



MUNICIPALITY OF THE COUNTY OF KINGS

Procurement Policy

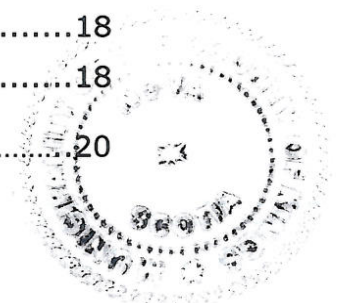
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1. POLICY STATEMENT

- 1.1 Council directs the operation of the Municipality of the County of Kings through its approved programs and policy. The purpose of this policy is to establish purchasing guidelines to ensure the most cost effective and cost efficient methods are used to purchase goods and services for the Municipality in the manner approved by Council. The Municipality purchasing decisions are made without favour or bias, that there is equal opportunity for qualified suppliers to bid on business, and that there is a high standard of financial stewardship.

2. GUIDING PRINCIPLES

The following principles will guide the procurement practices of the Municipality:

- 2.1 Ensuring that the Municipality's requirements for goods, services, construction, and facilities are met through an open, fair, and transparent process that maximizes competition and value to the Municipality.
- 2.2 Procurement policy provides direction for the expenditure of funds to complete the programs approved by Council in the annual Operating (Tax and Rate supported) and Capital Budget.
- 2.3 Where practicable, the lowest total cost based on the "life cycle" costs of the acquisition rather than just the initial purchase price shall determine purchasing decisions. Costs such as repair cost, staff training, operation cost, and disposal are to be considered rather than just the lowest invoice price.
- 2.4 Promote fairness by not discriminating against any person engaging in business based on the grounds of race, creed, colour, nationality, and ancestry, place of origin, or gender. Tied bids shall be dealt with either by a drawing of names or through further negotiation with the involved suppliers to achieve the best value for money for the Municipality.
- 2.5 Encourage opportunities to partner with the business community to provide services to and for the Municipality in a cost effective and cost efficient manner.
- 2.6 Procure goods and services with due regard to the preservation of the natural environment and to encourage suppliers to supply goods incorporating recycled materials and sustainably sourced materials where practical.
- 2.7 Encourage opportunities to partner with other municipal units and agencies, and to utilize provincial and similar coordinated purchasing options.

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2.8 Unless there is a valid technical, operational, or financial reason for not doing so, all bid specifications shall be prepared such that the requirements can be fulfilled by more than one product, supplier, or manufacturer.

3. DEFINITIONS

BID

Refers to a competitive bid received from either a Request for Quotation, Tender or Request for Proposal.

CAO

Means Chief Administrative Officer appointed by the Council of the Municipality.

MUNICIPALITY

Means the Municipality of the County of Kings.

CONTRACT

A written instrument or electronic document containing the elements of offer, acceptance and consideration to which an agency is a party.

REQUEST FOR PROPOSAL

A solicitation in which it is not advantageous to set forth the actual detailed requirements at the time of the solicitation and responses may be subject to negotiation. Price must be a factor in the award, but not the sole factor.

LOCAL VENDOR

A vendor whose primary business headquarters is located in the County of Kings, including the Towns and Villages located therein.

LOWEST TOTAL COST

Shall be the Bid price and may also include other life cycle costs such as repair cost, shipping, staff training, operation cost, and disposal, when deemed appropriate and documented by the user department.

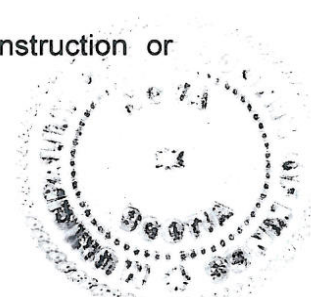
PUBLIC REQUEST FOR SUBMISSION

Refers to a Request for Qualifications, Tenders or Call for Proposals.

PUBLIC TENDER

A type of procurement process where the acquisition of goods, services, construction or facilities must be obtained through public advertisement.

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STANDING OFFER

A Standing Offer is a contractual arrangement between the Municipality and a pre-approved supplier, where the supplier agrees to provide certain goods or services on an as required basis, during a particular period of time, at a predetermined price or discount, generally within a pre-defined dollar limit.

CHANGE ORDER

A written amendment to a contract signed by both the Municipality and Contractor stating their agreement on a change in the scope of work, the method of adjustment or the amount of adjustment in the Contract Price, or adjustments in delivery/completion time, as applicable. A change Order may be initiated by either the Municipality or the Contractor.

