



| | |
|--|-----------------------|
| Title: Procurement and Expenditures | Policy: LE 001 |
| Section: Legislative | |

ACCOUNTABILITY TO VISION STATEMENT

Providing for the long-term viability of our rural community by supporting local business opportunities while ensuring that we are accountable for the responsible use of our financial resources. To ensure accountability to the annual business plan and budget and compliance with the Municipal Government Act and to provide for a uniform and transparent purchasing process.

POLICY STATEMENT

Flagstaff County commits to acquiring goods and services in a fair and transparent manner, at the best value to align with the needs and requirements of the organization while adhering to all applicable legislation.

Flagstaff County also acknowledges that we are uniquely positioned to play a critical role as a partner in building and maintaining sustainable communities. The ongoing operations of the County inherently create direct and indirect benefits. As the County's awareness grows around the relationship between how and where we purchase the goods and services, we require to maintain our operations, there is the potential to increase both the direct and indirect benefits to our communities.

The County, as a partner in building a strong community, may give preference to local businesses within the Flagstaff Region that can provide the desired goods and services under the trade agreement thresholds if they are within 5% of the best value bid. Following applicable trade agreements, the County cannot give preferential treatment to local suppliers for competitions over a seventy-five thousand (\$75,000) dollar threshold for goods and/or services or two hundred thousand (\$200,000) for construction.

EXPENDITURES GUIDELINES

After the annual operating and capital budgets have been approved, the guidelines will be followed:

1. Items within the approved budget that have received an indication of political sensitivity or are over the amount of \$100,000 will be brought to Council for approval.
2. Items between \$25,000 and \$100,000 will be approved by the Chief Administrative Officer prior to procurement and prior to purchase within the limits of the operating and capital budget.
3. Items within the department budget, up to \$25,000, will be approved by the department manager.
4. Department managers can approve an increase or reduction in budget items within the same line item; ensuring expenses do not exceed the line-item budget.
5. The Chief Administrative Officer can approve an increase or reduction in budget items within the department budget; ensuring expenses do not exceed the department budget.
6. Any transfer of budget items between departments must be approved by Council.

Expenditures that are not included in the budget shall be authorized and verified by specific resolution of Council.

Emergency expenditures will be approved by the Chief Administrative Officer or in their absence, the Finance/Administration Officer, and only if there is inadequate time for Council to give their prior authorization for the expenditure. As emergency expenditures are not budgeted for, any expenditure will come from General Reserves. The Chief Administrative Officer will report to Council within a reasonable time after making the emergency expenditure. An emergency includes a situation in which there is imminent danger to public safety or serious harm to property.

PROCUREMENT GUIDELINES

As an Alberta municipality, Flagstaff County must comply with the terms of the Agreement for Internal Trade (AIT), the Trade, Investment and Labor Mobility Agreement (TILMA) and the New West Partnership Trade Agreement (NWPTA).

This requires that the County advertise all procurements with a value of \$75,000 (goods and services) and \$200,000 (construction) on the Alberta Purchasing Connection (APC) website (www.purchasingconnection.ca).

PROCUREMENT METHODS

1. **Competitive methods:** Competitive method means an open, invitational or limited competition to provide goods or services to the County, as follows:
 - a) Request for Information (RFI) – This process is used to conduct market research and gather information to determine availability of products or services to help make a decision on the next steps that should be taken by the County.
 - b) Request for Proposal (RFP) – This format is used for more complex deliverables where the expertise of the vendor community is being sought to recommend an approach or solution to address a need.
 - c) Invitation to Tender (ITT) – Also known as the "Call for Tender", this is a format used when the specifications or requirements are well-defined including "what", "why", "when", and "how" the work/project/product will be provided or completed, and the terms of the contract are clear.
 - d) Request for Pre-Qualification (RFQ) – This process is used to select a vendor based on qualifications rather than price.

2. **Non-competitive methods:** Non-competitive method means a procurement process where a vendor is selected without conducting a competitive process.
 - a) **Negotiated methods:**
 - i. Telephone solicitation – this process is used to call potential vendor(s) to obtain a verbal quote for goods and/or services.
 - ii. Written quote – this process is used to obtain a written quote from potential vendor(s) for goods and/or services.

