes purchases of goods and equipment or enters into a Contract for services.

1.02 Interpretation Rules

The rules set out in this section govern the interpretation of this policy:

1. Wherever this policy refers to a person or thing with reference to gender or the gender neutral, the intention is to read the policy with the gender applicable to the circumstances.
2. References to items in the plural include the singular, as applicable.
3. The word “include” is not to be read as limiting the phrases or descriptions that precede it.
4. The word “designate” refers to a person designated in writing.
5. Headings and titles included in this policy are for ease of reference only and do not modify the meaning of the words that come after or under them.
6. References to price or cost include all applicable tax, term discounts and freight charges.
7. Tables within this policy, and Schedules to it, are integral parts of the policy.

1.03 Statutes

Specific references to laws in this policy are printed in italic font and are meant to refer to the current laws of Ontario and Canada as at the time the By-law was adopted. For Provincial laws, the reference is to the relevant chapter of the R.S.O. 1990 edition, as amended from time to time, including successor legislation. For Federal laws, the reference is to the relevant chapter of the R.S.C. 1985 edition, as amended from time to time, including successor legislation. Provincial and Federal statutes enacted since 1990 and 1985 (respectively) which are not successor legislation are fully cited.

1.04 Severability

If a court or tribunal of competent jurisdiction declares any portion of this policy to be illegal or unenforceable, that portion of this policy will be considered to be severed from the balance of the policy, which will continue to operate in full force and effect.

Section 2 General Conditions, Procedures and Guidelines

2.01 Applicability and Exceptions

All Goods and Services required by the City shall be purchased in accordance with this policy and its associate Procedures and Guidelines, and all goods no longer required by the City shall be disposed of in accordance with this policy unless:

- The Council directs that any particular purchase or disposal of equipment shall be carried out in some other manner;
- An exemption to this policy applies; or
- Any applicable law requires that the purchase or disposal of a Good or Service be carried out in some other manner.

Exceptions apply where the circumstance mentioned in subsection 2.01 occur, the purchase or disposal of those Goods and Services shall be carried out in accordance with resolution or the applicable law, as the case may be, and the provisions of this policy shall in all other regards continue to apply to the purchase or disposal with all necessary modifications.

2.02 Volatile Market Conditions

Notwithstanding the provisions of this policy, where market conditions are such that long term price protection cannot be obtained for Goods and Services, the Purchasing Manager will obtain competitive prices for short term commitments until such time a reasonable price protection and firm market pricing is restored.

2.03 Emergency Procurement

Notwithstanding the provisions of this policy, the following shall only apply in case of an emergency, when an event occurs that is determined by a Director or the CAO or the CSO to be:

- a threat to public health;
- the welfare of persons or of public property; or
- the continuity of service is at risk and the occurrence requires the immediate delivery of Goods and Services and time does not permit for Competitive Procurement Process.

Once the emergency is declared by the Director or the CAO or the CSO, the Emergency Procurement Approval Form is completed immediately depending on the above criteria the requirements for procurement will be determined as follows:

- Procurement under \$100,000.00:
Goods and Services shall be secured by the most suitable Procurement Process as determined by the Director and Purchasing Manager at the lowest obtainable price and where time is of the essence. When possible, the Purchasing Division will maintain a list of Vendors to call in the event of an Emergency Procurement.
- Procurement equal to or greater than \$100,000.00:
A Procurement Process deemed appropriate to the situation will be used to mitigate the risk of the emergency at hand will be determined by the CAO or the CSO, Director and Purchasing Manager. Complex on going situations will be reviewed as soon as the occurrence has been safely secured and a subsequent Procurement Process may be used to provide a permanent solution to the consequence of the emergency.

An information report shall be submitted for all Emergencies Procurement spending at or over \$100,000.00, per incident, to Council by the Purchasing Manager at earliest possible date.

2.04 Insurance Claim

The Insurance Risk Management Coordinator will consult with the Purchasing Manager for the most appropriate Procurement Method to correct a situation and mitigate any further risk in a timely manner and depending on the claim for an insurable occurrence, the following may apply:

1. Occurrence requires remedy and is assessed under the deductible amount:
 - If time is of the essence and the occurrence meets the criteria of an Emergency Procurement (2.03), follow the Emergency Procurement process; or
 - If not, follow the normal purchasing procedure.
2. Occurrence requires immediate remedy and is assessed to exceed the deductible amount:
 - Complete an Emergency Procurement Approval Form and follow the Emergency Procurement process.
3. Occurrence has been generally solved and the normal purchasing procedure will be followed.

