Purchasing and Tendering

Policy Statement:

Harvey Rural Community has adopted this policy to ensure that all necessary goods and services are acquired in a consistent manner that results in the best overall value to Harvey Rural Community. Harvey Rural Community intends to make purchases and contract agreements through an open, competitive, and non-discriminatory selection process which will identify qualified suppliers through competitive bids and written quotations.

The purpose of this policy is to:

Comply with purchasing practices legislated by the federal and provincial governments.

Where appropriate, Harvey Rural Community will give priority to local businesses for the supply of goods and services and construction contracts.

1. **Definitions**
   For the purposes of this policy:
   a. "Best Value" means
      i. Obtained by determining the total cost of performing the intended function over the lifetime of that function.
      ii. To include quantitative and qualitative factors.
   b. "Local Businesses" means
      i. Any person, firm, partnership, or corporation which supplies goods or services, or construction contract services, is in Harvey Rural Community, and has a current business license, unless otherwise exempt from the requirement to obtain a business license.
   c. "Invited Tender" means
      i. Written solicitation to selected qualified suppliers.
   d. "Local Suppliers" (see Harvey Rural Community Businesses)
   e. "Procurement Act" means
      i. Provincial legislative Procurement Act, RSNB 2012, c 20 and governs all public procurement of goods, services, and construction services for government organizations in New Brunswick. The current version has been in force since Jan 1, 2023.
   f. "Public Tender" means
      i. Advertised solicitation to qualified suppliers. A public tender differs from invited tenders in that any supplier may respond.
   g. "Purchasing Agent" means
      i. Any individual authorized to enter into contracts, agreements and purchase orders that bind Harvey Rural Community to the terms thereof for goods and services.
2. **Purchasing Guidelines**
   a. Purchasing shall follow guidelines set out in the Procurement Act for purchases of goods over $25,000, services over $50,000 and construction services over $100,000.

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b. In evaluating all quotations and tender bids from suppliers and contractors, Harvey Rural Community shall consider the following purchasing criteria, as appropriate:
    i. Quality
    ii. Price
    iii. Innovation
    iv. Functionality
    v. Assurance of supply and deliverability
    vi. Anticipated customer service
    vii. Compatibility with existing equipment
    viii. Impact on local economy
    ix. Other as deemed appropriate
c. For goods and services and construction contracts that are not governed by provincial or federal legislation, Harvey Rural Community will apply the following guidelines:
    i. Purchases under $5,000 do not require a quote or tender award process. Discretion should be used to obtain best value; this may include occasional price shopping for routine purchases. When possible, purchases should be made locally.
    ii. Purchases or contracts over $5,000 will be obtained by way of a competitive bid process. Where reasonable, local businesses should be contacted for bids. See appendix "A" for determining the best bid process to use. It will be at the discretion of the Chief Administrative Officer (CAO) to determine whether bid proposals will be by invited tender or public tender. A minimum of three proposals should be obtained whenever possible.
    iii. Purchases or contracts $5,000 - $25,000 require three quotes when it is sensible and prudent to do so. Process costs and costs of time needs to be balanced against due diligence to obtain best value. Quotations may be in the form of written, fax, email, online, web, or price catalogues. For purchases in this category, a record of price quotes should be kept on file. When possible, local businesses should be contacted for price quotes.
    iv. Purchasing agents or department heads may at their discretion use a formal bid process for purchases under $25,000 if the need arises. See appendix "A" to determine when such cases may be necessary.
    v. Where not governed by legislation, Harvey Rural Community will give preference to local suppliers after considering purchasing criteria in 2.b. and in consideration of overall best value to Harvey Rural Community.