 - b) **Selective method (sole sourced):** In some cases, the County may procure certain goods and services through one company, without obtaining prices from several sources based on the following:
 - i. Technological Continuity: When technology has been created or updated specifically for the County and is not available from another supplier.

 - ii. Ongoing Service Contracts: When it is most cost effective to continue to acquire legal, accounting, management, engineering or other consulting services from a single source to avoid expensive learning curves or duplication of work, or to avoid costly errors due to miscommunication or misinterpretation resulting from a lack of historical information or background.

Periodically, the County will review these arrangements to ensure quality standards are maintained and pricing remains competitive.

PROCUREMENT PROCESS

| Types of purchase | Value of goods and/or services | Procurement method |
|-----------------------|-----------------------------------|---|
| Operating | Below \$500 | <ul style="list-style-type: none"> Non-competitive — Negotiated method — telephone solicitation |
| Operating | Below \$25,000 | <ul style="list-style-type: none"> Non-competitive — Negotiated method — written quote(s) only |
| Operating and Capital | Over \$25,000 and up to \$75,000 | <ul style="list-style-type: none"> Competitive method; or Non-competitive — Selective method Non-competitive — Negotiated method — written quote(s) only |
| Operating and Capital | Over \$75,000 and up to \$100,000 | <ul style="list-style-type: none"> Competitive method; or Non-competitive — must comply with the exceptions of the New West Partnership Trade Agreement |
| Operating and Capital | Over \$100,000 | <ul style="list-style-type: none"> Competitive method |

All applicable legislation is to be observed, including but not limited to the Municipal Government Act, the Freedom of Information and Privacy Act, Agreement for Internal Trade (AIT), the New West Partnership Trade Agreement (NWPTA) and advertising through the Alberta Purchasing Connection.

The NWPTA applies to all government procurement. It requires open and non-discriminatory procedures where the anticipated costs are at or above the following thresholds:

- \$75,000 or greater for goods
- \$75,000 or greater for services
- \$200,000 or greater for construction

If it is determined to be the best business decision, the County will utilize the Rural Municipalities of Alberta (RMA) Cooperative trade program through the Canoe Procurement Group of Canada. Canoe is an initiative of the RMA to expand cooperative procurement for municipalities across Canada. By collaborating with like-minded associations throughout the country, Canoe is a unified national presence that helps create efficiencies, expand offerings, and establish better pricing for members. This program complies with trade agreement requirements.

Payments for goods or services will be made when the County is satisfied that the goods or services provided meet the specification.

AWARD CONSIDERATIONS

In addition to price, consideration may be given to the following factors in determining the successful bidder/proponent:

1. The ability and skill of the bidder/proponent to provide the goods or services requested.
2. The ability of the bidder/proponent 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/proponent.
4. The quality and performance of previous contracts, goods or services, provided by the bidder/proponent.

AWARD CONSIDERATIONS

5. The sufficiency of the financial resources and the ability of the bidder/proponent to perform the contract or provide the goods or services (this includes reviewing the bidder's/proponent's payment history with the County if necessary).
6. The quality, availability and adaptability of the goods or contractual services to the particular use required, and ability to best meet the County's operational needs.
7. The ability of the bidder/proponent to provide future maintenance and services for the items acquired.
8. The number and scope of conditions attached to the bid/proposal.
9. Any litigation between the bidder/proponent and affiliated individuals and corporations and the County whether pending, past, threatened or suggested.
10. The total acquisition cost of the goods and/or services covered by the bid or proposal.
11. The County may give preference to local businesses that can provide the desired goods and services under the trade agreement thresholds if they are within 5% of the best value bid.
12. All contractors, vendors, or other service providers wishing to conduct business with Flagstaff County or provide other services must meet all insurance requirements. These requirements will be specified per project or purchase of goods and/or services within a tender package.

CONFLICT OF INTEREST

If a purchase or contract for goods or services is to be placed with:

- An employee of the County,
- Any company in which an employee of the County has an interest, or
- A relative of an employee of the County,

the employee shall declare an interest and that employee shall not be placed in a position to approve the purchase.

| | |
|--|--------------------------|
| Council Approved: December 15, 2021 | Resolution #: |
| Reference: | FC20211215.1007 |
| <hr/> | |
| Review Cycle: | Next Review Year: |
| Every three (3) years | 2024 |