2.05 Considerations for Requirements

Design, specifications and/or requirements of a purchase Contract for Goods and Services will take into consideration and comply with the following:

1. Fairly assess the risks of the purchase for safety, Accessibility Standards, financial stability and quality of workmanship and implement terms and conditions with the Vendor to keep safe the City's staff, funds, property and capital assets;
2. Commit to the procurement with due regard to the preservation of the natural environment and the promotion of waste reduction and recycling of waste materials and sustainability for the community;
3. Encourage innovation and the use of technology which meet City specifications and industry standards and best practices in order to ensure the utilization of the most efficient and effective processes and practices;
4. Goods and Services in support of the City strategic initiatives supporting the community, the environment and strength of the services performed for the public, for example, supporting selection of Goods and Services for improved accessibility for persons;
5. Standards for Goods and Services design and specifications that are beneficial to the City's operations and/or the community; ergonomic for the health and safety of staff; and that are approved by Council for an appropriate period of time, may be specified to purchase in the Procurement Process when this action does not infringe on trade agreements, statutes or acts that relate to public procurement; and
6. The best value for the City in consideration of the funds made available and all of the points within this section of the policy, and the requirement will never exceed the basics for purpose or function unless the specifications that would make the Good or Service exceed the basic are presented in a business plan showing the cost benefit and the life cycle cost and then reported to Council to approve the specification for the requirement that exceeds the basics for purpose.

2.06 Qualified Vendors

Qualified Vendors with the necessary expertise, labour, equipment, Goods and Services available for delivery when the Goods and Services are required will be sought to fulfill the procurement needs of the City. All Departments will access the source list to select vendors of Goods and Services as needed by the City.

1. A Vendor registration program will be in place to create a manageable source list providing a supply base to ensure competition and communication to Vendors interested in doing business with the City.
2. The markets and chapter five of the Agreement on Internal Trade will guide selection of a Procurement Process.
3. Professional consultants contracted for specification preparation and/or construction administration services will comply with the Purchasing Policy and Procedures.

2.07 Procurement Risk

The procurement of Goods and Services, maintenance and construction will be evaluated for the risk to the City's ability to carry out or perform public services in a safe and secure environment and the likely remedy of each project with regards to protecting the value and operation of equipment, service levels to the public, human safety, protection of the City's potential liability and how people, property and service will be affected should the performance, delivery or completion

of Work or a Project be delayed or faulty. The risk will be mitigated by:

1. Contract sureties will be required from Vendors where the risk and cost to the City will be high for delays, poor or non-performance of the Work or Project or non-payment for labour or materials or a potential defaulted warranty on workmanship;
2. Tender deposit sureties will be kept for the three lowest, compliant tenders until an Award is made. A surety in the form of letter of credit, certified cheque, money order or bank draft will be deposited to the City's bank and a City cheque issued to return the deposit when an Award is made or for any tender not determined to be one of the three lowest and compliant submissions. Any bank interest accumulated during this time will be kept by the City unless the City determines the interest earned is excessive. A surety in the form of a bond or letter of credit will be secured by the City and returned to the Vendor when an Award is made;
3. The amount of the surety and the form of the surety will be determined for each Procurement Process referencing the risk assessment table in the Purchasing Procedure. A variance to this table will be approved by the CAO or the CSO for a particular project;
4. General Liability Insurance will be required from a Vendor to cover the assessed risk of the type of supply or service being purchased by the City. Owned and unowned vehicle insurance will be requested where applicable. The City will be named as an additional insured and records of collection of the insurance certificate will be kept by the Purchasing Division. Additional insurance specific to the type of service or special risk will be required as determined by the Insurance Risk Management Coordinator (i.e. Professional Liability Insurance, Environmental Insurance etc.);
5. All Vendors will be in good standing with the Workers Safety Insurance Board. Independent contractors will provide proof of their status with WSIB and take on the WSIB independent insurance for work performed for the City; and/or
6. Police background checks may be requested for specific Contracts for work on properties requiring that any worker be free of a criminal record.

2.08 In the event that the Purchasing Manager is not in agreement with the Director on the use of any of the above exceptions or exemptions, the matter shall be referred to the CAO or the CSO for approval.

