



PROCUREMENT POLICY

Applicability: All CVRD

Effective Date: September 13, 2017

PURPOSE:

The purpose of this policy is to achieve the best overall value for the Cowichan Valley Regional District (CVRD), in its acquisition of goods and services. The overriding objective of this Policy is to select qualified suppliers in a way that is open, fair, transparent, and non-discriminatory. This policy will also ensure we meet our obligations under Canada's competitive bidding laws and comply with the various trade agreements.

POLICY:

It is the policy of the CVRD to conduct procurement processes that conform to the following principles:

1. Wherever possible, the acquisition of goods and services shall be by a competitive bidding process.
2. The CVRD will comply with all applicable laws, regulations, CVRD policies, and trade agreements.
3. The CVRD is committed to open, fair, transparent and non-discriminatory procurement processes that give access to all qualified suppliers.

The CVRD has established procedures and guidelines for the procurement of goods and/or services in an effort to achieve maximum economy, efficiency, effectiveness, and timeliness.

Maximizing the CVRD's purchasing ability depends on different factors, such as:

1. Insuring good quality;
2. Taking advantages of economies of scale;
3. Maximizing returns on disposable assets; and
4. Ensuring consistency in application of this policy throughout the CVRD.

In addition, the best value for money does not always mean the lowest acquisition cost; in some circumstances it may mean lowest overall life cycle cost.

Persons affected

This policy applies to anyone who may be involved in procurement activities on behalf of the CVRD. It identifies those who have the authority and the responsibility to acquire goods and services on behalf of the CVRD. It also sets out the principles to be followed throughout the procurement process.

This policy applies to all purchases of goods and services, including capital expenditures and goods for resale.

Principles

CVRD procurement activities must be conducted with integrity, to maintain the public's trust. Individuals involved in procurement activities must act, and be seen to act, with integrity and professionalism. Procurement activities must be open, fair, transparent, and conducted with a view to obtaining the best overall value.

1. Professional Ethics

- a.** Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the CVRD's image by:
 - i.** Maintaining impeccable standard of integrity in all their business relationships;
 - ii.** Fostering the highest standard of professional competency amongst CVRD employees, by using an open and transparent process;
 - iii.** Maximizing the use of resources for which they are responsible so as to receive maximum benefit for the CVRD; and
 - iv.** Not accepting business gifts from vendors other than items of nominal value (under \$100).

2. Declaration of Interest

- a.** All participants in a procurement process (including all staff and members of an evaluation team) must ensure that there are no internal conflicts of interest. Section 100-109 of the *Community Charter (CC)* and section 787.1 of the *Local Government Act (LGA)* regulate the manner in which current board members may engage in business with the CVRD where they have a pecuniary interest. It should also serve as a guideline for participants in procurement activities, for ethical conduct, and situations in which a conflict of interest may arise.
- b.** Any personal interest that may encroach or might reasonably be deemed by others to affect the impartiality of an employee, in any manner relevant to their duty, shall be declared by the employee to their supervisor.
- c.** Participants in a procurement process should comply with the CVRD Conflict of Interest Policy. Participants should not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting favours, providing preferential treatment, or publicly endorsing suppliers or products.
- d.** Suppliers are required to declare, as part of their bid in a procurement process, that there are no conflicts of interest, or provide details of any actual or apparent conflict of interest. All competition documents must include appropriate conflict of interest language and declarations.

3. Confidentiality and Accuracy of Information
 - a. Information received in the course of duty must be respected and shall not be used for personal gain. Information given in the course of duty should be true, fair, and not designed to mislead.
4. Competition
 - a. When considering advantages to the CVRD of maintaining a continuing relationship with a supplier, any arrangement, which might, in the long term, prevent the effective operation of fair competition should be avoided.

Responsibilities

1. Individuals performing procurement activities on behalf of the CVRD must have authorization to do so. The CVRD Board is responsible for approving a five-year financial plan. Through budget discussions and the accumulation of the final budget, the Board sets operating service levels and capital project priorities together with the related funding sources.
2. To enable departments to operate efficiently and effectively in the performance of those service levels set by the Board, Managers have the authority to reallocate funds within their operating budget for which they are responsible. Along with this flexibility comes the need to manage and ensure that the gross and net expenditures remain within budget for which General/Division Managers are responsible.
3. The Chief Administrative Officer (CAO) will support the promotion of sound procurement practices and appropriate education and training to those involved in procurement. The CAO will also authorize purchases that exceed the delegated authority of Managers.
4. It is the responsibility of General Managers to ensure that their department's procurement practices serve the best interest of the CVRD and comply with its procurement policy.
5. Managers are to authorize purchases up to delegated authority, ensure budget funds are available in duly authorized accounts or functions, and identify any applicable conditions which need to be adhered to if grants are part or the whole funding source. The Finance Division Manager or designate will sign off on budget availability for all publicly posted competitions before proceeding to market.
6. The Procurement Officer will advise the CAO and General Manager of Corporate Services on policies, regulations, and legislation affecting procurement. The Procurement Officer will also ensure organizational compliance with all procurement policies, applicable laws, trade agreements, and regulations. The Procurement policy is to be readily accessible to CVRD employees, suppliers, and the general public.
7. Individuals involved in procurement activities shall identify and develop the specifications to be met through a procurement process, meet legal and ethical obligations, and secure

authorization from an approver prior to any purchase. A competitive process is to be used wherever practical and possible.