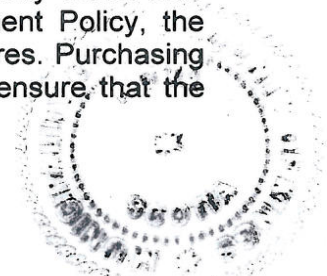
CHANGE DIRECTIVE

A written instruction prepared and signed by the Municipality (CAO, Manager, or their designate), directing the Contractor to proceed with a change in the scope of work within the general scope of the contract prior to the Municipality and Contractor agreeing upon an adjustment in the Contract Price or Contract Time.

4. GENERAL

- 4.1 This policy applies to all staff or third parties undertaking procurement on behalf of the Municipality.
- 4.2 User departments are responsible for the preparation of the specifications for the goods and services to be purchased. They are expected to prepare specifications that can be easily interpreted by qualified suppliers.
- 4.3 User departments must describe in advance the criteria and method of evaluation that will be used to determine the relative merits of tenders and proposals.
- 4.4 The Municipality will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
- 4.5 The Finance Department shall work with the user departments to combine requirements where possible and encourage overall standardization of items to reduce the overall cost to the Municipality.
- 4.6 Managers/Supervisors are responsible to ensure that all purchasing activity within their area of accountability is conducted in compliance with this Procurement Policy, the requirements of the *Municipal Government Act* and operational procedures. Purchasing for all departments shall be monitored by the Finance Department to ensure that the guiding principles are being followed.

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4.7 The Finance Department shall work with other levels of government, other agencies, boards and commissions, and associations such as the F.C.M. (Federation of Canadian Municipalities) and the U.N.S.M. (Union of Nova Scotia Municipalities) to encourage standardization of items and/or to reduce overall cost to the Municipality.

4.8 The procurement of goods and services listed in Appendix A are exempt from the requirements of this policy.

5. AUTHORITY OF THE CHIEF ADMINISTRATIVE OFFICER

5.1 The Chief Administrative Officer (CAO) has the authority to award or purchase all goods or services that are within the budgets approved by Council subject to other provisions of the Procurement Policy.

5.2 The CAO may authorize procedures consistent with this policy and may delegate their authority under this policy.

6. PURCHASING AUTHORITY

6.1 The Managers of the Municipality of the County of Kings shall be the responsible authority for the purchase of goods and services for the Municipality subject to the policy and procedures above.

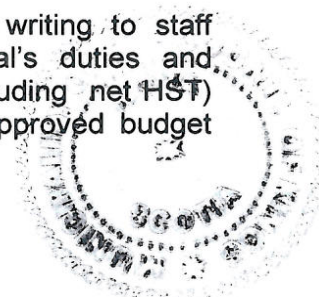
6.2 Council approval will be required to purchase goods and services which exceed a value of \$25,000 (including net HST) or which is not included in the approved budget allocation.

6.3 The CAO is authorized to make contracts for the acquisition of goods and services for the purposes of carrying on the business of the Municipality, where the amount of the expenditure does not exceed \$25,000 (including net HST), in any one case, and where such expenditure is included in the approved budget allocation.

6.4 Managers are authorized to make contracts for the acquisition for 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 \$10,000 (including net HST) in any one case, and where such expenditure has been included in the approved budget allocation.

6.5 Managers may delegate the purchasing authority to designated in writing to staff positions within the department commensurate with each individual's duties and responsibilities up to \$2,500 (including net HST) and up to \$5,000 (including net HST) for supervisors, where such expenditure has been included in the approved budget

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allocation. The CAO shall be required to approve the person designated by the Managers.

7. PURCHASING PROCESS

7.1 The Methods and Forms of Purchase set out in **Table 1** are established to provide:

- a) An effective method of communicating and documenting the terms and conditions between the department making the purchase, vendor and Finance Department;
- b) Accurate accounting of expenditures; and
- c) Efficient and timely payment of invoices through use of documents that provide evidence of the conditions of purchase, approval of expenditures and acknowledgement of receipt of goods and services contracted

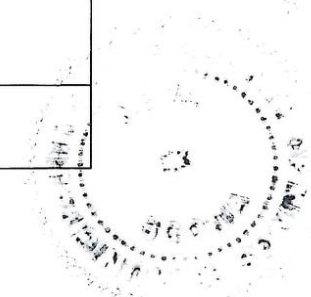
7.2 The monetary thresholds set out in **Table 1** shall determine the Methods and Forms of Purchase to be used when making purchases on behalf of the Municipality.