Section 3 Financial Consideration

3.01 Market Value

A Procurement Process will be followed to determine the current market value of Goods and Services when needed. Where a Competitive Procurement Process was followed and a minimum of three submissions are received and when time is of the essence, the Purchasing Manager may recommend an Award that will exceed the capital Budget by \$10,000.00. A larger discrepancy in the market price and the approved Budget will require review by Budget and Financial Planning. The Director of the Department will be responsible for any surplus or shortfall in their overall Budget and an explanation will be provided to Council by the Director of Finance in the Quarterly Close Report. Where a Contract Award will have a significant unfavourable impact to the Department's approved Budget, the Competitive Procurement Process will be cancelled.

3.02 Leasing

The Director will co-ordinate, with the Purchasing Manager, all leasing requirements including term capitalization rate, lease vs. buy (or other) analysis, etc. The Director and Director of Finance will

ensure that all lease commitments comply with the *Municipal Act 2001* in its latest edition and regulations made and with the City's Leasing Policy as and when adopted by Council.

3.03 Authority by Financial Limits

Where this policy prescribes financial limits under the authority, for the purpose of determining whether an Award falls within the reporting authority limit, the reported Award amount shall be the Aggregate Value of the purchase.

3.04 Capital Grant Agency Funding Rules and Terms

Where a funding or granting agency has rules for a Procurement Process that exceed this policy and/or the purchasing procedure, the agency's rules for tendering and risk management shall override this policy to comply with the procurement rules of the granting agency. Where there are fewer or no requirements in the grant rules, the Purchasing Policy and Purchasing Procedure will apply to the acquisition.

3.05 Change or Amendment to an Agreement

Any changes to a Contract value will be within the allotted Budget and approval of such change given to the Vendor by the Purchasing Manager in the form of a change order to the Purchase Order and/or an amendment to the Agreement. This applies to changes in excess of a pre-approved contingency amount. Changes that will exceed the approved Budget or a capital project will require approval of the Manager of Budget and Financial Planning and the CAO or the CSO and if over \$100,000.00 will require the approval of Council in advance of receipt of the changed Goods and Services.

3.06 Length of a Contract Term

Contract lengths depend on the circumstances but generally, where there are repetitive purchases for Goods and Services, a term will not be longer than five years. The Contract duration limit is intended to support regular review of existing Contracts in the context of receiving quality Goods and Service, competition in the market and operational circumstances. A contract term may have optional renewal period(s) added to the term for execution at the discretion of the City if it is stated in the original agreement and the contract review determines that it is in the best interest of the City to extend a Contract. (Also reference 3.07)

Price of a multi-year Contract will consider the number of years, the predicted financial market, the predicted cost of living index and most importantly the City's fiscal Budget and cost that the tax base can bear. This consideration will be reviewed by the Manager of Budget and Financial Planning and the Treasurer prior to the request for a Competitive Procurement Process or a Contract negotiated directly with one or more Vendor.

3.07 Option to Extend a Contract

Contract extensions will be granted when the Vendor has performed the Contract as expected and it is in the City's best interest to continue under the extension terms that were agreed to in the original Contract; or where an urgent situation exists and the Goods and Services cannot be procured through a Competitive Procurement Process in time to meet the needs of the City and where delay would cause economic hardship or significant service delivery disruption or otherwise be contrary to the interest of the City; or an unforeseeable delay in a project or an uncontrollable shift in timetables requires the City to retain the services or maintain a Contract with a Vendor to maintain the best interest of the City.

While there isn't a dollar value limit to extend a Contract with the same Vendor, the length of the extension should not exceed the original term of the Contract and the original term of a Contract plus the extensions should not exceed five years.

Section 4 Responsibilities & Authorities

4.01 The Director

The Directors have responsibility for procurement activities within their Departments and are accountable for all spending within their authority level.

The Directors shall identify the availability of funds in appropriate accounts within the approved Budget and provide specifications compliant to this policy for the requirement and participate by consultation in the Procurement Process for the acquisitions for their Departments.

Where a Director is authorized to undertake any act pursuant to this policy, such act may be undertaken by the Director's authorized Designates. The Designees' name and purchase approval level shall be submitted to the Finance Department and it shall be the responsibility of the Directors to ensure their lists are current.

