

MACKENZIE REGIONAL WASTE MANAGEMENT COMMISSION POLICY

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| | Policy No.: 49-07 |
| Facility: Mackenzie Regional Landfill | Effective Date: January 20, 2007 |
| Policy Title: PURCHASING & TENDERING | Page 1 of 8 |

PURPOSE:

This purchasing policy is a guide to the Mackenzie Regional Waste Management Commission purchasing methods. The policy will enable the Commission to obtain needed materials, equipment, supplies, and services efficiently and economically and provides the foundation for sound purchasing Procedures.

POLICY:

Policy Guiding Principles

1. Ensure a high level of accountability is maintained;
2. Procure the necessary quality and quantity of goods and services in an efficient, timely and cost effective manner, while maintaining the controls necessary for a public institution;
3. Encourage an open bidding process practicable for the acquisition of goods and services;
4. Recognize the value of supporting local businesses wherever possible, subject to the terms and conditions of this policy;
5. Ensure the maximum value of an acquisition is obtained by determining the total cost of performing the intended function over the lifetime of the task, including, but not be limited to: acquisition cost, training cost, maintenance cost, operating cost, quality of performance and environmental impact;
6. Be subject to all applicable Commission policies and by-laws, any specific provisions of the Municipal Government Act, or other relevant legislation;
7. Promote positive vendor relations, cultivated by informed and fair buying practices and strict maintenance of ethical standards.

Definition of Responsibilities

8. The Manager is responsible for the overall oversight of all operations and staff under the direction of the Board, as per the approved budget, policies and procedures of the Mackenzie Regional Waste Management Commission.
9. The Manager, or his designate, is responsible for all aspects of the financial operations of the Mackenzie Regional Waste Management Commission in accordance with the Municipal Government Act and all related Bylaws. In addition, the Manager is responsible, as follows, to:

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- a. Ensure accounts for authorized expenditures are paid in accordance with the Commission Bylaws, policies and contracts;
 - b. Oversee the formal bid process, including advertising for bids, notifying vendors, accepting bid proposals, opening bids, tabulating bids, and serving as a resource for questions from vendors and staff.

10. The Manager is responsible to:

- a. Ensure that all contractual obligations are supported by an appropriation that authorizes the expenditure;
- b. Comply with all Commission purchasing procedures covering procurement and disposal;
- c. Establish guidelines for maintaining appropriate levels of inventory supplies;
- d. Review and finalize all purchase orders;
- e. Ensure the maintenance of adequate purchasing records, including a database of vendors established in an accessible vendor file;
- f. Upon request, assist staff in locating the best source for supplies, materials, and equipment;
- g. Assist staff in conducting negotiations with vendors concerning prices, bids, terms, deliveries, and adjustments;
- h. Ensure all purchases are made by personnel in accordance with this policy;
- i. Write all correspondence to salespersons and vendors, except when technical details can be better written by other staff;
- j. Keep on file vendor information, catalogs, samples, price quotes, etc. to be used by all employees;
- k. Conduct the formal bid process, including advertising for bids, notifying vendors, accepting bid proposals and serving as a primary resource for questions from vendors.

11. All Commission employees and board members, are responsible to comply with all the rules and regulations set forth herein and to conduct business with vendors in a professional manner that promotes honesty and fairness:

- a. Requisition goods and services in such a way as to allow time for competitive bidding, ordering, and delivery of materials.
- b. Obtain these goods based upon competitive bids and to give consideration to product price, value, quality, performance, and delivery.

Prohibitions

12. No employee shall accept any gift, favor, loan, service, promise, or thing of value that may tend to influence that employee in the discharge of their duties.
13. No employee shall grant any improper favor, service, or thing of value in the discharge of duties.
14. Gratuities shall be refused by all Commission officials and employees.
15. No expenditure may exceed the approved budget without identifying available funds and submitting a budget change form to the manager for approval prior to making the expenditure.
16. No employee shall benefit personally from purchases made on behalf of the Commission.
17. Violations of the purchasing policy may result in disciplinary action, up to and including dismissal.