7.3 Managers are required to ensure that:

- a) Methods of Purchase such as Purchase Orders are used appropriately;
- b) The Manager of Finance is informed in writing of all staff granted administrative authorization to purchase on their behalf; and any changes to administrative authorization granted to departmental employees; and
- c) Staff granted administrative authorization are trained with respect to the Purchasing Policy objectives and procedures, as well as have the knowledge to determine whether the amount has been budgeted for.

TABLE 1		
	METHOD AND FORM OF PURCHASE	VALUE OF TRANSACTION
1.	Discretionary Threshold Low Value – Best price effort to extent deemed appropriate. Purchase Order Required, or Purchasing Card.	Up to \$1,500
2.	Request for Quotation Minimum three (3) written, faxed or e-mail quotations or goods/services under Standing Offer.	\$1,501 to \$10,000
3.	Public Invitation to Tender or Request for Proposal	Over \$10,000

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8. **METHODS OF PROCUREMENT**

8.1 **Low Value:** Purchases under the value of \$1,500, may be purchased by approved designated staff, using Purchase Order, or Credit Card. Verbal and/or written quotations are encouraged but not required.

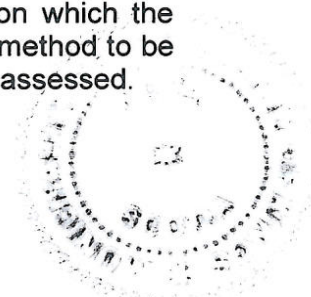
8.2 **Request for Quotation:** Is a request for prices for goods and services and is normally used where bid deposit and performance bonds are not required and where the cost of the work does not warrant the time and level of effort required for a formal tender process. A minimum of three (3) written, faxed or e-mail quotations must be received when the value exceeds \$1,500. The requisition is to be authorized by an appropriate signing authority (see Section 6) and the funds are clearly identified in the approved operating or capital budget. These quotations opportunities will be posted on the Municipalities website whenever possible.

8.3 **Standing Offer:** In order to guarantee a continuous supply of various goods and services which are required on a day to day basis, while at the same time assuring that the competitive bidding system is followed, the user department can create and enter into standing offer agreements. These agreements between the Municipality and the supplier commit the seller to provide goods, services or construction at a specific price for a specific period of time.

These Standing Offers reduce the number of individual bids and reduce overall cost due to the higher volume gained by combining the requirements of a number of departments. User departments can then draw supplies directly from these agreements. Standing Offers are governed by the purchase guidelines listed in this policy.

8.4 **Tenders:** An invitation to tender solicits competitive bids. Tenders are used when detailed specifications are required to adequately describe the work to be undertaken or the good or service to be supplied. This ensures that all bidders are bidding on the same task and that the task is completed to an acceptable standard. A request for tenders is a formal, competitive, sealed bidding process. It is normally used for the procurement of goods, services, equipment, and construction. Normally bid deposits and performance securities are required. The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Submissions are compared to the submission requirements contained in the tender documents. The award is normally to the lowest bid price received from a responsible bidder meeting the requirements of the tender. Where the lowest bid price is not the sole determining factors on which the award will be made, the tender documents will contain a description of the method to be used to evaluate the bids as well as the weighted scale of each factor to be assessed.

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- 8.5 **Request for Proposal (RFP):** A Request for Proposal is an invitation to suppliers to describe how their services can address or meet specific needs of the Municipality. It is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Unlike Tenders, proposals requested through an RFP are evaluated based on a qualitative scoring assessment, including cost. All RFP's must include a description of the method to be used to evaluate the bids as well as the weighted scale of each factor to be assessed..

Proposals submitted in response to a RFP will generally be opened in public but only to identify the proponents who submitted proposals. Proposals opened in private shall be witnessed and a list of the submissions will be available to the public and the proponents upon request.

Contracts shall be awarded to the proponent whose proposal receives the highest score of all the compliant proposals evaluated using the qualitative assessment outlined in the RFP.