4.02 The Purchasing Manager

The Purchasing Manager is responsible for:

1. providing procurement services and advice to City staff;
2. delegated signing authority to execute a Contract or Agreement for purchase, lease or rental, issue a Purchase Order, memorandum of intent and/or Agreement of purchase for Goods and Services when the procurement has been authorized by the proper Authority (reference 4.05);
3. ensuring that all members of staff that are to procure Goods and Services on behalf of the City are provided with access to the Purchasing Policy and Purchasing Procedure online;
4. ensuring that members of staff that are responsible to procure are provided with training and clarification of this policy;
5. ensuring that notice of any amendments/changes to this policy are clearly distributed to staff and posted online for reference;
6. monitoring compliance with this policy and establish a compliance monitoring plan that shall be reviewed by the Directors, the CAO or the CSO and the Audit Committee;
7. ensuring that all members of staff are aware that compliance to this policy will be monitored and non-compliance to this policy is subject to disciplinary action up to and including dismissal as deemed by the City and any applicable law or regulation;
8. ensuring that Persons interested in doing business with the City are treated fairly and given the opportunity to register or prequalify for future opportunities;
9. ensuring that any Person competing for a tender or proposal has the opportunity to receive feedback on their submission and submit their concerns about the process;
10. developing a process to receive input from Vendors and staff to improve service levels; and
11. execution of a purchase Agreement or Contract including a Purchase Order and Change Order or Agreement amendment will be by the Purchasing Manager in accordance with the City's Signing Authority By-Law Delegation of Council Powers and Duties Policy, By-law 2007-299, January 1, 2008.

4.03 The CAO And The CSO

The CAO and the CSO has the authority to instruct the Purchasing Manager and Director not to Award an Agreement or Contract and may direct the Purchasing Manager to submit recommendations to Council for approval and may provide additional restrictions concerning procurement where such action is considered necessary and in the best interests of the City.

- 4.04** No provision of this policy precludes a Director and/or the Purchasing Manager from recommending an Award to the CAO or the CSO and/or City Council where:
- in the opinion of the Director, it is in the best interest of the City to do so; or
 - it is a matter of procurement procedure and in the opinion of the Purchasing Manager; or
 - it is in the best interest of the City to do so.

4.05 Table of Authority

This policy shall govern the levels of authority for commitment for the required expenditures as approved in the operating or capital Budget process. The Purchasing Procedure shall show the segregation of duties from order to payment for levels of authority. Refer to the table that follows for the authority to approve a purchase commitment by the dollar amount:

4.05

Table of Authority

Authority	Purchase Amount	Procurement Process	Reporting and Method and Terms and Conditions to Commit the City
Delegated Authority	≤ \$5,000.00	All Procurement Processes – competitive or negotiated.	<p>No report – transaction records kept on petty cash or purchasing card reconciliation forms or by invoice in the Finance Department.</p> <p>Reconciliation and payment in less than 30 days.</p> <p>Approval signature of staff and manager.</p> <p>A Purchase Order can be issued, if needed, to place an order and Standard Purchase Terms and Conditions will apply. Purchase Order signed by Purchasing Manager.</p>
Director and Purchasing Manager	> \$5,000.00 ≤ \$50,000.00	<p>All Procurement Processes to determine fair market value – competitive or negotiated provided a Single Source Form is approved by the Director and Purchasing Manager.</p> <p>Determined Procurement Process shall comply with trade agreements.</p>	<p>No report –</p> <p>A summary of Procurement Process results filed in Purchasing Division with Purchase Order Standard Terms and Conditions; and/or Purchase Order and Purchase Agreement/Contract terms; or Memorandum of Intent and Confirmation Purchase Order and/or Agreement terms, for complex or long term commitments.</p> <p>All commitment to purchase documents signed by the Purchasing Manager.</p>
CAO or CSO and Purchasing Manager	> \$50,000.00 ≤ \$100,000.00	<p>All Procurement Processes to determine fair market value – competitive or negotiated provided a Single Source Form is Approved by the CAO or CSO and Purchasing Manager.</p> <p>Determined process shall comply with trade agreements.</p>	<p>CAO or CSO Purchase Approval Report (PAR) –</p> <p>Commit by Purchase Order and/or Purchase Agreement/Contract or Memorandum of Intent and Confirmation Purchase Order Agreement/Contract.</p> <p>All commitment to purchase documents signed by the Purchasing Manager.</p>
Council and Purchasing Manager	>\$100,000.00	Appropriate Procurement Process to determine fair market value – competitive or negotiated as determined by the Purchasing Manager	<p>Council Report Tender Finance Report to Council (TFIN) –</p> <p>Commit by Purchase Order Number and Purchase Agreement/Contract signed by the Purchasing Manager.</p>
			<p>Note: any Irregular Result in a competitive Procurement Process will require a report to Council (refer to section 6.01)</p>

