

**CORPORATION OF THE  
TOWN OF TILLSONBURG**

**BY-LAW NO. 3521**

**BEING A BY-LAW TO ADOPT A  
POLICY ON PROCUREMENT**

**WHEREAS** the Municipal Act, S.O. 2001 requires a municipality to have a procurement policy;

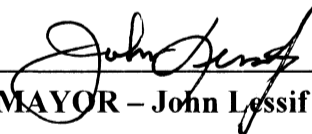
**AND WHEREAS** the Council of the Town Of Tillsonburg recognizes the need for a clear and concise set of policies concerning procurement;

**THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWN OF  
TILLSONBURG ENACTS AS FOLLOWS:**

1. **THAT** effective upon passage the Policy on Procurement attached hereto as Schedule "A" and forming part of this By-law is hereby adopted as the policies and procedures for procurement for the Town of Tillsonburg.
2. **THAT** this Procurement Policy By-law may be amended from time to time as directed and deemed necessary by the Council of the Corporation of the Town of Tillsonburg.
3. **THAT** any procurement or purchasing policies previously adopted through By-law 3140 are hereby repealed;
4. **AND THAT** this by-law shall come into full force and effect upon final passing.

**READ A FIRST AND SECOND TIME THIS 27<sup>th</sup> DAY OF JUNE, 2011.**

**READ A THIRD AND FINAL TIME AND PASSED THIS 11<sup>TH</sup> DAY OF JULY, 2011.**

  
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**MAYOR – John Lessif**

  
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**CLERK – Donna Hemeryck**

### **Schedule "A" to By-Law 3521 Procurement Policy**

#### OBJECTIVES

1. The objective of this procurement policy is to outline the procedures for the municipality to ensure that all purchases of materials, supplies and services provide the lowest costs consistent with the required quality and service.
2. The guiding principal is that procurement decisions will be made using a competitive process that is objective, open, transparent and equitable.
3. This procurement policy will promote and maintain the integrity of the purchasing process and protect Council, vendors and staff involved in the process by providing clear direction and accountabilities.
4. Local vendors will be evaluated the same as any other vendor who responds to the procurement requirements as outlined in this policy.
5. Where appropriate, potential vendors should identify the source of goods and services and the overall level of Canadian content as part of responding to the procurement requirements.

#### RESPONSIBILITIES

6. Council has ultimate authority for all expenditures. Council delegates this authority by the authorization of budgets or by specific resolution. Finance cannot pay for any item that has not been authorized by Council through budget appropriation or specific resolution. This purchasing policy provides guidelines outlining how this spending authority is to be used.
7. The Department Head, a Director/Fire Chief, or the CAO are responsible for approval of accounts within the approved budget for the department. Approval is authorized through the signature on the original invoice. In all cases, the authorization is to be obtained from the next level up in the structure, so as to maintain independence during the authorization process. This includes the authorization of expenditures made through the corporate visa accounts whereby the CAO will approve the Directors, Fire Chief's and Chief Librarian's visa statement and the Mayor will approve the CAO's visa statement. At no time can personal charges be made to a corporate visa account.
8. This purchasing policy may be overridden by Council if Council, in its' sole discretion, determines it to be appropriate and in the best interests of the Town.

#### PROCEDURES

9. Prior to the approval of the current year's business plan and budget, a department may incur normal operating expenditures that are required to maintain services. This shall include the payment of expenditures on previously approved capital items and projects.
10. Council approval of the current budget shall be sufficient authority for departments to proceed with the procurement of materials, supplies and contractors, subject to the procedures and limitations contained herein.
11. All purchasing shall be conducted by the Department Head or his/her designate in accordance with the policies and procedures established herein.
12. Purchases of a small value, i.e. under \$100, may be made by a Department Head or his/her designate via a petty cash fund.
13. A Department Head or his/her designate shall:
  - a. For purchases up to \$1,000.00, comparison pricing should be done where practical.

- b. For purchases between \$1,000.00 and \$5,000.00, three (3) verbal quotations shall be obtained whenever possible. The supplier shall be selected consistent with the standard terms and conditions as determined by the Finance Department.

14. A Director, Fire Chief, CAO or his/her designate shall:

- a. For purchases between \$5,000.00 and \$25,000.00, three (3) informal, written quotations shall be obtained whenever possible. The supplier shall be selected consistent with the standard terms and conditions as determined by the Finance Department. All purchases of new equipment, tools and/or chemicals must meet Health and Safety regulatory compliance.
- b. Annually, collective purchases where the anticipated volume on a Town wide basis is above \$25,000 (for example stationery and supplies) will be tendered and reported to Council. Alternatively, participation in the Ontario Supply Chain Management program where the Province determines, through their formal tender process, the applicable vendors of record.

15. A Director, Fire Chief, CAO or his/her designate shall:

- a. For purchases greater than \$25,000.00, select one of the following procedures to gather quotation information:
  - i) formal invitation to quote/request for quotation/request for proposal  
OR
  - ii) sealed tenders.

The quotations, requests or tenders shall be submitted by the Director, Fire Chief or CAO to Council along with a recommendation for supplier. A request for proposal may be used when goods or services cannot be specifically stipulated or when alternative methods are being sought to perform certain functions or services.

- b. Notwithstanding the forgoing, Council may, by resolution, direct the method of obtaining quotation information.
- c. Staff reports and resolutions recommending the approval of operating expenditures not contained in the annual budget, or capital expenditures, shall contain the purpose of the expenditure, cost estimates, a cost/benefit analysis if applicable, and the appropriate funding source(s). All staff reports recommending such resolutions shall contain the CAO's endorsement.
- d. All purchases of new equipment, tools and/or chemicals must meet Health and Safety regulatory compliance and should involve a Health and Safety Committee Representative.

