

## Purchasing Policy

Date adopted by Council: November 28, 2023



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### 1. POLICY STATEMENT

The Town of Lunenburg is dedicated to transparent, efficient, and fair purchasing that delivers value to our taxpayers and supports our local community.

### 2. PURPOSE

The purpose of this policy is to ensure that all purchases of goods, services, and construction by the Town of Lunenburg are conducted in a manner that is transparent, competitive, and efficient while ensuring value for taxpayers' money.

### 3. SCOPE

The Town of Lunenburg will:

- Comply with all applicable regional, national and international agreements and acts.
- Avoid dishonesty, corruption and favouritism in the procurement of Goods, Services and Construction

### 4. APPLICABILITY

This policy applies to all Town of Lunenburg employees involved in purchasing.

### 5. DEFINITIONS

For this policy and administrative procedures, the following definitions are provided:

**“Emergency”** refers to an unforeseen situation or event that requires immediate action to prevent harm to individuals, significant damage to property, substantial financial loss, disruption of essential services, or any circumstance contrary to the public interest if not addressed promptly. This includes situations where failure to act quickly could reasonably cause economic disruption or other detrimental impacts to the Town of Lunenburg and its residents.

**“Purchase Order (PO)”** is a formal document issued by a buyer to a seller, indicating the type, quantity, and agreed prices for products or services.

**“Requisition Form”** details the items or services requested, the reason for the purchase, the requested delivery date, and any other pertinent information. Once approved, it serves as the basis for generating a Purchase Order to a supplier.

**“Request for Proposals (RFP)”** is a formal document issued to potential suppliers, inviting them to submit proposals for a specific project or service. Unlike a Request for Quotations, which focuses on price, an RFP typically emphasizes the solution, approach, and methodology.

**“Request for Quotations (RFQ)”** is a formal document issued by a buyer to potential suppliers, inviting them to submit a detailed price quote for specific goods or services.

**“Tender or call for tenders”** is a formal, structured invitation to suppliers to submit a bid to supply products or services.

## **6. TENDERING, QUOTES AND PURCHASING**

**Purchases under \$5,000:** For purchases below \$5,000 + HST, there's no need for a written Request for Quotations (RFQ) or tender calls. However, if the Purchasing Agent knows of multiple suppliers that might benefit the Town, an RFQ can be requested.

**Purchases of \$5,000 – under \$10,000:** For purchases over \$5,000 +HST but under \$10,000, a request for quotation (RFQ) should be sent to all known suppliers within reasonable limits if the product or service can be described in a fashion that fair quotations can be obtained.

**Purchases over \$10,000:** For purchases exceeding \$10,000 + HST, a Tender or Request for Proposals (RFP) will be published on the Town's website or other relevant websites. Additionally, if deemed beneficial for the Town, the Tender or RFP can be directly sent to known suppliers.

**Exceptions:** In cases where specialized products are available from only one supplier, a single-source quotation may be pursued. However, the Town can advertise these purchases to ensure transparency.

## **7. AWARDING TENDERS AND QUOTATIONS**

Tenders or quotations valued at \$100,000 + HST or more require approval from Council. However, if Council has passed a resolution granting authority to staff, staff can award such tenders or quotations.

The Purchasing Agent will approve tenders or quotations under \$100,000 + HST unless Council directs otherwise through a motion.

## **8. LOCAL PREFERENCE**

When prices are identical and factors like a vendor's past performance, delivery time, quantity, servicing, and quality of goods and services are comparable, suppliers will be chosen based on the following order of priority:

- Suppliers located within the Town of Lunenburg.
- Suppliers within the County of Lunenburg.
- Suppliers within Nova Scotia.

- Suppliers within the Atlantic Provinces.
- Suppliers elsewhere in Canada.
- Suppliers from other locations.

In evaluating the purchase price of items, the costs and potential delays associated with servicing the product will be factored in, ensuring the Town achieves the best overall value.

## 9. EMERGENCY PURCHASING

In an emergency, the CAO, Finance Director or designate is authorized to make reasonable and informed procurement decisions of up to \$50,000 +HST, which they determine to be necessary to protect and fulfill the obligations of the Town or which involve a situation where failure to act could reasonably cause economic disruption or would cause other detrimental impacts to the Town of Lunenburg and its residents. These expenditures must be reported to Council.

Emergency purchases greater than \$50,000 + HST require Council’s approval.

## 10. GENERAL

No purchases of unbudgeted items are permitted unless deemed emergency in nature.

## 11. ROLES AND RESPONSIBILITIES

### Council

- Approves the Town’s operating and capital budgets.
- Approves tenders or quotations valued at \$100,000 + HST or more.
- Reviews emergency procurement decisions.

### Chief Administrative Officer (CAO)

- Designates roles for staff to administer this policy and administrative or operational procedures.
- Designates a Purchasing Agent and alternates for the Town of Lunenburg.

### Clerk’s Annotation for Official Policy Book

Policy: Purchasing Policy

Date of Notice to Council: November 14, 2023

Date of Adoption: November 28, 2023

I certify that this Policy was adopted by Council as indicated above.