Section 5 Procurement Process

5.01 Open, Fair and Transparent Procurement Process

The Purchasing Manager or Delegate in consultation with the Department shall determine the Procurement Process used to purchase Goods and Services and they will ensure an open, fair and transparent Procurement Process. A Competitive Procurement Process will invite qualified Vendors to compete by making a fair offer to the City. The Competitive Procurement Processes includes quotations, tenders, proposals, or an expression of interest.

A Competitive Procurement Process will be advertised when the Goods and Service is valued over \$100,000.00 or when the value is under \$100,000.00 and it is necessary or practical to do so for notice of the competition.

Prequalified Vendor lists will be open for Vendors to register by refreshing lists periodically and giving the opportunity for Vendors to register their interest in doing business with the City when requested.

The City may participate in a consortium or co-operative purchase where a fair and open Procurement Process was used to select the Vendor(s) or when through a professional association a consortium membership for purchasing is beneficial to the City.

5.02 Public Meeting and Website Posting for Competitive Procurement Process

For transparency, a sealed submission for a Competitive Procurement Process will be opened at a public meeting by the Opening Committee consisting of one member of Council or staff delegated by the CSO and the Purchasing Manager or their Delegate.

The Awarded Vendor name and the price of the Contract for the City will be posted on the Purchasing Division page of the City's website for an advertised Competitive Procurement Process.

5.03 Negotiation

The Procurement Process of Direct Negotiation Purchase may be used for low dollar value (\leq \$5,000.00) purchasing where a Competitive Procurement Process is not efficient for the purchase of Goods and Services. Negotiation may be used for procurement valued over \$5,000.00, in combination with a Competitive Procurement Process if it is in the best interest of the City for a successful implementation of the proposal and a "best and final offer" is described in the Procurement Process request document.

Negotiation may be used when a Single or Sole Source has been pre-approved by the authority based on standard rationale for a Single Source Procurement Process. The Purchasing Manager and the Department requesting the purchase will carry out negotiation. Negotiation may be required in the response to an Emergency Procurement when the authorities have approved the Emergency Procurement on the appropriate approval form and time is of the essence to provide Goods and Services.

5.04 Segregation of Duties

The Procurement Process from a request to order to Vendor payment shall follow the Purchasing Procedure to ensure segregation of duties for process control, a perceived conflict of interest and to prevent errors or fraud. Failure to follow the Purchasing Policy or the Purchasing Procedure or operational procedures for segregated duties or approval shall be subject to disciplinary actions, up to and including dismissal as applicable by this policy or the law. All documentation of process

will be made available for audit purposes.

5.05 Purchase Order

A purchase order will be issued to place orders under standard terms and conditions of a purchase or to commit funds when a formal Agreement is needed. The Purchasing Manager or Delegate will execute the Purchase Order. A confirmation Purchase Order shall be issued when a letter of intent or memorandum to commit to the Vendor has been approved in advance by the Authority and signed by the Purchasing Manager.

5.07 Purchase Agreement

When Council or the Delegated Authority has given approval of the Vendor(s) selected for an Award; the Purchasing Manager will have the authority to execute a Purchase Agreement on behalf of the Corporation of the City of Kawartha Lakes.

Section 6 Irregular Results

6.01 Irregular Result of a Competitive Procurement Process

The results of a Competitive Procurement Process are considered to be irregular when any of the following occurs:

- a) all responsible and responsive submissions exceed the Budget allocation by more than \$10,000.00; and/or
- b) fewer than three (3) submissions are received in a formal Competitive Procurement Process; and/or
- c) an Award of the Contract to, or the purchase from, the lowest responsible and responsive Vendor is considered inappropriate for any reason: or
- d) none of the submissions are considered compliant, responsible and responsive and the Purchasing Manager determines that the results of the Competitive Procurement Process are irregular.

Irregular results of a Competitive Procurement Process requires that the selection of the Vendor for an Award be approved by Council for a formal process or by the Director and Purchasing Manager for an informal process under the Authority of Director regardless of delegation within the Department. Reference 6.04 and 4.05.

