

Mayne Island Improvement District

Purchasing Policy

POLICY STATEMENT

This Policy shall apply to all Improvement District purchases except those which require a Bylaw in compliance with the *Local Government Act Sec 746.1(a)* (Land & Works). Purchases which require funds to be withdrawn from Reserve Funds (by Bylaw) must comply with the purposes for which that Reserve Fund was designated. The purpose of this Policy is to deliver a best practice approach and procedures to internal purchasing for the Mayne Island Improvement District and to ensure consistency for all purchasing activities that integrates within all Mayne Island Improvement District operational areas.

REASON FOR POLICY

The Mayne Island Improvement District is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities. This policy:

- covers the procurement of:
 - goods or services subject to a contract including consultants;
 - asset purchases; and/or
 - general operating services/expenditure items including consumable items, hiring, materials etc.;
- provides the Mayne Island Improvement District with a more effective way of purchasing goods and services;
- ensures that purchasing transactions are carried out in a fair and equitable manner;
- strengthens integrity and confidence in the purchasing system;
- ensures that the Mayne Island Improvement District receives value for money in its purchasing;
- ensures that the Mayne Island Improvement District considers the environmental impact of the procurement process across the life cycle of goods and services;
- ensures the Mayne Island Improvement District is compliant with all regulatory obligations;
- promotes effective governance and definition of roles and responsibilities; and
- upholds respect from the public and industry for the Mayne Island Improvement District purchasing practices that withstands probity.

APPLICATION AND RESPONSIBILITY

Trustees, officers and employees of the Mayne Island Improvement District shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the Mayne Island Improvement District.

The following principles, standards and behaviors must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- Full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money.

- All purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Mayne Island Improvement District policies and code of conduct.
- Purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly and consistently.
- All processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements.
- Any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed.
- Any information provided to the Mayne Island Improvement District by a supplier shall be treated as commercial-in-confidence and should not be released unless authorized by the supplier or relevant legislation.

VALUE FOR MONEY

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Mayne Island Improvement District. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best value for money outcome for any purchasing should consider:

- all relevant whole-of-life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance, disposal and financing costs;
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including timelines;
- financial viability and capacity to supply without risk of default (Competency of the prospective suppliers in terms of managerial and technical capabilities, compliance history and financial track record.);
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable; and
- where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

SUSTAINABLE PROCUREMENT

Sustainable Procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services. The Mayne Island Improvement District is committed to sustainable procurement and where appropriate shall endeavor to design quotations and tenders to provide an advantage to goods, services and/or processes that minimize environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes in accordance with the Mayne Island Improvement District's sustainability objectives. Practically, sustainable procurement means the Mayne Island Improvement District shall endeavor at all times to identify and procure products and services that:

- have been determined as necessary;
- demonstrate environmental best practice in energy efficiency/and or consumption which can be demonstrated through suitable rating systems and eco-labeling;
- demonstrate environmental best practice in water efficiency;
- are environmentally sound in manufacture, use, and disposal with a specific preference for products made using the minimum amount of raw materials from a sustainable resource, that are free of toxic or polluting materials and that consume minimal energy during the production stage;
- products that can be refurbished, reused, recycled or reclaimed shall be given priority, and those that are designed for ease of recycling, re-manufacture or otherwise to minimize waste;
- for motor vehicles – select vehicles featuring the highest fuel efficiency available, based on vehicle type and within the designated price range with due respect to specified technical and safety requirements; and
- for new buildings and refurbishments – where available use renewable energy and technologies.

PURCHASING AUTHORIZATIONS AND THRESHOLDS

The Fire Chief, Finance Officer or Administrator are authorized to make one-time contracts and or purchase orders for the acquisition of a specific good and/or service for the purposes of carrying on the business of the Improvement District, where the amount of the expenditure does not exceed \$10,000.00 (not including GST/PST), in any one case, and where such expenditure is included in the approved budget allocation.

Approval of the Board of Trustees for the Mayne Island Improvement District will be required to purchase goods and services which exceed a value of \$1,500.00 (not including GST/PST) which is not included in the approved budget allocation.

MIID Staff, Volunteers or Contractors must be pre-approved by the Corporate Officers or the Fire Chief to purchase goods and/or services for the purposes of carrying on the business of the Improvement District.

MIID Officers may delegate the purchasing authority to designated staff within the Improvement District commensurate with each individual's duties and responsibilities up to \$2,500.00 (not including GST/PST) where such expenditure has been included in the approved budget allocation. At least one person in each department should be so designated in order that unnecessary delays are eliminated when the Corporate Officers or Fire Chief are unavailable to authorize purchase of a routine nature.

Professional Services Fee Ceiling *Amendment March 11, 2013:

With regard to engaging Professional Services e.g. legal services, engineering, etc., a ceiling fee per incident of \$500 shall be established at the outset of the instructions to the professional. Beyond \$500, the professional will be asked to provide an estimate for the services required. No work may be requested above \$500 without the approval of the Trustees at a meeting.

Amount of Purchase Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:	Policy Expectations
Up to \$999	At least one verbal quotation and preferably three verbal quotations
\$1000 - \$4,999	At least two verbal and/or written quotations
\$5,000 and above	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations)

PURCHASE ORDERS

The Purchase Order is the tool used to finalize the acquisition of goods and services. The Purchase Order describes the item or service to be ordered, delivery date, and the account to which the purchase will be allocated in the financial records. Purchase Orders must be signed by an authorized person. A report should also be prepared outlining the results of the bid process.

Exemptions:

The following are exemptions to this policy for goods and services that do not require Purchase Orders:

- Use of Solicitor or Auditors where actual prices cannot be obtained in advance.
- Use of credit cards to a maximum purchase of \$1,000.00. (before GST/PST).
- Use of credits cards for accommodations for elected officials, Corporate Officers and Fire Chief or his/her designate.
- Use of credit cards for air travel, accommodations and meals for Improvement District business.
- C.O.D. Orders which are paid by using petty cash.
- Small and miscellaneous supplies which may be paid by petty cash (under \$50.00).

QUOTATIONS & TENDERING PROCESS

General:

Procurement of goods and services shall 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 Improvement District shall maintain a file system which records proof of verbal and written quotations and bids.

Pre-Qualification of Bidders:

In order to eliminate unrealistic tenders, the Improvement District may require in certain circumstances and as an acceptable practice, particularly for the acquisition of services in instances where relevant experience, capability, references, evaluation of project team members or other criteria are deemed to be in the best interest of the Improvement District, tenderers to be pre-qualified.

Exceptions:

There may be occasions where the comparative pricing procedures above are not appropriate for valid reasons. In such cases there may be one supplier of a particular good or service, or consideration such as warranty conditions may require that a particular purchase be sourced through a sole supplier. In the rare case, a written estimate should be obtained from the sole supplier and the Purchase Order Requisition must disclose the reason for not seeking alternative prices and shall be authorized by the Board of Trustees, Fire Chief or Administrative Officer.

EMERGENCY ACQUISITION:

Notwithstanding the above, in the case of a pressing emergency or after business hours, where the delay resulting from inviting tenders or bids would be injurious to the public interest and/or the Improvement District's assets, the Corporate Officers or Fire Chief; or in his absence, the Officer in Charge may approve the purchase and report it to the Board of Trustees at the earliest date thereafter.