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Municipal Clerk

Date: November 29, 2023

## ADMINISTRATIVE PROCEDURES

### Purchasing Policy

Date approved by CAO: November 28, 2023



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## 1. STAFF ROLES AND RESPONSIBILITIES

### Director of Finance

- Will ensure a complete set of Procurement Guidelines is maintained to guide municipal staff in procuring Goods, Services and Construction in compliance with the Public Procurement Act and related regulations, this policy and procedures, and industry standards.

### Purchasing Agent:

- May, with the CAO's and/or Finance Director's approval, suspend or revoke any employee's purchasing authority for violating this policy and administrative procedures.

### Employees engaged in purchasing activities

- All employees engaged in purchasing activities will ensure that their sole priority is the best interests of the Town of Lunenburg.
- All employees who receive items purchased by the Town which are inconsistent in quantity or other ordering specifications must immediately inform their manager so they may address the issue.

## 2. PURCHASING AUTHORITY

The Purchasing Agent, the CAO or the Finance Director is authorized to purchase all items in the Town's Budget once approved by resolution of Council in compliance with this policy.

## 3. PURCHASE ORDERS

The Town of Lunenburg issues two types of Purchase Orders: Small Purchase Orders and Large Purchase Orders. A Large Purchase Order is required for any purchase exceeding \$2,500 + HST. A Small Purchase Order is required for all purchases under \$2,500 + HST.

All purchases made by authorized personnel must be made using a Purchase Order.

Purchase Orders should be issued before goods or services are received by the Town.

Staff must issue a confirmatory Purchase Order if emergency purchases are made outside of regular Town Hall hours.

Splitting purchases of identical or similar items to bypass the necessary tendering or quotation process is prohibited.

#### **4. REQUISITION FORMS**

A completed Requisition Form must be submitted to the Purchasing Agent when a request to purchase supplies or services requires a Purchase Order over \$2,500 + HST.

#### **5. TENDERS AND REQUESTS FOR PROPOSALS (RFPs)**

##### **5.1 Initiating the Process**

When public tenders or RFPs are necessary or beneficial for the Town, as judged by the Purchasing Agent, these steps will be followed:

The relevant manager or designated person will supply the Purchasing Agent with adequate details to draft a Tender Form, RFP, and any associated advertisements.

When external consultants or engineers are involved, they might draft the tender/RFP package and related advertisements adhering to their industry standards.

If there's a specific timeline for delivery, it should be specified by the staff member overseeing the purchase.

The Purchasing Agent will publish the tender or RFP notice in appropriate media outlets, such as official websites or local/provincial newspapers.

Staff might directly send the tender or RFP to recognized suppliers if it benefits the Town.

##### **5.2 Submission Guidelines**

Adequate time will be provided for potential bidders to receive, fill, and return the forms within the specified period.

Bids or proposals arriving after the deadline will only be considered if all participants have been granted a prior extension.

Faxed submissions are acceptable. Upon receiving, faxed submissions will be timestamped, sealed, and delivered to the Purchasing Agent.

In specific scenarios, a deposit may accompany the bid or proposal.

Only submissions on the official Town of Lunenburg forms are accepted. Extra pages can be added for comprehensive information.

### **5.3 Review Process**

Tenders and proposals will be unsealed after the closing period. The opening will involve the Purchasing Agent and at least one other staff member, who will sign and date each submission.

After opening, tenders and proposals are handed over to the respective department for evaluation and recommendations.

### **5.4 Exceptions**

The Purchasing Agent, with the approval of the CAO or Finance Director, may deviate from the Tender and RFQ process if they believe an alternative procedure is in the Town's best interest. For purchases over \$10,000, excluding HST, any deviations from this policy will be reported to the Town Council in the Budget variance report.

### **5.5 Decision making**

For Tenders, the lowest qualifying bid that offers the Town the best value is usually chosen. But the Town can override any irregularity and has the discretion to accept or decline any bid. The lowest or any bid will not necessarily be accepted.

For RFPs, the Town selects the proposal with the most overall value, reserving the right to waive inconsistencies and accept or decline any proposal. The lowest or any cost proposal will not necessarily be accepted.

## **6. APPROVAL FOR PAYMENT**

Goods or services authorized for purchase under this policy and administrative procedures and received in acceptable quality and quantity may be approved for payment by the relevant Manager, Finance Director, and/or CAO.

## **7. BUDGET OVERRUNS AND AUTHORIZATION**

If necessary for operational purposes, components of a Department's Operating budget may be exceeded if the total Departmental Operating budget is not exceeded. Should this occur, it will be noted in the following Budget variance report with supporting reasons.

If a fee estimate is exceeded for goods or services, such as per unit pricing construction contracts or hourly fees, that are not within an approved budget limit, the prior authorization of the Purchasing Agent and CAO or Finance Director must be obtained before proceeding and the over-expenditure reported in the following Budget variance report to Council.