- 8.6 **Negotiation:** Negotiations with one or more suppliers for the supply of goods and/or service would take place when any of the following conditions exist:
- (a) Due to market conditions, where goods and/or services are in short supply;
 - (b) There is only one source of the goods or services;
 - (c) The extension, or reinstatement of, and existing contracts would be more cost effective or beneficial to the Municipality. The extension or reinstatement of existing contract is subject to the approvals listed in (Section 9) Tender Awarding.
- 8.7 **Sole Source Purchases:** This occurs when there is only one available supplier of a required product or service that meets the needs of the Municipality. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A single source purchase occurs:
- (a) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source;
 - (b) A statutory or market based monopoly exists;
 - (c) Where an item is purchased for testing or trial use;
 - (d) Where the Municipality purchases supplies for resale;
 - (e) Where the Municipality has a rental contract with a purchase option and such purchase option could be beneficial to the Municipality;

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- (f) Where a purchase is determined by Council to be fair and reasonable and is made from a non-profit corporation supported by the Municipality;
- (g) Where items are offered for sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the CAO may authorize the submission of a bid or the conduct of negotiations where the CAO determines the purchase to be clearly in the best interest of the Municipality;
- (h) For matters involving security, municipal emergencies (EMO), police matters, or confidential issues, a purchase may be made in a manner that protects the confidentiality of the contractor or the Municipality. Such purchases may be made as a single source purchase. Purchases of this nature must be approved by the CAO. Contracts over the value of \$25,000 must be reported to Council (in camera) when appropriate.

8.8 Emergency Purchases: An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:

- (a) A condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment, or jeopardize the health or safety of the public; or
- (b) Interim contractual arrangements following the expiration; or breach of a contract; or the receipt of unacceptable or uncompetitive bids.

Emergency purchases are completed using the most expedient method, but will take economy into consideration.

Limits for emergency purchases shall be as indicated above. However, in each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the Manager of Finance.

8.9 Over-expenditures in Emergency Situations: In an emergency situation the CAO is authorized to make reasonable and informed procurement decisions (Operating and Capital), which are determined by him/her to be necessary. Among other things such decisions may be deemed by the CAO to be necessary to protect the legal interests or to satisfy legal obligations of the Municipality, or involve a situation where failure to act could reasonably be expected to compromise Municipal confidentiality, cause economic disruption, or would otherwise be contrary to the public interest. Authorizations for such expenditures are considered to be over and above the other authorities given in this policy to exceed approved budget amounts; these must be reported to Council.

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9. PUBLIC TENDER PROCESS

- 9.1 **Specifications:** The Managers or appropriate designate shall prepare specifications for the goods and services to be acquired by Tender. Specifications should be in sufficient detail to allow bidders to prepare a clear and complete response. Where possible all requirements should be specific rather than implied. (i.e. insurance, warranties, environmental issues).
- 9.2 **Tender Documents:** Tender documents shall at a minimum include the following:
- (a) "Information to Bidders
 - (b) "Tender Form";
 - (c) "Form of Agreement";
 - (d) "General Conditions"; and
 - (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, and location where tenders will be received.

PRIVILEGE CLAUSE

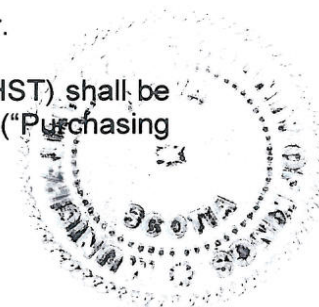
A statement shall be included in the advertisement that "The Municipality reserves the right to reject any or all tenders, not necessarily accept the lowest tender, or to accept any which it may consider to be in its best interest. The Municipality also reserves the right to waive formality, informality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

- 9.3 **Tender Openings:** All tenders solicited by the Municipality shall close on a weekday at 2:00 PM. The Customer Service Representative shall receive all tenders at the Finance Office in the Municipal Complex who shall stamp the time and dates received on the envelope and place the tender in a Tender Box. No tenders shall be received by fax. At the appointed time for opening, an employee of the department, and a Manager, shall meet in the Boardroom. The Manager or an employee of the department will bring the Tender Box (which has been sealed by the Customer Service Representative at the hour of closing) to the Boardroom for public opening. The public is permitted to view the tender opening in the Boardroom.

The Manager 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.