6.02 Non-compliant Vendor Submission Package

A submission to a formal Competitive Procurement Process is considered to be non-compliant when there is a deviation between the requirements (rules of the process, terms, conditions, specifications, special instructions, unsigned acknowledgement, requested information or pricing, etc). The non-conformance will be assessed as an irregular result.

6.03 Major or Minor Irregularity

For the purposes of this policy, a submission showing irregularities are further classified as "major irregularities" or "minor irregularities" when:

- a) A "major irregularity" is a deviation from the Competitive Procurement Process request that affects the price, quality, quantity or delivery, and is material to the Award. If the deviation is permitted, the Person could gain an unfair advantage over competitors. The Purchasing Manager must reject any offer submitted, which contains a major irregularity. The Person will be notified of the rejection due to the major irregularity.

- b) A "minor irregularity" is a deviation from the Competitive Procurement Process request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the Award. If the deviation is permitted or corrected, the Person would not gain an unfair advantage over competitors. The Purchasing Manager may permit the Person to correct a minor irregularity to make the submission compliant.

6.04 Report Recommendation

Any Procurement Process that has been found to have an Irregular Result or an estimated value above \$100,000.00 will be reported to Council for selection of a Vendor for Award with a recommendation for a resolution.

6.05 Forfeit of an Award

If a selected Vendor withdraws his offer, the rules of the process in the Competitive Procurement Process request document will apply and the Purchasing Manager may disqualify such Vendor from participating in City Procurement Processes for a period of up to two years.

6.06 Cancellation of a Competitive Procurement Process

The Purchasing Manager may decide to cancel a Procurement Process at any time without cause if it is in the best interest of the City to do so.

Section 7 Prohibitions of the Purchasing Policy

7.01 Fairness

Council and employees must not:

- Acquire any Goods and Services for personal use in representation of the City;
- Purchase or offer to purchase, on behalf of the City, any Goods and Services, except in accordance with this policy;
- Knowingly cause, permit or omit anything to be done or communicated to anyone which is likely to cause any potential Vendor to have an unfair advantage or disadvantage in obtaining a Contract for the supply of Goods and Services to the City, or any other municipality, Public Agency or public body involved in the purchase of Goods and Services either jointly or in cooperation with the City;
- Knowingly cause, permit or omit anything to be done which will jeopardize the legal validity or fairness of any Purchase of Goods and Services under this policy, or which might subject the City to any claim, demand, action or proceeding as a result.

7.02 Use of Policy

No Mayor, Councillor or Employee shall Purchase or Requisition a Goods and Services unless:

- The Goods and Service are legitimately required for the purposes of the City (or the Public Agency on whose behalf the Purchase is being undertaken); and
- The funds for the Purchase of the Goods and Services are available within the Budget or the request to purchase is expressly made subject to funding approval of the Council (or the Public Agency on whose behalf the Purchase is being undertaken) With the exception of Section 6.01 (a).

7.03 Audit Requirements

All employees of the City shall comply with the financial and policy controls meeting the audit requirements of the City to ensure that those responsible for requisitioning and purchasing Goods and Services are held accountable for their actions and decisions. Any employee who intentionally and knowingly acquires or disposes of any Goods and Services for the City in contravention of any

section of this policy, the Purchasing Procedure, or any applicable law or statute, shall be subject to disciplinary actions, up to and including dismissal as applicable by this policy or the law.

7.04 City Promotion

The City shall not promote or advertise any Vendor, service or commodity in any manner that may be construed as the City endorsing the Vendor, commodity or service. This does not include space sold for commercial advertising on a City bus or other item that are set up for commercial advertising and a fee is charged. This does not include responding to a request for a reference of the Vendor's quality of Goods and Services as performed for the City. This does not include a relationship with another social organization that the City refers Persons to.

7.05 Personal Purchases

The City will not make purchases for the personal use of the Mayor or Councillors or staff or members of staff of Public Agencies. Staff using the City's accounts to purchase for personal use shall be subject to disciplinary actions, up to and including dismissal as applicable by this policy or the law.

7.06 Splitting Prohibited

No requirement for Goods and Services may be divided into two or more parts to avoid the provisions of this policy or the Purchasing Procedure.