3. Used Equipment

a. Purchasing agents or department heads may at their discretion purchase used equipment. It is often a challenge to compare two or more pieces of used equipment and discretion is required by purchasing agents. In order to obtain best value and minimize risk to Harvey Rural Community, purchasing agents should follow the criteria set out in 1.c., in addition to the following guidelines when purchasing used equipment:

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i. Prior to purchase, obtain comparable information on at least 2 similar pieces of equipment. The following should be documented and used in comparing alternatives:
    - Price
    - Km's or hours on equipment
    - Rating of general condition
    - List of extras or accessories included
    - Estimated freight and shipping costs
    - Year
    - Purchase price of new piece of equipment
    - Mechanical inspection report
    - Warranties available
    - Budget

ii. Once comparable information has been established, a purchasing agent may purchase used equipment provided it is comparable to recent actual sales and represents best value for Harvey Rural Community.

b. Disposal of Surplus Equipment

i. Goods, supplies and assets which are declared surplus by the Department Head or CAO shall be offered to other departments of Harvey Rural Community, or sold in the most efficient manner to obtain the highest return by trade-in (vehicles and equipment), request for quotation, public tender, or public auction in accordance with this policy.

ii. Elected officials and employees of Harvey Rural Community or their agents shall not be permitted to bid on the purchase of surplus material.

4. Authority to Purchase

a. Contracts and Tender Awarding

i. In all cases, the CAO will carry out the business of the contract negotiation with the contractor. The contractor will not negotiate directly with the Council, rather through the CAO to Council.

ii. All contracts which are essential for the day-to-day operations of Harvey Rural Community, or to satisfy capital work requirements, and which are approved within the annual budget shall be negotiated and concluded by the CAO.

iii. If there is ambiguity as to whether a contract requires approval of Council, the CAO shall present the contract to Council for advice and a resolution if required.

iv. The CAO will submit recommendations to Council for approval and provide additional restrictions concerning procurement where in their opinion such action is considered necessary and in the best interests of the Harvey Rural Community.

b. Use of Purchase Order

i. Purchases up to $5,000 require a signed purchase order prior to employees making a purchase of goods or services. Department heads and up to one

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alternate purchasing agent per department may authorize purchase orders in this range. In the event that department heads or alternate purchasing agents are not able to create a purchase order, they may call in to the office to request a purchase order. All employees purchasing goods or services must give the PO number to vendors at time of purchase.

ii. Purchases over $5,000 must be authorized by the Chief Administrative Officer (CAO) or designate. Department heads may place a requisition for the purchase of goods greater than $5,000, which will be subsequently reviewed and approved or disapproved by the CAO or designate.
iii. Purchase of goods greater than $25,000 will follow guidelines set out in the Procurement Act and will be reviewed for approval by the CAO or designate.
iv. Services greater than $50,000 will follow guidelines set out in the Procurement Act and will be reviewed for approval by the CAO or designate.
v. Construction services greater than $100,000 will also follow guidelines set out in the Procurement Act and will be reviewed for approval by the CAO or designate.

c. Documentation and Authorization for Payment
    i. All vendors shall reference PO numbers on invoices. Invoices without PO numbers are at risk of nonpayment.
    ii. Employees purchasing goods or services are required to sign invoices at time of purchase. Employees should check to see that the PO is referenced on the invoice at time of signing.
    iii. Department heads are required to authorize payment and indicate the proper general ledger code and project allocation. If there are any unauthorized purchases, the department head will discuss discrepancies with purchasing employee and/or vendors to correct the issue.
d. All purchases require an approved budget. Items that have not been included in the budget, must receive approval from Council prior to purchase.
e. In an emergency situation, defined by the CAO, authority is granted to spend up to $25,000 without the need for a formal bid process, on the sole authority of the CAO. During the emergency, spending in excess of $25,000 is to be approved by a simple majority of council.
f. Purchase orders will not be required for the following purchases:
    i. Membership renewals
    ii. Fuel purchases at card lock or fuel station
    iii. Registration renewals
    iv. Insurance
    v. Minor office supplies
    vi. Conference and staff training
    vii. Hotel bookings
    viii. Meals
    ix. General Operational Payments – i.e. utility & phone, freight, refund of credits, minor office, payroll disbursements, etc.

