

THE TOWN OF BERWICK

PURCHASING AND TENDER POLICY

Effective Date: September 14, 1999
Amended: June 13, 2000
November 14, 2000
April 10, 2001
December 9, 2003
March 25, 2009

POLICY

It is the policy of The Town of Berwick to acquire goods and services on a competitive basis and to ensure uniformity of rules and procedures in the purchasing of goods and services. (Reference to “The Town of Berwick” or “Council” shall include the Berwick Electric Commission)

PURCHASING AUTHORITY

- ◆ The Department Heads of The Town of Berwick shall be the responsible authority for the purchase of goods and services for The Town of Berwick subject to the policy and procedure herein.
- ◆ It shall be the responsibility of the Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer) to ensure that purchases of goods and services are carried out in accordance with this policy.
- ◆ Approval of the Town Council will be required to purchase goods and services which exceed a value of \$10,000. In the case of the Electric Commission, the Chairman shall have authority to approve expenditures that exceed a value of \$10,000.
- ◆ The Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer) and the Superintendent of the Berwick Electric Commission are authorized to make contracts for the acquisition of goods and services for the purpose of carrying on the business of the Town, where the amount of the expenditure does not exceed \$10,000, in any one case, and where such expenditure is included in the approved budget allocation.
- ◆ The Department Heads, other than the Superintendent of the Berwick Electric Commission, are authorized to make contracts for the acquisition of goods and services for the purpose of carrying on the business of the Department, where the amount of the expenditure does not exceed the sum of \$2,500, in any one case, and where such expenditure has been included in the approved budget allocation.

- ◆ Where it is operationally feasible, the Department Head may identify other employees who should have purchasing authority. In those cases, the Department Head shall forward a written request to the Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer) identifying the employee and the recommended amount of the authority. The Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer) shall respond to the request and provide a copy for the Accounting Clerk.

GENERAL

- ◆ Procurement of goods and services shall generally be undertaken through a competitive bid process in either of two ways, depending on the dollar value:
 - 1) Bid by invitation
 - 2) Public tender
- ◆ The Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer) shall encourage the consolidation and standardization of items used within the departments.
- ◆ Under the direction of the Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer), purchasing authorities shall endeavor to combine the purchasing of common goods and services to achieve the most economical financial benefit to the Town. This may include cooperative purchases with other public sector agencies when it is deemed to be the most cost-efficient method of procurement.
- ◆ The Authority shall ensure that, wherever possible and economical, specifications are prepared to provide for the expanded use of products and services that contain the maximum level of post-consumer recyclable waste and/or recyclable content, without significantly affecting the intended use of the products or service.
- ◆ The Purchasing Authorities shall maintain a file system that records proof of verbal and written quotations and bids.

LOCAL BUSINESS PROVISION

1. Whenever possible the Town will endeavor through its Purchasing/Tender Policy to open opportunities to local business. If goods or services needed by the Town which are to be acquired through a Calls for Proposals, by Invitation or by Tender, staff will invite local business known to supply such goods or services to participate in the competitive procurement process.
2. In the event where competitive submissions are judged to be equal, and where the submissions include a local firm, the award shall go to the local firm. This mechanism shall be known as the *tie-breaker provision*.
3. Local business shall be defined as a business located within or coincident with the geographic reach of the Western Kings Board of Trade.

PURCHASE TOOLS

- 1) **Low Value Purchase Order** - The low value purchase order, controlled and signed by the purchasing authorities, is not restricted to local purchases, and may be used to purchase goods or services valued at less than two hundred and fifty dollars (\$250.00).
- 2) **Purchase Order** - The purchase order is the tool used to finalize the bid process for goods and services. The purchasing procedure for items valued in excess of \$250.00 begins with a Purchase Order being completed. It describes the items or service to be ordered, delivery date and the account to which the purchase will be allocated in the financial records.

The Department Heads shall then proceed to purchase the items, following the bid process as required in the policy. The Department Head shall sign the Purchase order.