8. Emergencies

- a. The CAO shall have the authority to bypass normal procedures in the event of a disaster or emergency. A report explaining the expenditure will be presented at the first available Board Meeting.

9. Approval Thresholds

- a. Where funding is allocated specifically within an approved budget, the delegate responsible for the award of a competitive bid process will be determined as follows:
 - i. \$0 - \$15,000 – Division Manager or designate
 - ii. \$15,001 - \$50,000 – Division Manager for low bid; General Manager for highest evaluated
 - iii. \$50,000 - \$100,000 – General Manager or designate
 - iv. \$100,000+ – The CAO or designate
- b. Where funding is allocated specifically within an approved budget, the delegate responsible for the award of a non-competitive bid process (direct award) shall be:
 - i. \$0 - \$5,000 – Division Manager or designate
 - ii. \$5,000 - \$10,000 – General Manager or designate
 - iii. \$10,000+ – CAO or designate

10. The designate for the purposes of approval of a procurement process shall be:

- a. The person acting in the position of the designated Manager or CAO whilst they are absent from work.
- b. A General Manager may delegate approval authority to staff up to a limit she/he is comfortable with but not for more than their delegated approval authority.

Competitive Bidding Process

The competitive bid process is essential for delivering the best overall value to the CVRD. The CVRD will facilitate open as well as invitational competitions as per the following:

1. Open Competition

- a. An open competition will be conducted for all purchases that are estimated to be over \$50,000. The Procurement Officer and/or Manager or designate will conduct an open competition. All open competitions must be posted to BC Bid.

- b. *The New West Partnership Trade Agreement (NWPTA)* states that an open competition must be employed when the procurement of goods or services exceeds \$75,000 or \$200,000 for construction projects. It also states the public posting of competition documents to the CVRD's prescribed electronic tendering site. Our prescribed site is BC Bid.

2. Invitational Competition

- a. Where the estimated procurement value is less than the open competition threshold, the CVRD may choose to engage in an invitational competition subject to the following thresholds:
 - i. \$5,001 - \$15,000 – A Division Manager or designate shall conduct an invitational competition by requesting bids from at least 2 qualified suppliers.
 - ii. \$15,000 - \$50,000 – A Division Manager or designate shall conduct an invitational competition by requesting bids from at least 3 qualified suppliers. If market conditions or the complexity of the procurement warrant it, the Procurement Officer and or a Manager or designate will conduct an open competition.

3. Direct Award

- a. A Direct Award process is one where a contract is awarded without using a competitive process. It shall be employed when in compliance with the *Canada Free Trade Agreement (CFTA)* and the NWPTA.
- b. Some of the items that are exempt from the trade agreements include emergencies, one-of-a-kind goods or services available from only one supplier, services provided by lawyers or notaries, and replacement parts/items for a specific brand of existing equipment.

Agreements

1. Once a competitive bid process is complete and a winner selected, a service agreement may be entered into for up to a maximum of five years.
2. A purchase order will form part of the agreement in conjunction with the competition document and the bidder's response for all competitions valued at under \$200,000. Purchase Orders may only be signed up to an approver's threshold.
3. The Procurement Officer and/or General Manager of Corporate Services must sign all service agreements that are required as part of the outcome of a procurement process. Procurements over \$200,000 must have a service agreement.
4. All other long-term agreements will be authorized as instructed by the Corporate Secretary or designate.

Payment Method

All invoices and purchase orders must be approved by the General Manager or their designate. The Finance Division Manager must be advised in writing of the departmental designate(s) and provided with a sample signature. The Finance Division Manager must be advised in writing of any changes or temporary appointments of department designates.

1. Where possible, all purchases under \$5,000 should be made via procurement card.
2. Purchases from \$5,000 to \$10,000 may be made by purchase order or via procurement card.
3. Purchases from \$10,000 to \$200,000 must be made by purchase order.
4. Purchases over \$200,000 must be made by a service agreement
5. Purchases under \$100 may be made using petty cash where a procurement card is not accepted or we do not have an agreement in place with a supplier.

Approved by: CVRD Board Approval date: September 13, 2017
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Procurement Policy

Reference Guide to Procurement Policy

Dollar Thresholds	Competitive Process	Approver	Payment Method	Form of Contract	Advertised	Risk Level
\$0 - \$5,000	Optional	Division Manager or designate	Procurement Card	Nil	No	Low
\$5,001 - \$15,000	Informal 2 quotes	Division Manager or designate	Purchase Order or Procurement Card	Purchase Order	No	Low
\$15,000 - \$50,000	RFX document or solicit min 3 quotes	Division Manager for low bid General Manager for highest evaluated	Purchase Order	PO or Service Agreement	Optional	Low
\$50,001 - \$100,000	RFX document	General Manager	Purchase Order	PO or Service Agreement	Yes	Medium
\$100,000+	RFX Document	CAO or Designate	Purchase Order	PO or Service Agreement	Yes	High

Direct Awards (single and sole source)

Dollar Thresholds	Competitive Process	Approver	Payment Method	Form of Contract	Advertised	Risk Level
\$0 - \$5,000	Optional	Division Manager or designate	Procurement Card	Nil	No	Low
\$5,000 - \$10,000	Nil	General Manager or designate	Purchase Order	PO or Service Agreement	No	Medium
\$10,000+	Nil	CAO	Purchase Order	PO or Service Agreement	Yes – Notice of Intent	High