

TITLE: MATERIALS MANAGEMENT – PROCUREMENT	SECTION: FINANCIAL SERVICES
DATE: October 28, 2004	POLICY NO.: FNS-II-01
APPROVED BY: Resolution No. 2004-91 Resolution No. 2010-95 Resolution No. 2012-259 Resolution No. 2015-111	REVISED/REVIEWED DATE: August 12, 2010 June 28, 2012 Sep 17, 2015

1. POLICY STATEMENT

The Kenora District Services Board is committed to ensuring publically funded good and services, including construction, consulting services and Information Technology, are acquired through a process that is open, fair, efficient, accountable, competitive and transparent.

2. PURCHASING PRINCIPLES

The Kenora District Services Board has adopted the Broader Public Sector Procurement Directive key purchasing principles as follows:

Accountability:

The Kenora District Services Board is accountable for the results of its procurement decisions and the appropriateness of the processes.

Transparency:

The Kenora District Services Board is committed to be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.

Value for Money:

The Kenora District Services Board will utilize a value-for-money approach to ensure maximize the value they receive from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.

Quality Service Delivery:

The Kenora District Services Board is committed to Front-line services receiving the right product, at the right time and in the right place.

Process Standardization:

The Kenora District Services Board has a commitment to standardize its processes in order to remove inefficiencies and create a level playing field.

In addition to these five key principles, the Kenora District Services Board has expanded its purchasing principles to include:

1. Unless otherwise approved by the Board, to purchase goods and services only as approved in the annual budgets.
2. To obtain the most competitive offers from the most responsible and responsive vendors. To use vendors who comply with the provisions of the bid solicitation, including specifications and contractual terms and conditions. To use vendors who can be expected to provide satisfactory performance based on reputation, references, past experience, and sufficiency of financial and other resources.

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3. To structure specifications that does not exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.
4. To always consider the “total acquisition cost” rather than the lowest bid. This includes, but is not limited to, such factors as repairs, staff training, suitability, compatibility, warranty, trade-in values, recycling and disposal concerns.
5. To acquire goods and services with regard to the preservation of the natural environment. This gives reference to the method of manufacture and the method of disposal.
6. To delegate the appropriate level of authority to enable the Board’s departments to meet service requirements. To ensure that employees who are responsible for requisitioning and purchasing goods and services are accountable for their actions and decisions.
7. To participate with other publicly funded bodies in co-operative purchasing activities where they are in the best interest of the Board.

3. DEFINITIONS

The words and phrases listed below when used in this policy shall have the following meanings ascribed to them:

1. **“award”, “awarded” and “awarding”** mean authorization to proceed with the purchase of goods, services or construction from a chosen supplier.
2. **“board”** means the Board of Directors of the Kenora District Services Board.
3. **“board approved budgets”** means Board approved department budgets including authorized revisions.
4. **“chief administrative officer”** means the Chief Administrative Officer of the Kenora District Services Board.
5. **“construction”** means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, soil investigation, the supply of products and materials and the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering design or architectural work, but does not include professional services related to the construction contract unless they are included in the specification for the procurement.
6. **“contract”** means any agreement, regardless of form or title, for the lease, purchase or disposal of goods, services or construction authorized in accordance with this policy.
7. **“department”** means an organizational unit of the Kenora District Services Board headed by a Director.

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8. **“director”** means the person appointed by the Board to be responsible for the operation of a department and/or their designate and includes the person appointed to be the Chief Administrative Officer.
9. **“emergency”** means a situation, or the threat of an impending situation, which may affect the environment, the life, safety, health and/or welfare of the general public, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level.
10. **“goods”** means moveable property including,
 - a. the cost of installing, operating, maintaining or manufacturing such moveable property;
 - b. raw materials, products, equipment or other physical objects of every kind and description.
11. **“professional services”** means person(s) having a specialized knowledge or skill for a defined service requirement including,
 - a. architects, engineers, designers, management and financial consultants; and
 - b. firms or individuals having specialized competence in environmental, planning or other disciplines.
12. **“relatives”** means:
 - a. father, step-father, father-in-law;
 - b. mother, step-mother, mother-in-law;
 - c. daughter, step-daughter, daughter-in-law;
 - d. son, step-son, son-in-law;
 - e. legal dependent
 - f. brother, step-brother, brother-in-law;
 - g. sister, step-sister, sister-in-law;
 - h. grandchild;
 - i. grandparent;
 - j. aunt, uncle;
 - k. niece, nephew.
13. **“services”** including all professional and consulting services, all services in relation to real property or personal property including without limiting the foregoing the delivery, installation, construction, maintenance, repair, restoration, demolition or removal of personal property and real property and all other services of any nature and kind save and except only services to be delivered by an officer or employee of the Board in accordance with terms of employment.
14. **“total acquisition cost”** means an evaluation of quality and service in the assessment of a bid and the sum of all costs including purchase price, all taxes, warranties, local service costs, life cycle costs, time of completion or delivery, inventory carrying costs, operating and disposal costs for determining the lowest compliant bid.