THE BID PROCESS

- 1) **Purchase Orders Not Required**
There are a number of purchases of low value items made at local businesses that accumulate the purchases and submit a monthly statement to the Town for payment. A purchase order shall not be required for individual purchases less than \$50 in value. However, the Department Heads shall review the monthly statements from the suppliers to verify price and receipt of goods.
- 2) **Informal purchasing**
Where the value of goods and services to be purchased is less than \$500, in any one case, formal price comparisons are not required, although from time to time, some comparisons should be done to ensure that the Town is getting the best value for the dollar. Where the value of goods and services to be purchased is between \$501 and \$1,499, three verbal quotations will be sought.
- 3) **Bid by Invitation**
Where the value of goods and services to be purchased exceeds \$1,500 and less than \$10,000, in any one case, bids will be solicited by invitation in written form.
- 4) **Public Tender**
Where the value of goods and services to be purchased exceeds \$10,000, in any one case, public tenders shall be solicited through public advertisement, in accordance with the "Public Tender Process" section of this Policy.

5) **Emergency Acquisition**

Notwithstanding the above, in the case of a pressing emergency, where the delay resulting from inviting tenders or bids would be injurious to the public interest and/or the Town's assets, the Clerk-Treasurer or his/her designate (e.g. Chief Administrative Officer) may approve the purchase and report it to the Council at the earliest date thereafter.

6) **Purchase by Auction:**

Where it has been identified by the Town that it may be feasible to purchase goods or services by auction, the prior approval of the Council is required.

PUBLIC TENDER PROCESS

- 1) **SPECIFICATIONS:** The Department Heads shall prepare specifications for the goods and services to be acquired by tender.
- 2) **TENDER DOCUMENTS:** Tender documents shall include the following:
 - a) Form of "Instructions to bidders",
 - b) Form of "Tender",
 - c) Form of "Contract Agreement",
 - d) Form of "General Conditions".
 - e) Project drawings and/or specifications where required

The above documents shall include, at least, the closing date and time, the fact that all tenders must be in sealed envelopes clearly marked with the purpose of the tender.

PRIVILEGE CLAUSE

A statement shall be included in the advertisement that "The Town reserves the right to reject any or all tenders, not necessarily accept the lowest tender, or to accept any tender which it may consider to be in its best interest. The Town also reserves the right to waive formality, informality or technicality in any tender."

3RD PARTY LIABILITY INSURANCE

A statement shall be included in the tender documents that "The successful bidder shall provide, maintain and pay for General Liability Insurance with limits of not less than Two Million Dollars (\$2,000,000.) inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof.

The General Liability Insurance policy shall include the Town of Berwick as an additional insured with respects to all loss or damage arising from the contract."

- 3) TENDER OPENINGS: All tenders solicited by the Town shall close on Thursday at 2:00 PM. All tenders shall be received by the Receptionist in the Town Hall, who shall stamp the time and date received on the envelope and place the tender in a Tender Box. No tenders shall be received by Fax, however, amendments to tenders will be accepted if the tendered price is not revealed in the fax. At the appointed time for opening, the Department Head, member of Town Council, and one other person selected by the Department Head, shall meet in the Council Chambers. The Department Head will bring the Tender Box (which has been sealed by the Receptionist at the hour of closing) to the Boardroom for public opening. The public is permitted to view the tender opening in the Boardroom.

The Department Head shall ensure that a recorder records the proceeds at the opening, including the names of those persons in attendance and the amounts of the bids.

Tenders received after the closing shall be returned, unopened, to the bidder.

- 4) TENDER AWARDING: It shall be customary to award the tender to the bidder of the lowest price meeting the specifications. The Town reserves the right to make an award for reasons deemed to be in its best interest. An award shall not be made in any circumstances to a firm that did not submit a bid on the original tender call.