- 9.4 **Tender Awarding:** All tenders valued at less than \$25,000 (including net HST) shall be approved in accordance with the purchasing authorities stated in this policy ("Purchasing

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Authorities”). A report to the CAO from the Manager 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 \$25,000 (including net HST) shall require a report from the Manager, including a recommendation to the Council.

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; or
- c) Undertake negotiations in the scope of the work with the bidder submitting the lowest acceptable tender to reduce the scope.

9.5 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 bidder.

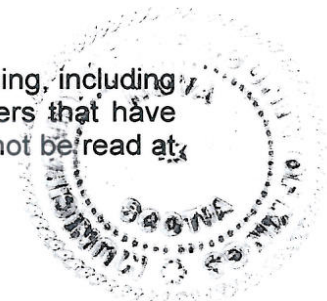
10. CALL FOR PROPOSALS

10.1 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 detail 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 prospective bidders to gauge the level of effort expected. All RFP should also contain a Privilege Clause similar to that used for public tenders.

10.2 **Openings:** All proposals solicited by the Municipality shall close on a weekday at 2:00 PM. The Customer Service Representative shall receive all tenders at the Finance Office in the Municipal Complex who shall stamp the time and dates received on the envelope and place the tender in a Tender Box. At the appointed time for opening, an employee of the department, and a Manager, shall meet in the Boardroom. The Tender Box (which has been sealed by the Customer Service Representative at the hour of closing) will be brought to the Boardroom for public opening. The public is permitted to view the proposal opening in the Boardroom.

The Manager shall ensure that a recorder records the proceeds at the opening, including the names of those persons in attendance and the names of those bidders that have submitted proposals. As price is not the sole consideration, the price shall not be read at

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the proposal opening. Proposals will not be evaluated for completeness at the time of opening.

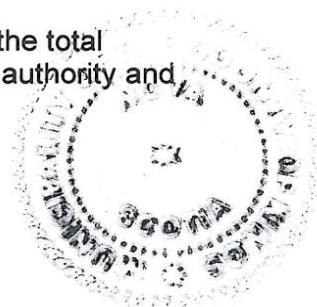
Proposals received after the closing shall be returned unopened, to the bidder.

- 10.3 **Successful Bidder:** 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 RFP must itemize the other factors upon which the proposals will be evaluated in order of relative importance and show the scoring scale. The lowest price, within budget, shall receive maximum points for that criterion. Other bidders will have points deducted by the same percentage that their price exceeds the low price. Each proposal will be evaluated and scored by at least three (3) members of staff, one of whom shall be from a department separate from that doing the purchasing.
- 10.4 **Values less than \$25,000** - All proposals valued at less than \$25,000 (including net HST) shall be approved in accordance with the purchasing authorities stated in this policy ("Purchasing Authorities"). For all proposals valued at \$10,000 or less (including net HST), the Manager shall submit a report to the CAO for all public RFPs with the recording the proceedings of the opening, the final points awarded to each proposal and to whom the contract was awarded to. For all proposals valued between \$10,000 and \$25,000 (including net HST), the Manager shall submit a report to the CAO for all public RFPs with recording the proceedings of the opening, the final points awarded to each proposal and a contract award recommendation. Individual scoring sheets will not be provided, but will be retained for review by the Municipality's auditors.
- 10.5 **Values in excess of \$25,000** - All proposals valued in excess of \$25,000 shall require a report from the Manager, including the proceedings of the opening, the total points awarded to each proposal and a recommendation to Council.

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

- a) Cancel the project;
 - b) Obtain Council approval for the excess; or
 - c) Undertake negotiations in the scope of the work with the bidder submitting the preferred proposal to reduce the scope.
- 10.6 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 bidder.

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11. EXCEPTIONS TO TENDERING FOR GOODS/SERVICES OVER \$25,000

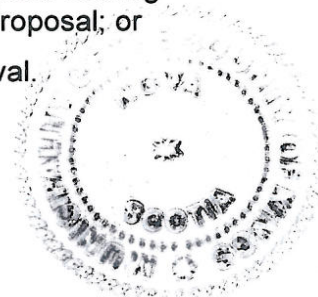
- a) Where the number of potential vendors who could reasonably provide the item are limited such that it is more cost efficient to selectively invite proposals rather than issue a tender.
- b) Where the cost (administrative, consulting, etc.) of a public tender process is felt to outweigh any cost savings that may be enjoyed as a result of the process. This will be in large part measured by the amount of work necessary to ensure the tender specs are accurate and complete so as to validate the tender process.
- c) Where an emergency exists requiring immediate action.
- d) Where failure to act could be reasonably expected to have legal consequences for the Municipality.