7.07 Repetitive Purchase Values

Repetitive procurement of Goods and Services will be evaluated for the annual aggregate amount spent by Department and/or all Departments and the Purchasing Manager will determine the procurement method and if a standing agreement would benefit the City.

7.08 Award Outside of Policy

A Director shall not Award a Contract where the Purchasing Manager has determined that the provisions of this policy have not been adhered to and has so advised the Director in writing, without the approval of the CAO or the CSO and/or Council as determined by the approval levels herein.

7.09 Segregation

All orders must have clear segregation of order from approval. No employee shall initiate a purchase and approve the same order.

7.10 Employee-Employer Relationship

The Purchasing Manager shall, in conjunction with the Director, reject all purchase requisitions for services where the services could result in the establishment of an employee-employer relationship.

7.11 Access to Information

Access to formal Procurement Process results information shall be made available to the public, by report and/or on request, except to the extent that such information is confidential information protected from disclosure under the provisions of MFIPPA. Vendor information is considered third party information.

7.12 Lobbying

In order to ensure fairness to all Persons, the City must endeavour to prevent unfair advantage created by lobbying. Therefore, the City reserves the right to disqualify, at any time and at its sole discretion, any Person engaging in lobbying in connection with a Competitive Procurement Process between a date that is no later than the date of issue of the Competitive Procurement Process request document and the date of signing of a Contract between the City and the selected Vendor(s). The City may disqualify a Person at any time in the Procurement Process and including after the selection process has been completed and an Award is made.

Lobbying may include any activity that the City, in its sole discretion, determines has or may give an unfair advantage to a Person relative to other Persons. Without limiting the foregoing, lobbying may include:

- a) Verbal or written approaches to any City staff other than those identified as contacts in the procurement document.
- b) Verbal or written approaches to any City Council member.
- c) Verbal or written approaches to the Member of Parliament, Members of Provincial Parliament or any related government ministries.
- d) Verbal or written approaches to any staff of the Premier's Office, Cabinet Office or any other member of Cabinet or equivalent federal counterpart.
- e) Verbal or written approaches to any expert or other advisor assisting an evaluation and selection committee member.
- f) Verbal or written approaches to any member of the RFP evaluation and selection committee.
- g) Direct or indirect requests by the Person to any Person, organization or group to provide a written or verbal expression of support not required by this Competitive Procurement Process to any member of the evaluation and selection committee or Council.
- h) Verbal or written communication with media organizations.

7.13 Vendor Default

The Purchasing Manager in consultation with the Director of the requisitioning Department may remove a Vendor's name from the source list of Vendors or prequalified list for a period of up to two years on the basis of failure to execute an Award, documented poor performance, non-performance, or conflict of interest. A written notice of the decision will be provided to the Vendor by the Purchasing Manager. This does not limit the City's right to take legal action or secure other forms of remedy for any default of a Person or Awarded Vendor.

7.14 Litigation

No tender, proposal or quotation will be accepted from any Persons which has a claim or has instituted a legal proceeding against the City or against whom the City has a claim or instituted a legal proceeding with respect to any previous Contract, without prior approval by Council.

The City may disqualify a Vendor that has litigation against them that would affect their performance or reputation in performing the service or providing the Goods and Services requested by the City.

7.15 Outstanding Funds Owed to the City

Any Persons entering into a Contract with the City will have paid any outstanding fines or moneys owed to the City. During a Contract term, the City may hold back payments to a Vendor until outstanding funds owed to the City are paid.

7.16 Commitment

No expenditure or commitment shall be incurred or made and no account shall be paid by the City for Goods and Services, except as authorized in accordance with this policy or approved by the CAO or the CSO and/or Council.

7.17 Local Preference and Canadian Content

In accordance with the *Discriminatory Business Practices Act*, there will be no discrimination toward the location of Vendor. All things being equal, preference will be given first to purchases of a Goods and Services of Canadian manufacture, second to a Goods and Services offered by a local Vendor, and thirdly to a Goods and Services of a Canadian owned company.