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x. Professional services – i.e. legal, audit, engineering (these services should be accompanied by a contract or engagement letter).
xi. Expenses approved in program budgets
xii. Annual requisitions from approved requisitioning authorities
xiii. Contract payments
xiv. Donations
xv. Minimal purchases where the petty cash fund is used

5. **Opportunity Notification**
    a. Depending on the nature of goods or services required, the advertisement should be posted locally, regionally, or nationally in reliable advertising media. The CAO or designate will determine how tenders will be advertised. Tenders should be sealed, and time stamped when received by Harvey Rural Community.
    b. For goods or services that are expected to be $5,000 - $25,000 department heads should obtain at least three quotes from suitable vendors. In cases where there are not sufficient suitable vendors, as many quotes as can be obtained will suffice. Department heads are to use judgement in determining the best possible vendors for soliciting quotes. Whenever possible, local vendors should be solicited for quotes.
    c. For contracts or bids obtained under legislation, see notification requirements in the Procurement Act.
6. **Consulting and Services Contracts**
    a. Consulting and service contracts will be awarded on the basis of price, demonstrated competence and qualifications for the type of services to be rendered. Requirements in Purchasing Guidelines 2(c) are to be followed when accepting new consulting and services contracts.
    b. All significant recurring services or consulting contracts/arrangements will be subject to review at least once every five years or more often if deemed necessary by the department head. (Recurring service contracts/arrangements would constitute services provided on a regular basis regardless of a formal contract or agreement).
7. **Evidence of Policy Compliance**
    a. Staff purchasing goods and services over $5,000 are required to maintain adequate record of quotation/ tender submissions and document reasons for accepting successful submissions.

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Purchasing and Tendering

SCHEDULE A:
Formal Bid Process

The following is a list of the possible bid processes that may apply for a given purchase of goods or general services.

Request for Information	Used for goods or services of any value where Harvey Rural Community has an idea and is looking for the best approach to execute it. The intent is to source technical or commercial data for possible inclusion in a follow up process; a contract is not intended at the end of this process
Request for Proposal	Used for goods or services of any dollar value where requirements and specifications are not clearly defined, the vendor is considered the expert, a high degree of flexibility is required, and negotiations may be required. A contract is intended at the end of the process for which a formal legal agreement may be required.
Request for Quotation	Used when goods or services are of a low-dollar value, requirements and specifications are clearly defined, Harvey Rural Community is considered the expert, and the award criteria is heavily weighted to price.
Request for Tender	Used where goods or services are of a high-dollar value, requirements and specifications are clearly defined, Harvey Rural Community is the expert, and award criteria is heavily weighted to price. A contract is intended at the end of the process for which little flexibility is required and a formal legal agreement may be required.
Request for Pre-qualification	Used to establish the technical abilities of a vendor and to ensure that the vendor will be capable of providing the required goods or services. Used to create bid lists when requirement is repetitive.
Expressions of Interest	Used to develop a list of potential bidders by gauging public interest in an expected future procurement.

The Chief Administrative Officer or designate will determine the best advertising medium for the above-mentioned bid processes and will use their professional judgment to determine low-dollar versus high dollar values for request for quotation and request for tender processes. When possible, a minimum of three suppliers should be contacted to obtain the best value. Requests may be advertised locally, regionally, or nationally as determined by the purchasing agent. Request may also take the form of an invited tender or public tender.