All exceptions to tendering must be reported to Council.

12. AWARD OF CONTRACTS

- 12.1 All publicly advertised tenders and request for proposals shall be presented to the CAO for approval except as noted below.
- 12.2 **Awards less than \$10,000** - can be committed by the Manager or (designate) of the user department.
- 12.3 The CAO, or (designate), may approve the award of contracts under the following conditions:
 - Where the funds and program have been approved by Council as part of the annual business planning and budget process and the expenditure will not result in an over-expenditure of the entire budget;
 - Where the purchase was the result of a public procurement process conforming to this procurement policy;
 - Where the tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications;
 - Where the award of a Request for Proposal is made to the highest scoring proponent based upon evaluation criteria within the Request for Proposal; or
 - Where there is no legislative requirement to obtain Council approval.

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13. SUPPLIER PERFORMANCE

13.1 Suppliers may be subject to disqualification if there is sufficient evidence of consistent failure to meet the standards specified by the Municipality and those set out under the *Nova Scotia Occupational Health and Safety Act*, or where the supplier has been found to be in violation of any Municipality of the County of Kings By-Laws or the Dangerous and Unightly Premises provisions of the *Municipal Government Act*. The Finance Department will maintain supplier performance files for suppliers which fail to meet the standards. Suppliers may be evaluated based on competitive price quality of a product, contract adherence and performance, after sales service and replies to invited tenders. Upon reasonable notice in writing to the supplier involved, and after a reasonable opportunity for response, a supplier can be disqualified for a period not exceeding three (3) years from participation in a solicitation for goods or services.

13.2 **Suppliers shall be disqualified when:**

- Conviction for a criminal offense of collusion or fraud by a person or a director or official of such supplier, relating to obtaining or attempting to obtain a contract or sub-contract;
- Serious breach of contract indicating an unwillingness to perform a contract in accordance with the terms and conditions or specifications or a record of unsatisfactory performance of one or more contracts in accordance with the terms and conditions thereof or in accordance with its specifications or both;
- The offer of any gratuity to an official or employee of the Municipality by a supplier or contractor for consideration;

13.3 A written decision shall be issued to the person disqualified or suspended setting out its reasons for disqualification or suspension, to the usual business address of that person as shown in the records of the purchasing section. The written decision shall be reviewed by legal counsel before being released.

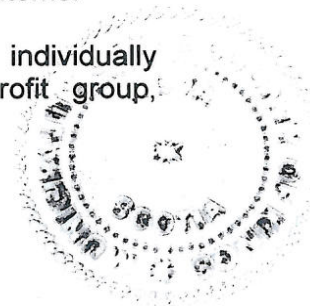
13.4 Disqualification will be approved by the CAO, and communicated to all Managers and Council.

14. DISPOSAL OF SURPLUS EQUIPMENT

14.1 Items which are likely to be of use to other departments of the Municipality can be transferred, after notice is given to all departments of the availability of these items.

14.2 The CAO may approve that surplus assets with a value which does not individually exceed \$5,000 be provided to, without compensation, to any non-profit group, association or entity.

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- 14.3 In other cases surplus assets shall be disposed of by either public tenders, request for quotation or public sale as reasonably practical in the circumstances.
- 14.4 In the case of Information Technology equipment which is obsolete or surplus they are to follow best practice, which includes destruction of hard disk/memory/imaging devices prior to removal from the municipal inventory for protection of privacy. The balance of equipment should then go to ACES for recycling.

15. SPECIAL SERVICES

Council will be required to approval the awards for all services in this section.