Section 8 Conflict of Interest

- 8.01** No employee or member of Council may compete or offer to sell a Goods and Services to the City. Reference the Code of Conduct, Policy 2009-225.
- 8.02** All employees or board member or member of Council or members of a Public Agency shall disclose to the CAO or the CSO annually (and as circumstances change) any pecuniary interest, any business or personal relationship they might have outside of City business which might create a potential conflict of interest relative to the procurement of Goods and Services.
- 8.03** All employees or consultants authorized to evaluate Competitive Procurement Process submission(s) or to purchase on behalf of the City shall be required to declare that there is no known or perceived conflict of interest to the Purchasing Manager in writing.
- 8.04** All Vendors retained by the City of Kawartha Lakes shall disclose to the City prior to accepting an assignment, any potential conflict of interest. A declaration of the conflict shall be stated in a letter to the Purchasing Manager. If such a conflict of interest does exist, the City as directed by the CAO or the CSO may, at his or her discretion, choose not to Award or may withhold the assignment from the Vendor until the matter is resolved to the satisfaction of the CAO or the CSO. Furthermore, if during the conduct of a City assignment, a Vendor is retained by another client giving rise to a potential conflict of interest, and then the Vendor shall so inform the CAO or the CSO in a letter of the potential conflict of interest.
- 8.05** All Vendors acting as a consultant to the City shall have no pecuniary interest in the business of any third party that could cause or seem to cause, a conflict of interest in carrying out a project under Contract. A declaration of an existing interest will be made to the CAO or the CSO. The Vendor shall not have any tests or investigations carried out by any Persons that may have a direct or indirect financial interest in the results of those tests or investigations.

Section 9 Disposal of Surplus Goods or Assets

- 9.01** The Purchasing Manager shall obtain the approval of the CAO or the CSO prior to the sale or disposition of surplus assets for sale or disposal with a value greater than \$10,000.
- 9.02** In the case of surplus vehicles, medical or specialized equipment, the Director shall determine with the Purchasing Manager the method of disposal of vehicles and equipment.
- 9.03** Revenue generated from the sale of surplus assets shall be credited to the appropriate equipment replacement reserve for future allocation. Information reporting to Council of the reserve amounts shall be required in the Quarterly Capital Close Report.
- Where the assets sold are not related to an equipment reserve, the revenue received by sale of the surplus item will be returned to the Budget of the Department that declared the surplus.
- 9.04** Any remaining surplus assets may be Awarded to a non-profit entity by the Purchasing Manager. Non-profit agencies shall be notified where possible (for relevant items) of the City's disposal intent and shall submit to the Purchasing Manager in writing a letter of interest.
- 9.05** Employees, immediate family members or elected officials of the City may respond to a sale of surplus by submitting a quote on any City asset disposal provided:
- They do not possess nor do they try to ascertain relevant insider information that would influence their offer;
 - They remove themselves from submitting and offer on items that may be construed as a conflict of interest as detailed herein;
 - They comply with all the requirements of the public sale.

Schedule "A" - Goods And Services "Exempt"

1. Staff Training and Education

- Conventions, conferences, seminars, courses, training, workshops
- Memberships
- Periodicals, magazines, subscription

2. Employee Expenses

- Travel and accommodation (reference Policy 004 HR 003 Employee Expense Account)

3. Employer's General Expenses

- Payroll deduction remittances
- Licences (vehicles, elevators, radios, etc.)
- Debenture payments
- Grants to agencies
- Insurance claim payments - payments of damages
- Real Estate costs
- Tax remittances
- Charges to or from other government or crown corporations
- Employee income
- Employee benefit payments and premiums
- Petty cash replenishments
- Sinking fund payments
- Building lease payments
- Charges to and from Area Municipalities in association with legal agreements
- Election expenses

4. Professional and Special Services

- Committee fees
- Witness fees
- Temporary help
- Banking and underwriting services where covered by Agreements
- Workers Compensation payments
- Legal services
- Court reporters' fees
- Interpreter fees
- Honoraria
- Arbitrators
- Legal settlements

5. Other

- Postage
- Water and sewer charges
- Renovation at a leased space where the lessor can only perform the renovation.

6. Real Estate Developer Finance Capital

Where a real estate developer has requested in writing the use of a particular Vendor for services being performed on a project, for which the real estate developer is funding the entire cost, no Procurement Process shall be required, providing the Vendor is acceptable to the City.

7. Sponsorships and Donations

Where money from bequestors, sponsorships or donations is received by the City with a written request to use the money to fund all of the cost of the purchase of specified Goods and Services from specified Vendors, no Procurement Process will be required, providing the Vendor is acceptable to the City. Other requirements of the Purchasing Policy shall apply, including issuing a Purchase Order and/or the execution of a Contract with the Vendor.