All tenders valued at less than \$10,000 shall be approved in accordance with the purchasing authorities stated in this policy (“Purchasing Authorities”.) A report to the Clerk-Treasurer or his/her designate (e.g. Chief Administrative Officer) from the Department Head is required for all public tenders, recording the proceedings of the tender opening and the resulting awarding of the tender.

All tenders valued in excess of \$10,000 shall require a report from the Department Head, including a recommendation, to the Council. The Council shall consider the recommendation of the Department Head in making its decision.

All tenders from contractors and sub-contractors must provide verification of an Occupational Health and Safety Program in compliance with the Nova Scotia Occupational Health and Safety Act.

In the event that all of the bids received exceed the budgeted appropriation, the Purchasing Authority shall do one of the following:

- a) Cancel the project
- b) Make an award to the lowest acceptable bidder based on the budget overrun, and the significance and priority of the proposed project.
- c) Undertake negotiations in the scope of the work with the bidder submitting the lowest acceptable tender to reduce or alter the scope.

- 5) PURCHASE ORDER/CONTRACT: After approval, a formal contract or a Purchase Order shall be prepared for the total amount of the goods and services which is to be signed by the appropriate authority, and the successful tenderer.

CALL FOR PROPOSALS

- 1) When seeking professional services or goods that cannot be rigidly defined under Tender specifications, the purchasing authority shall prepare a Request for Proposal (RFP). The RFP shall generally describe the scope of work or goods entailed, and would invite written proposals from prospective suppliers which details the methodology to be utilized, the time frame for completion, and an estimated cost for completion of the outlined work. The purchasing authority may stipulate an amount for the services to enable a more fair evaluation of the proposals.
- 2) The selection of the successful bidder shall be based on consideration of a number of relative factors, and shall not be selected on the basis of price alone. The authority is then authorized to negotiate a final contract with the selected bidder. All final contracts valued in excess of \$10,000 require the approval of Town Council.
- 3) The following table sets out the schedule for market searches to be carried out for the procurement of professional services:

<i>Professional Service</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>
Insurance	✓			
Planning & Dev Control		✓		
Banking Services		✓		
Auditing			✓	
Engineering				✓
Employee Benefits				✓

SURPLUS MATERIAL

- 1) Goods, supplies and assets which are declared surplus by the Department Head shall be offered to other departments of the Town, or sold in the most effective manner to obtain the highest return, by Tender, auction, negotiation or quotation, in accordance with this Policy.

- 2) Employees and Councillors of the Town and members of the Berwick Electric Commission, or their agents are permitted to bid on surplus materials only if the material is sold by a sealed tender process.

PROFESSIONAL SERVICES

Professional services include auditing, banking, legal, and engineering services.

Generally these services will be subject to a Request for Proposal process on a three-year basis. The Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer) and the Finance and Administration Committee are responsible to carry out that process and file a recommendation with the Town Council for the three year appointment.

The Finance and Administration Committee and Clerk-Treasure or his/her designate (e.g. Chief Administrative Officer), or his designate, shall prepare the specifications for these services, call for proposals, carry out the necessary interviews, and prepare a recommendation for Council approval.

RECEIPT OF GOODS AND SERVICES

Immediately upon the receipt of goods, authorized staff shall ascertain that the goods are received as ordered, relating to quantity and condition. Rejection of delivery shall be reported to the purchasing authority.

A receiving report shall be prepared and signed by the authorized person, and it shall be forwarded to the Accounting Clerk to be attached to the purchase order.

Services received may not have a receiving report, and in those cases the purchasing authority's signature on the invoice shall signify that the service has been provided in an acceptable manner.

If goods are received in an unacceptable condition, the purchasing authority and the Accounting Clerk shall be notified by the receiver. The supplier and the carrier shall be notified of the situation.

PAYMENT FOR GOODS AND SERVICES

Payment may be made by the Accountant to the supplier if the supplier invoice is accompanied by a receiving report, a purchase order and approval of the purchasing authority. The Accountant, or a designate, shall verify that all appropriate steps and approvals for the acquisition of the goods and services are in place.