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4. APPLICATION

The procedures set out in directives relating to this policy shall be followed to procure goods and services, award a contract or to recommend to the Board that a contract be awarded.

The procurement of legal services shall be contracted for by the Chief Administrative Officer or designate.

5. APPROVAL LEVELS

Unless otherwise approved by the Board of Directors, all purchases of goods and services must be approved in the annual budgets. Formal approval of the budget constitutes financial approval to proceed with the procurement process. Capital renewal projects included in the approved budget do not require secondary Board approval.

The ability to incur the actual expenditures is delegated to Board staff based on the following approval levels:

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| up to \$25,000 | Program Director and/or designate as determined by the individual Directors |
| Up to \$75,000 | Chief Administrative Officer |
| Over \$75,000 | Board of Directors |

The dollar limits above refer to invoice costs exclusive of taxes for which the Board receives a refund. As an example, presently the Board receives a refund of a portion of the HST paid. In this case, the HST which must initially be paid to the vendor and is subsequently refunded by the Federal Government will not be considered part of the dollar limits above.

No requisition, purchase, or contract shall be divided in order to avoid the requirements of the spending limits of this section.

6. RESTRICTIONS

1. No contract for goods, services or construction may be divided into two or more parts to avoid the application of the provisions of this policy.
2. No contract for services shall be awarded where the services would result in the establishment of an employee-employer relationship.
3. No employee shall purchase, on behalf of the Board, any goods, services or construction, except in accordance with this policy and directives.

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4. The purchasing set out in this policy shall not apply to the following types of expenditures, provided that the purchase does not exceed the amount approved in the annual budgets:
- a. Training and education expenses, including courses, conferences, conventions, seminars, subscriptions, membership fees and fees for trainers/facilitators;
 - b. Refundable employee/board expenses, including advances, meal allowances, travel and miscellaneous;
 - c. Employer’s general payroll expenses, including payroll deduction remittances, health benefits, medicals, licenses, debenture payments, insurance premiums and claims, damage claims, grants, petty cash reimbursement and tax remittances;
 - d. Professional and special services, including legal fees, committee fees, funeral and burial expenses, witness fees, interpreter fees and payments authorized under purchase of service agreements;
 - e. Utility charges, including water, hydro, gas, telephone and telecommunications;
 - f. Postal and delivery charges;
 - g. Advertising services required by the Board on or in but not limited to radio, television, newspaper and magazines;
 - h. Bailiff or collection agencies;
 - i. Any payments required to be made by the board under statutory authority;
 - j. The borrowing and investing of money;
 - k. The rental, lease, purchase and sale of property, land or accommodation.
 - l. Routine vehicle maintenance (tire rotation/change, oil change, winterization)
 - m. Medical supplies as approved and/or required by specific Ministry of Health guidelines or internal Emergency Medical Services directives.

For these excluded items, it is each Director’s responsibility to make every effort to obtain the lowest possible cost as appropriate.

Contracts with Third Party service delivery agencies for specific program requirements are not considered as general procurement and are addressed in a separate policy. Examples include, but are not limited to, contracts with Child Care Providers and Non-Profit Housing Corporations.

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5. Where an employee involved in the award of any contract, either on his or her own behalf or while acting for, by, with or through another person, has any pecuniary interest, direct or indirect, in the contract, the employee,
 - a. shall immediately disclose the interest to the Director involved in the award of the contract and shall describe the general nature thereof;
 - b. shall not take part in the award of the contract; and
 - c. shall not attempt in any way to influence the award of the contract.
6. An employee has an indirect pecuniary interest in any contract in which the Board is concerned, if,
 - a. The employee or his or her spouse or same-sex partner or relative
 - i. is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
 - ii. has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the contract, or
 - iii. is a member of an incorporated association or partnership, that has a pecuniary interest in the matter
 - b. The employee or his or her spouse or same-sex partner or relative is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