Purchasing Requirements

18. No expenditure or total of such expenditures shall exceed the approved line item budget, or adversely affect other budgetary items.
19. No purchase or commitment of expenditure on behalf of the Commission shall be made without issuing a purchase order **prior** to such commitment.
20. A purchase order shall show the approximate value of the purchase (at least within 10%).
21. Where a required expenditure exceeds the budget the individual requesting approval must identify available funds for the required expenditure and submit a budget change form to reallocate budget dollars, prior to issuing the purchase order.
22. Expenditures must be coded to the budget line item to which it belongs.
23. Award of Purchase Orders or Contracts shall be made for equipment, supplies and services that will give the greatest value based on quality, specifications, service, price, and timely delivery.
24. Purchases up to \$1,000 may be made by authorized personnel. A review of suppliers and pricing should be done and documented on a periodic basis.
25. Purchases between \$1,000 and \$5,000 may be made by informal bids (verbal, fax, email, written) for goods or services and shall be obtained from a minimum of three firms. The verbal bids will be documented with the firm contacted, firm representative name, and the price quoted. Purchase orders will be awarded based on these bids by authorized personnel.
26. Purchases in excess of \$5,000 require a formal bid by tender or proposal process awarded by the Manager.

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27. In a situation for purchases over \$1,000, where it is not possible to obtain three bids or quotes, reasons for the lack of sufficient bids have to be documented and attached to the purchase order. The purchase order with less than three bids and the supporting documentation needs to be reviewed and countersigned by the Manager.

Emergency Purchases

28. Occasionally purchases need to be made on an emergency basis. Emergency purchases means the purchase of goods, materials, supplies or services which are required to remedy a situation where the health, safety, welfare or quality of welfare of the public or public property is endangered or severely reduced if immediate corrective or preventive action is not taken. The Manager shall be notified of an emergency at the earliest opportunity.
29. Where an emergency condition exists and there is an immediate need to purchase goods, services or equipment exceeding purchasing limits and/or budget, the procurement procedure for such commodities shall be as follows:
- a. The employee shall first identify those supplies or services necessary to meet the emergency.
 - b. The employee shall obtain at least three (3) written quotes/proposals from prospective vendors.
 - c. Upon determining the quote/proposal most favorable to the Commission and prior to making the emergency purchase, the employee shall submit to the Manager, in writing, the following information:
 - i. A description of the goods/services necessary to meet the emergency.
 - ii. A full explanation of the circumstances of the emergency.
 - iii. A list of vendors solicited and the quotes/proposals received.
 - iv. The reason for selection of a particular firm.
 - v. The total costs required for the emergency procurement.
 - vi. The account codes(s) from which funds are to be expended.
30. If the Manager determines an emergency exists the competitive bidding requirements for purchases may be waived within budget availability. For items outside budget availability, the Manager may recommend to the Board Chair that the competitive bidding requirements be waived and to approve, by signature, the emergency request.
31. Immediately following the procurement, the Manager shall prepare and submit a Request for Decision together with supporting documentation to the Board for ratification at its next Board meeting.
32. Board approval and a record of all such purchases must be maintained for audit purposes.

Credit Cards

Purpose:

33. The card system is designed for, but not restricted to, high volume but low value transactions and to assist staff members who travel on behalf of the Commission.

Issuing and Withdrawing a Card:

34. The Commission may issue a Corporate Credit Card to employees that meet all the following criteria.

The employee must:

- a. occupy a position that has a regular and demonstrated need to purchase goods/services or is required to travel on a regular basis on behalf of the Commission;
 - b. be approved by the Manager, who holds budgetary control;
 - c. abide by the terms and conditions of use as stated in the Commission's policy; and
 - d. may be a board member for the purposes of this section.
35. Credit card limits shall be established by the Manager by analyzing the anticipated monthly expenditure required by the position and the Commission's operational limits.
36. Corporate Credit Cards may be withdrawn for any of the following reasons:
- a. misuse of card by the employee including unacceptable or inappropriate expenditure;
 - b. non-compliance with statement processing time limits;
 - c. the position held no longer requires the use of a credit card or the card has not been used in 12 months.

Use of Card:

37. Corporate Credit Cards shall only be used for business expenditure. Examples of appropriate uses for Corporate Credit Cards include:

- a. Payment for goods/services in full or part supply;
- b. Deposits;
- c. Subscriptions;
- d. Conference fees (Travel must be approved prior to expenses being incurred);
- e. General consumables other than stationery and office supplies;

f. Official entertainment;

38. Notwithstanding the above, no expense is to be incurred on a credit card until requirements of other relevant policies and procedures (i.e. such as the attainment of quotes) have been fulfilled and authorized approval given.

Requests for New Cards:

39. Requests for a new card should only be submitted once the need for a new corporate credit card has been established. Where there is a need for a new card, the Manager shall issue a card to the employee.