- 15.1 **Legal Services** – Legal Services will be acquired by public advertisement at intervals not greater than every five (5) years. These services may be contracted on a one year term to be renewed on an annual basis up to a five (5) year maximum on terms satisfactory to the Municipality. Legal services shall be approved by the CAO or (designate).
- 15.2 **Architectural, Engineering, Surveying Service, and Real Estate Service** - When these services are less than \$50,000, consultants will be acquired by staff from a roster of consultants selected through a publicly advertised RFP. Consultants will be selected, by project, based upon qualifications, experience, services offered, past performance, proposed fees, and other relevant considerations. A RFP for these services will be publicly advertised, at a minimum, every (5) years. Required services over the value of \$50,000 will be publicly advertised.
- 15.3 **Banking Services** - General Banking services will be acquired by public advertisement at intervals not greater than every five (5) years. These services shall be contracted on a one year term to be renewed on an annual basis up to a five (5) year maximum on terms satisfactory to the Municipality.
- 15.4 **Auditing Services** - Services of External Auditors will be acquired by public advertisement at intervals not greater than every five (5) years. These services may be contracted on a one year term to be renewed on an annual basis up to a five (5) year maximum on terms satisfactory to the Municipality. Selection of an auditor shall be completed by the Audit Committee who will recommend the selection of an Auditor to Council. Annual renewal of the contract for Audit services will be made by the Audit Committee.

16. MUNICIPALITY OF KINGS PREFERENCE

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- 16.1 The procurement policy requires the Municipality to consider and balance the economic, environmental, and social benefits of our purchasing. This is a more holistic approach than buying local alone.
- 16.1 In order to support the local manufacturing, agriculture and other industries, Departments are authorized to apply a preference for goods, which are manufactured, sold or produced the County of Kings, when it is determined to be in the best interest for the County of Kings. This guideline has been established to support the principles of public procurement and buy local initiatives in the Municipality which support small businesses and communities. The preference may not exceed 10% or \$10,000. This limit is in effect as a result of the *Atlantic Internal Trade Agreement*, which imposes restrictions on the municipalities, universities, school board, hospitals. (MUSH) sector within the Province of Nova Scotia.
- 16.2 Procurement decisions will take into account various factors including, but not restricted to, the following:
- a) Price, quality, quantity, delivery, service capabilities, and environmental concerns;
 - b) Effectiveness and efficiency will be the overriding considerations in all purchases; and
 - c) Buying locally should be considered in all purchases of goods and services up to \$100,000 in value. For all other purchases the Municipality abides by the provisions of the Atlantic Procurement Agreement.

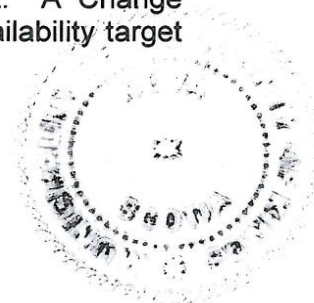
All procurement requests for goods and services less than \$100,000 will include the following statement:

The Municipality of the County of Kings recognizes the importance of buying locally and using local suppliers as much as possible. This factor will always be taken into account when evaluating effectiveness and efficiency.

17. CHANGE ORDERS, DIRECTIVES AND EXTENSIONS

- 17.1 Subject to the provisions of this Schedule and without invalidating the Contractor Agreement, the Municipality, may from time to time issue a Change Directive. The Contractor shall not be entitled to any payment, compensation or extension of time for a Change Directive except in accordance with the Contractor Agreement. A Change Directive shall not be regarded as confirming an extension to the total availability target date unless expressly stipulated.

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- 17.2 The Contractor shall not be entitled to claim for any losses, costs or damages for fixed overhead or profit due to the reduction, deletion or removal of any part of the Project, the Project requirements, except to the extent that any of such amounts would have been incurred by the Contractor and included in the Capital payment.
- 17.3 The Municipality may authorize Change Orders and Change Directives within the requirements of a contract or authorize extensions of the contract as long as:
- In the case of a contract up to the value of \$100,000 a Change Order or Directive, extension or the cumulative value of them does not exceed the value of \$10,000, and are within the approved budget allocation, subject to the prior approval of the Manager;
 - In the case of a contract of a value equal to or greater than \$100,000 but less than \$500,000, a Change Order or Directive, extension or the cumulative value of them does not exceed the value of \$25,000 and 10% of the value of the original contract, and are within the approved budget allocation, subject to the prior approval of the CAO; and
 - In the case where a Change Order or Directive exceeds the amounts in the proceeding paragraphs 17.3(a) and 17.3(b), prior approval from the Council is required.