7. PURCHASING PROCEDURES

The Chief Administrative Officer shall establish purchasing procedures consistent with the purchasing principles set out in the policy relating to:

1. The form, content and use of forms, whether electronic or printed, including requisitions, purchase orders, bonds, letters of credit and other forms of guarantee or surety, tender, proposal and other contract documents;

The identification of those goods, services and construction which, are more effectively acquired through cooperative purchasing;

2. The process to be followed in issuing, receipt and evaluation of tenders and requests for proposals including the option of submitting documentation, payment or signature by electronic means pursuant to the *Electronic Commerce Act*, S.O. 2000, c.17, as amended;

The designation of duties to any other properly authorized employee, any part or parts of the responsibilities indicated in this policy;

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3. Any other aspect of process or procedure not specifically provided for in this policy.

8. EMERGENCY PURCHASES

Where an emergency exists requiring the immediate procurement of goods, services or construction, a Director or the Chief Administrative Officer may purchase the required goods, services or construction by the most expedient and economical means, notwithstanding any other provisions of this policy.

For all emergency purchases made by a Director, the Director shall as soon after the purchase as reasonably possible, notify the Chief Administrative Officer with a written report detailing the circumstances of the emergency. A report to the Board shall be made by the Director and the Chief Administrative Officer where the emergency purchase exceeds \$25,000.

9. COOPERATIVE PURCHASING

The Board may participate with other government agencies or public authorities in cooperative purchasing where it is the best interest of the Board to do so and where the purchasing principles of this policy are complied with by such government agencies and public authorities.

The policies of the government agencies or public authorities calling the cooperative bid solicitation are to be accepted policy for that particular purpose.

10. NOTIFICATION OF PROCUREMENT OPPORTUNITIES

Notification of procurement opportunities for goods, services or construction exceeding a total acquisition cost of \$50,000 shall be publicly advertised.

Notification of procurement opportunities for goods, services or construction may be supplemented by other means of notification where appropriate.

11. CONTRACTUAL AGREEMENT

1. The award of contracts over \$1,500 shall be made by way of an agreement or as a purchase order.
2. A purchase order is to be used when the resulting contract requires only the Board's standard contractual terms and conditions.
3. A formal agreement is to be used when the resulting contract is complex and will contain terms and conditions other than the Board's standard contractual terms and conditions.
4. It shall be the responsibility of the Chief Administrative Officer to determine if it is in the best interest of the Board to establish a formal agreement with the supplier.
5. Where a formal agreement is required, the Chief Administrative Officer shall execute the agreement in the name of the Board.

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6. Where a formal agreement is issued, the Chief Administrative Officer may issue a purchase order incorporating the formal agreement.
7. Where a formal agreement is not required, the Chief Administrative Officer shall issue and execute a purchase order incorporating the relevant terms and conditions.

12. CONFLICT OF INTEREST

No requisition, purchase order, vouchers, petty cash funds or any other order, written or verbal, shall be issued for personal goods and/or services for employees of the Board, any member of the Board, or the public.

No purchase of goods or services shall be made from any employee of the Board, or from any company for which an employee of the Board has an interest. A contract for goods or services placed with a relative of an employee of the Board shall be declared and that employee shall not be placed in a position to supervise or approve the execution of that contract.

13. AWARD CONSIDERATION

In addition to price, consideration may be given to the following in determining the lowest responsible bidder:

1. the ability of, capacity, and skill of the bidder to provide the goods or services requested,
2. the ability of the bidder to perform the contract or provide the services promptly or at the time specified without delay or interference,
3. the character, integrity, reputation, judgment, experience and efficiency of the bidder,
4. the quality and performance of previous contracts, good or services,
5. the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the goods or services,
6. the number and scope of conditions attached to the bid.
7. the quality, availability and adaptability of the goods or contractual services to the particular use required,
8. the ability of the bidder to provide future maintenance and services for the items acquired, and

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14. LEASE FINANCING

In certain circumstances, it may be economically advisable for the Board to enter into a financing lease to acquire the rights to use capital property and equipment rather than an outright purchase. Directives will be established regarding the evaluation of potential financial leasing agreements and the requirements for reporting the results of those procedures to the Board.

15. IMPLEMENTATION OF PROCESS AND PROCEDURES

The Chief Administrative Officer shall ensure that appropriate Directives detailing process and procedures are issued and maintained to implement and carry out the intent of this policy.