## EXCEPTIONS

- 16. Where an emergency occurs that, in the opinion of the Director, Fire Chief, Department Head or his/her designate, constitutes immediate danger to health, safety, life or property, or requires the immediate procurement of goods and services, the Department Head or his/her designate may purchase such goods or services through the open market upon consultation with the Director and in the Director's absence, the CAO. The CAO will decide whether a report to Council is required.
- 17. A tendering process may not be required where the goods or services are proprietary to one vendor, where there is only one supplier that can meet the Town's needs within a reasonable distance or where the cost of changing suppliers for a product or service already in place is deemed to be exorbitant. Upon staff recommendations, Council shall, in its' sole discretion, determine whether a tender process may be forgone for these reasons. Such exemption may be granted by resolution.

18. Notwithstanding the provisions of this policy, the following expenditures must be made subject to budget constraints and may be made without following the formal purchasing procedures detailed herein:
- a. petty cash items;
  - b. training and education including conferences, courses and seminars.
  - c. mileage, travel and accommodation;
  - d. payroll related expenses.
  - e. utilities;
  - f. maintenance and support for existing computer hardware and software previously presented to Council subject to all new hardware and software purchases must be presented to Council;
  - g. other professional and special services including:
    - i) legal costs for general issues;
    - ii) planning consultant for general issues;
    - iii) engineering consultants for general issues.

## GOALS

### 19. Objectivity

Quotations and tenders shall be solicited, reviewed and selected in an unbiased atmosphere. A team approach, crossing multiple departments, to the review and selection of higher dollar or higher profile quotations and tenders should be considered by the department initiating the quotation or tender.

Staff and Council members involved with the solicitation, review and selection process for any particular bid shall not submit their own, personal bid for consideration. Further, should a bid be submitted from an immediate family member (parent, spouse, same-sex partner or any child) of the staff or Council member involved with the process, it should be disclosed to Council in the final recommendation report.

Personal preferences shall not be given priority unless the bid submitted demonstrates that it is the lowest priced, compliant bid.

### 20. Equity

The terms of selection and evaluation criteria shall be detailed in the procurement documents and shall be applied equally to all bidders. Tenders, quotations and requests for proposals or quotations shall be advertised in such mediums that are considered appropriate by the department head involved. For example, local newspapers, publications, Town, industry and association websites, or via direct invitation for specialized services. No action shall be undertaken by staff or Council that would give any bidder an unfair advantage.

### 21. Openness and Transparency

The Town's specifications and the terms of selection shall be clearly defined in each invitation or tender document. The decision for the successful bidder shall be based solely on the specifications requirements as documented and the bidder's documents..

### 22. Accountability

The CAO shall maintain accountability on behalf of Council during the procurement process. Informal contact with staff or Council members not specified as official contacts in the tender/request for proposal documents shall be considered unethical and may threaten the validity of that supplier's bid or even the process as a whole.

Sealed bids, quotations, tenders or proposals, marked with the time and date of receipt, shall be maintained until the time specified in the procurement documents.

If the lowest bidder's price is higher than the Town's budget, this will be brought to Council's attention at the time of the final recommendation report and Council, in its' sole discretion, will decide whether to proceed or to investigate alternatives.

### 23. Risk Management

Suppliers will be required to provide proof of insurance along with a WSIB clearance certificate (or municipal waiver, if applicable) for all contracts. Insurance minimums are \$2 million for each of general liability, automobile liability and/or homeowners (for

rental of facilities) and will be defined in the procurement documents and must be adhered to throughout the term of the contract. The level of insurance will ultimately be arrived at depending on the associated risks of the project as assessed by the Director or Fire Chief. The policy must contain a cross liability clause or endorsement; an endorsement certifying that the Town of Tillsonburg as additional insured; and an endorsement to the effect that the policy or policies will not be altered, cancelled or allowed to lapse without thirty days prior written notice to the Town of Tillsonburg.

Professional liability and errors and omissions insurance shall be maintained by a successful consulting firm for a limit not less than \$2 million.

Performance bonds may be required and will be disclosed during the procurement process. These bonds will be held by the Town until end-of-contract indicators are in place (ie. final clearance certificates are issued) at which time they will be released.

## ADMINISTRATION

24.

- a. The Town shall endeavour to define its' needs in a clear and simple format to minimize the occurrence of amendments to bidding documents or changes to contracts once in place. A listing of all changes required shall be maintained with the contract documents for review.
- b. No contract or purchase shall be divided to avoid any requirements of this policy.
- c. For all purchases, price shall be the prime selection criteria prior to any special provisions, providing that all specification requirements are met. All factors influencing the purchasing decision are to be included in the specifications.
- d. The Town of Tillsonburg may participate with other municipalities, their agencies or public authorities in co-operative purchase ventures when the best interest of the Town will be served.
- e. Performance evaluations may be undertaken on suppliers and providers of service.
- f. All invoices and accounts from vendors shall be authorized prior to payment. Authorization in the form of signatures of the CAO, Director, Fire Chief or Department Manager must be in place.
- g. The Town shall have the right to reject the lowest or any bid at its absolute discretion. The Town also reserves the right to reissue the procurement documents in its original format or modified as best suits the requirements of the Town.

25. Review

This policy shall be reviewed every five (5) years.