Employee's Responsibility:

40. When using the credit card, the employee must:

- a. obtain an invoice/receipt displaying the name of the supplier;
- b. ensure suppliers record full and proper descriptions of items or services on invoices/receipts;
- c. confirm the supplier site is secure when placing an order via the internet;
- d. ensure goods and services are received in good order and condition;
- e. ensure a credit is received for any returns or refunds;
- f. ensure expenditures does not exceed monthly credit limits;
- g. report lost, stolen or damaged cards immediately to the credit provider and notify the Manager as soon as possible.

41. The employee shall keep all invoices/receipts from purchases in a safe place until the monthly statement arrives.

42. Within 5 days of receipt of the notification of the statement availability, the employee shall:

43. check each transaction for accuracy, enter the appropriate account codes against each item and include a full description of the goods/services;

44. Note invoices/receipts for entertainment expenses with the names of the staff and non staff attending and the purpose of the event;

45. Submit a signed declaration of authenticity of the transaction when an invoice/receipt has been lost and cannot be replaced by the supplier;

46. Attach all invoices/receipts and other necessary documentation to the statement;

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47. Sign the statement for authenticity and forward to the Manager for expenditure approval within 5 days after receipt of statement.
 48. Where an employee is intending on going on leave and believes that a statement reconciliation may fall during the period of their leave, they should provide all the necessary documentation to the Manager prior to going on leave.

Manager's Responsibility:

49. Within 5 days of the receipt of the completed reconciled statement from the employee, the Manager shall:
 - a. check all documents are attached to the statement;
 - b. check all expenditures are in accordance with the Commission's Policies and Procedures;
 - c. sign the statement as approved when satisfied all expenditures are in order;
 - d. forward to account payables for payment.

Purchase Orders

50. Purchase orders are to provide a legal document that places an obligation on both the Commission and the vendor. When properly endorsed by the Manager, the purchase order obligates the Commission to purchase the items listed at the prices stated. The vendor is obligated according to the terms and prices stated on the purchase order to deliver the goods or services. The purchase order provides specifications for goods and services ordered and shipping and billing information.
51. A purchase order must be used for purchasing any item or service that requires a written order or any purchase of \$500 or more. Purchase orders are not required for prepaid orders.
52. Accounts Payable shall issue a block of purchase orders to the Manager and record the purchase order numbers as issued.
53. The Manager shall maintain a record of all purchase orders to ensure each number is accounted for and to identify such commitment as invoiced.
54. All expenditures committed by purchase order shall be properly approved.
55. Copies of all Purchase Orders shall be distributed as follows:
 - a. White Copy – to supplier;
 - b. Yellow Copy – to accounts payable;
 - c. Pink Copy – to be kept by originator.

- 56. The Yellow copy of all Purchase Orders (issued or voided) must be forwarded to the accounts payable immediately after being issued or voided. Once a purchase order book is completed, return the purchase order listing to accounts payable.
- 57. Accounts payable shall check all purchase orders to ensure authorization of such purchase is in accordance with the Purchasing Policy.
- 58. An invoice that does not match a purchase order shall not be paid without prior approval of the Manager.
- 59. The Manager shall review all invoices received on a timely basis, initial where indicated and forward to accounts payable. It is the responsibility of the Manager to ensure proper coding of all purchase orders and verification that all invoices are properly coded. At no time will original invoices be allowed to leave the office.
- 60. Where the Manager is not prepared to approve an invoice, the unapproved invoice shall be returned to accounts payable with appropriate direction. At no time shall the Manager retain the original invoice.
- 61. Open purchase orders will be used for repetitive purchases from certain vendors. Rather than issuing a purchase order for each purchase, one purchase order with a dollar limit is issued for a period not exceeding one calendar month. Employees should follow standard purchase order procedures, including signing off on the receipt of goods and/or services.

Non-Controllable Expenses

- 62. Where expenditures are “Non-Controllable” the Manager shall review and approve such expenditures for payment. Employees will be provided with a copy of “Non Controllable” expenditures for approval review and their information.
- 63. For the purpose of this directive, “Non-Controllable” expenditures shall include items such as utilities, telephone, lease payments, contractual payments, payroll, etc. or items as identified by the Manager.

Review

- 65. The Board shall be responsible for the review and update of this Policy.

| | DATE | RESOLUTION |
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| Approved | January 20, 2007 | 7-07 |
| Amended | | |
| Amended | | |