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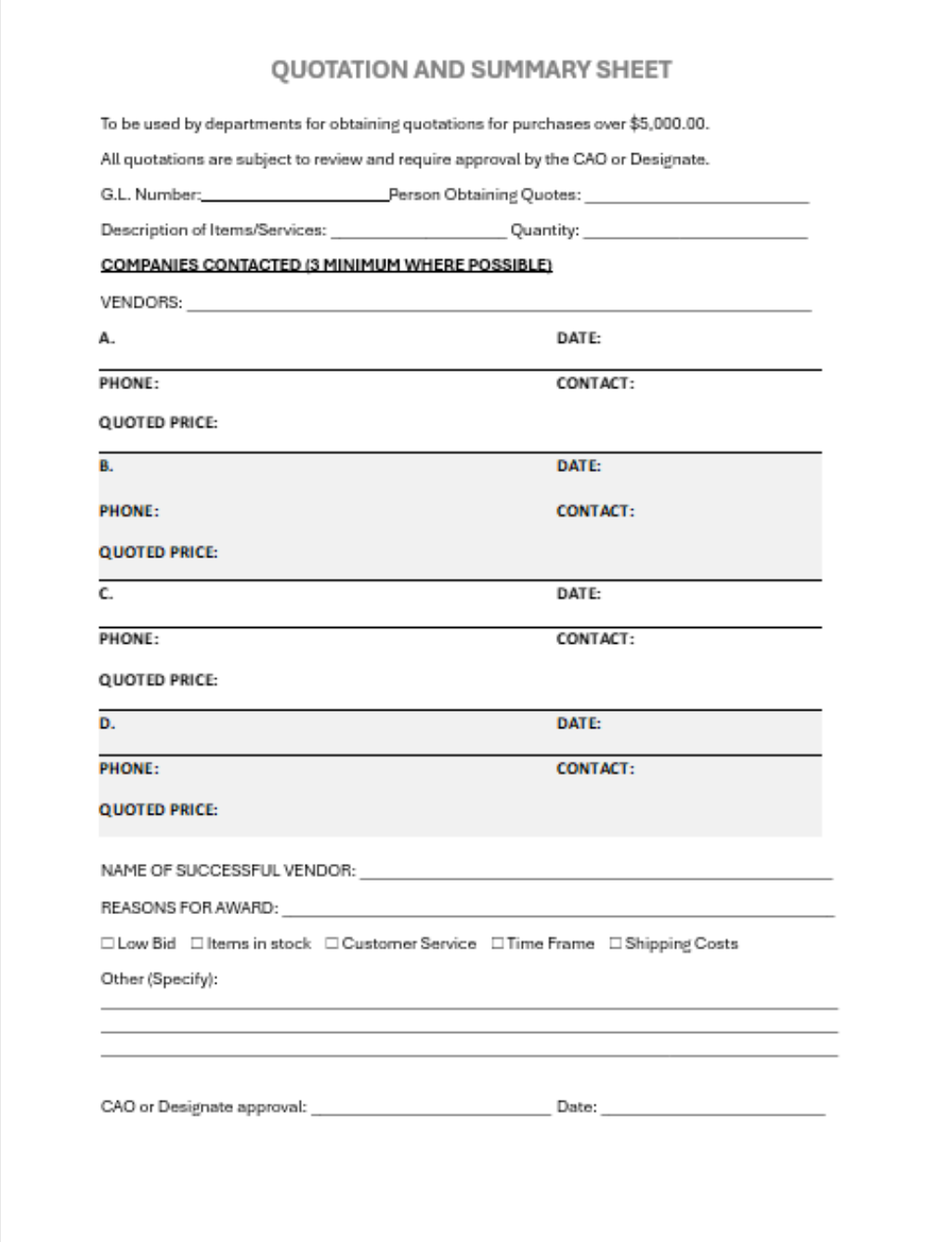
Purchasing and Tendering

Schedule B:
QUOTATION AND SUMMARY SHEET

To be used by departments for obtaining quotations for purchases over $5,000.



QUOTATION AND SUMMARY SHEET

To be used by departments for obtaining quotations for purchases over $5,000.00.

All quotations are subject to review and require approval by the CAO or Designate.

G.L. Number:_____Person Obtaining Quotes: _____

Description of Items/Services: _____ Quantity: _____

COMPANIES CONTACTED (3 MINIMUM WHERE POSSIBLE)

VENDORS: _____

A. **DATE:**

PHONE: **CONTACT:**

QUOTED PRICE:

B. **DATE:**

PHONE: **CONTACT:**

QUOTED PRICE:

C. **DATE:**

PHONE: **CONTACT:**

QUOTED PRICE:

D. **DATE:**

PHONE: **CONTACT:**

QUOTED PRICE:

NAME OF SUCCESSFUL VENDOR: _____

REASONS FOR AWARD: _____

☐ Low Bid ☐ Items in stock ☐ Customer Service ☐ Time Frame ☐ Shipping Costs

Other (Specify):

_____

_____

_____

CAO or Designate approval: _____ Date: _____