

**Town of Fairview**

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**Department:** Administration

**Title:** Purchasing Policy

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**Updated:** September 20, 2016

**Approved:** July 23, 2009

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*Policy:*

The Town of Fairview is committed to a purchasing policy that ensures fairness and equality while maintaining an economically efficient distribution of Town funds. The Town will engage in competitive purchasing to acquire capital equipment, non-consumable/consumable supplies and services.

*Procedure:*

**1. Purchasing Authority**

The Chief Administrative Officer (CAO) is the Town of Fairview Purchasing Agent. All changes or alternate purchasing authority must be approved by the CAO. The CAO is also responsible for presenting proposals of purchases that exceed \$75,000.00.

- a. Department Heads are authorized to purchase within their designated budgets and within the restrictions of this policy.
- b. Expenditures made by the Town of Fairview must be provided for in either the operating or capital budgets.

**2. Credit Cards**

- a. The Town of Fairview issues corporate credit cards to the Mayor and senior staff for use on Town business. Guidelines are as follows:

Mayor	\$5,000
CAO	\$10,000
Director of Public Works	\$7,500
Director of Community Services	\$5,000
Director of Legislative Services	\$5,000

- b. All receipts must be handed in to the Accounts Payable clerk to justify all charges. No charges that are not Town related will be allowed on the card. Cards are non-transferable.

3. **Purchasing** (Excluding emergency situations)

Directors are responsible to ensure that budget funds are available for purchasing orders issued by his/her staff. All department heads are responsible for ensuring all staff with given purchasing authority have an understanding of the Town’s purchasing policy.

- a. Purchasing methods are not to be initiated with the intent of lowering approval levels for individual purposes. All dollar amounts are exclusive of goods and services tax and purchasing will be done on a competitive basis, with the exception of purchases under \$1,000.00.
  
- b. Purchase Orders
  - i. All “Out of Town” Purchases must be by issuance of a purchase order or credit card.
  - ii. There are three copies to each purchase order:
    - 1. White Copy – Suppliers’ / Issuing department copy
    - 2. Yellow Copy – Voucher file
    - 3. Pink Copy – Numerical sequence copy\*These copies are disbursed as follows: the white copy is mailed to the supplier or retained by the issuing department, the yellow and pink copies are retained by the Accounts Payable Clerk who will ensure that the yellow copy is matched up with the suppliers’ invoice upon receipt and forms part of the voucher file. The pink copy is filed in the purchase order numerical sequence file.
  - iii. The accounts Payable Clerk will retain control over all purchase order books and keep a record of which purchase order books are being utilized by Department Heads and their numerical sequence.
  - iv. It is crucial that all Purchase Orders be completed with detail. Details required are: the company name, the date, the price, General Ledger account number (or full description of department), unit number if applicable and issuing department head signature.

4. **Purchasing Methods** (Not applicable to emergency situations)

Goods and services purchased by the Town of Fairview shall meet the following financial specifications:

<b>Purchasing Amount</b>	<b>Tender Specifications</b>
\$0.00 to \$1,000	Purchases can be made directly through the use of purchase order(s), cash, charging, or other approved purchasing methods such as credit cards. Purchases must be approved by a supervisor or higher level, and

	need not have competitive quotes.
\$1001.00 to \$5,000.00	Purchase can be made directly through the use of a purchase order or other approved purchasing methods such as credit cards. Purchase must be approved by a department head or higher level, and require at least 2 informal quotes.
\$5,001.00 to \$25,000.00	Three formal price quotes are required. Quotes must be documented and include the date, name of the supplier and contact person, total cost quote, and must be signed by the individual requesting the quote. Must be approved by the appropriate Director.
\$25,001.00 to \$75,000.00	Three written quotes are required. Amounts approved in the budget require approval by the CAO.
\$75,001.00 and greater	Purchases must be completed by the Tendering or Request for Proposal process as documented in section 5. Tenders or Requests for Proposals for amounts of \$75,000.00 and more or amounts higher than a given departments budget, purchases must be approved by the CAO and tabled with Council for approval to Tender. These tenders will also be advertised on the Alberta Purchasing Connection web site.

## 5. Tenders/Bidding Process

The process for initiating a Tender or Request for Proposal will be as follows:

- a. A Call for Tender or Request for Proposal will require the use of a standard Tendering/Request for Proposal documentation.
- b. Upon receipt of tender bids, the initiating department will record the date and time then review and tabulate the bids
- c. The Tenders will be reviewed and evaluated based on the tender requirements to determine best value for the project. Criteria will include, but not be exclusive to, cost, products, reputation, past work performance, time lines, qualifications and being able to meet general specifications.
- d. All quotes must be presented inclusive of auxiliary costs such as transportation fees, freight fees, and all other associated costs.
- e. Local suppliers should have a valid Town of Fairview business licence before the successful bidder begins work in the Town.

## **6. Purchasing of Goods and Services**

- a. Purchase of Environmentally Responsible Products – The Town of Fairview will purchase environmentally preferable products and services wherever possible and practical.
- b. Fair and open Conduct – The Town of Fairview commits to conducting all commercial dealings in a fair, open and transparent manner.
- c. Local Suppliers – Purchasing from local businesses is preferred where goods and services of an acceptable and equivalent quality are available at a competitive price.

## **7. Allowances**

- a. Employees may be authorized by their manager to purchase fuel and other sundries. These purchases shall be made using the Town UFA gas cards wherever possible, or by charging goods to the town accounts at local establishments.

## **8. Non-Budgeted Items**

- a. Any expenditure of a non-budgeted amount less than \$5,000.00 will require the approval of the Chief Administrative Officer with advisement, through standard reporting mechanisms, to Council as soon as practically possible.
- b. Any expenditure of a non-budgeted amount of \$5,000.00 or greater will require the approval of Council.
- c. Following the approval of the Chief Administrative Officer or Council, all non-budgeted purchases will be undertaken as outlined within the policy.

## **9. Sole Source Purchases**

Town employees must obtain written approval of Sole Source purchases by the CAO for exception to the purchasing policy. The Town identifies such instances as:

- a. Where the compatibility of the purchase must meet existing equipment
- b. Where items are purchased for resale
- c. Where the acquisition is highly specialized in nature and is available from only one supplier
- d. Where an item is purchased for testing or trial use
- e. Where purchase from another vendor would violate warranties where service is required.

## **10. Emergency Purchases**

- a. The CAO is authorized to make such emergency purchases, but shall provide a detailed financial report forthwith to the Mayor and Council following the settlement of the emergent situation.

**11. Distribution of Assets**

- a. The CAO shall provide authority for disposal of assets. Disposal of municipal assets, provided they have not been deemed of any value, shall be made available by a public bidding process/auction or as directed by Council.
- b. The CAO, or authorized delegate, may provide authority for the sale of municipal assets or salvage assets not sold at bid or auction.