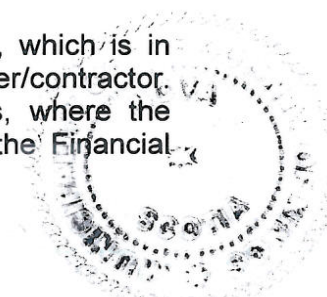
18. PURCHASES FROM/BY MUNICIPALITY EMPLOYEES

- 18.1 The Municipality shall not purchase any goods or services in excess of \$1,500 from any employee, councillor, any employee operating as a sole proprietorship, any employee who is in a partnership, or a director of a limited company. Purchases may be made from limited companies in which employee hold shares.
- 18.2 Employees, Councillors or their immediate family members (husband, wife, son, daughter) are not permitted to purchase personal use items through the purchasing system except where employee purchase plans are being offered, nor are they permitted to purchase surplus items which may be for sale under the terms of this policy.

19. SUPPLIERS/CONTRACTORS OWING THE MUNICIPALITY

Any supplier/contractor having a customer account with the Municipality, which is in arrears, will have such arrears deducted from any payments due the supplier/contractor. Such deduction may be waived by the Manager of Financial Services, where the supplier/contractor has entered into a payment arrangement suitable to the Financial Services Department.

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**MUNICIPALITY OF THE COUNTY OF KINGS****Procurement Policy****20. TIE BIDS**

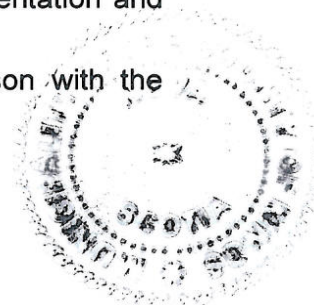
In the case of a tie bid, the Manager of Financial Services is to request the tie bidders submit a final offer. If this is not successful and a tie bid still occurs, the contract will be awarded to the Local Vendor. Where the tie bidders are either all Local Vendors or non-local, all bidders will be invited to a meeting where the successful bidder will be selected in a draw.

21. PAYMENT FOR GOODS AND SERVICES

Payment may be made to the supplier if the supplier invoice is accompanied by evidence of receipt, a purchase order (where required above) and approval of the purchasing authority.

The accounting shall follow the below steps:

- 1) The White (original) copy of the Purchase Order to be forwarded to the supplier, the yellow copy of the Purchase order will be forwarded to the Accounting Department. The pink copy is to be maintained on file by the department.
- 2) At a minimum when receiving goods on behalf of the Municipality of the County of Kings the following functions shall be performed:
 - a) The packing slip should be examined;
 - b) Quantities indicated on the packing slip should be verified by physical count;
 - c) Physical condition of goods received should be examined to ensure that there are no damaged goods and if the order is damaged that appropriate steps are taken immediately to ensure liability for the damage is identified. This would normally entail either bringing the damage to the attention of the shipper and possibly filling out a damage report or refusing the order;
 - d) Signing the packing slip to indicate that the necessary verification and receiving functions have been performed; and
 - e) After completion of all relevant receiving procedures the signed packing slip should be forwarded to the accounting department.
- 3) When the invoice is received it will be matched with the other documentation and the following procedures completed:
 - a) Verified that the prices and totals are correct in comparison with the purchase order; and

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- b) Appropriate account distribution is made.
- 4) Upon completion of the above areas the documentation should be prepared for payment by the account payable clerk.

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Appendix A - Procurement Policy List of Exemptions

1. Petty Cash Items
2. Training and Education:
Conferences, Conventions and Tradeshow
Newspapers, Magazines & Periodicals (subscriptions)
Memberships
Seminars, Workshops not designed for the Municipality
3. Refundable Employee/Other Expenses:
Advances
University Courses
Entertainment
Miscellaneous Non-Travel
Meal Allowances
Travel Expenses
Hotel Accommodation
Refunds: tax, recreation, permits
4. Employer's General Expenses:
Payroll Deduction Remittances
Grants to Agencies
Medical & Dental Expenses
Debenture Payments
Payment of Damages
Petty Cash Replenishment
Tax Remittances
Employee Income
Real Property, including land, buildings, leasehold interest
Licenses (vehicles, elevator, etc.)
Charges from other government bodies or Crown corporations.
5. Professional and Special Services:
Committee Fees
Honoraria
Legal Settlements
Audits

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6. Utilities:

Water & Sewer Charges
Power
Telephones
Cable Television

7. Miscellaneous (under \$1,500 only)

Printing and copying
Custom invoices
Taxi
Courier
Stationary
Catering
Groceries
Incidentals and small supplies purchased on Credit Card
Postage

8. Miscellaneous

Print, Television and Radio media advertising accounts

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