

TOWN OF TWO HILLS



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Policy Subject: Purchasing Policy and Manual

Policy Statement

1. General Statement

The Town of Two Hills strives to purchase goods and or services of appropriate quality at the lowest cost while ensuring that all purchasing actions are fair and impartial with no impropriety or appearance of impropriety, that all qualified buyers and sellers have access to Town business and that no source is arbitrarily or capriciously excluded.

2. Environmental Responsibility

In order to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing, acquisition of goods or services will ensure that wherever possible specifications are amended to provide expanded use of durable products, reusable products and products (including those used in services) that contain the maximum level of post-consumer waste and or recycled content, without significantly affecting the intended use of that product or service. It is recognized that a cost analysis is required in order that the products are made available at competitive cost.

3. Local Purchasing

All businesses located within the Town of Two Hills must be given equal opportunity to supply goods or services to the corporation. Employee's engaged in purchasing activity must solicit the local business community in all transactions.

All factors, price quality, delivery and suitability to the need, being equal, purchase preference shall be given to the supplier manufacturing or offering the goods or service from an establishment within the Town of Two Hills, if it is within ten (10) percent of the lowest quote and all criteria being equal.

Miscellaneous low value purchases from vendors in the community shall be rotated among all local vendors with the ability to supply the given product.



4. Purchasing Authority

Purchasing authority is delegated and limited to those employee's specifically charged with the responsibility and accountability as approved by the Chief Administrative Officer with the annual budget process.

The limit of this authority shall be defined by the parameters of all applicable policy, procedures, approved budget funding, or, in the instance of grants, be governed by regulations set forth by the granting agency.

All purchasing transactions must be approved by employee's charged with the delegated authority.

The following purchasing authority is hereby established:

Executive Assistant	Up to \$ 500
Public Works Foreman	Up to \$ 500
Chief Administrative Officer	Up to \$10,000
Council	Over \$10,000

The purchasing authority limit of the Chief Administrative Officer as outlined in the Purchasing Policy is waived when, in the opinion of the Chief Administrative Officer, it is an emergency purchase.

Procedures

All purchasing must be conducted in accordance with the procedures identified within the Town of Two Hills Purchasing Manual.

The procedures identified within this document are applicable to the acquisition of all goods or services under the control of Town of Two Hills personnel. The application of specific procedures is determined by the nature and relative value of the purchase being considered.

Effective Date

This Policy becomes effective upon approval by Town Council.

TOWN OF TWO HILLS

ELAINE SOROCHAN, MAYOR

ELSIE HOWANYK, C.A.O.



Town of Two Hills



MUNICIPAL PURCHASING POLICY AND MANUAL

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1. INTRODUCTION

Town of Two Hills expends thousands of public funds annually on the purchase of goods and or services. These transactions place Town of Two Hills in legally binding contracts with its suppliers. It is therefore essential that appropriate and consistent practices and procedures be followed in the performance of purchasing activity.

It is important that the expenditure of public funds be conducted in a manner which maximizes the benefit to the Town and therefore the public. All Town of Two Hills personnel shall aggressively pursue purchasing practices which promote the principles of economy, efficiency, effectiveness, equity and environmental responsibility.

These principles must be considered with every commitment for the acquisition of goods or services. Telephone solicitations, tenders, requests for quotation or negotiations are required prior to committing to an expenditure. Two Hills's needs or requirements are to be made known to broadest market possible to stimulate competition in the procurement process. The principle of equity requires that purchases from Two Hills businesses be adhered to providing all other principles are equal.

2. PURPOSE OF THE MANUAL

This purchasing manual is intended to define the roles, levels of responsibility, accountability, and procedures which govern purchasing activity in Town of Two Hills.

Application of these processes will enhance and protect Town of Two Hills's image with the business community and provide departments with guidelines to ensure that consistent ethical business practices are followed in the acquisition of goods or services.

3. PURCHASING ETHICS

3.1 Business Relations With Suppliers

It is the responsibility of all employee's involved in purchasing activity to establish a relationship of mutual confidence between Two Hills and its suppliers, within the confines of applicable policy and law. Employees shall:

- ensure competition is open and fair
- ensure specifications are generic, accurate and clear
- employ consistent buying practices
- provide all sales representatives with prompt courteous hearings
- remain free of obligation to any vendor or potential vendor

3.2 Relationship to Suppliers / Conflict of Interest

Particular attention must be exercised in all dealings with suppliers or potential suppliers of goods or services where there is a direct or indirect relationship, whether financial or familial. Suppliers or potential suppliers must not be disqualified due to the existence of an actual or perceived relationship as long as the nature of the relationship is identified,



is a matter of record and is acknowledged at the onset of a transaction providing it does not constitute a conflict of interest for Town of Two Hills personnel involved.

3.3 Gifts and Gratuities

Town of Two Hills personnel shall not solicit, accept gifts, gratuities or favours from suppliers or potential suppliers other than items of a very low value (\$5.00 - \$10.00 maximum) which are of an advertising nature.

3.4 Equity

In all dealings with suppliers or potential suppliers, Town of Two Hills personnel must ensure that neither advantage nor disadvantage be created. All suppliers or potential suppliers must be treated equally.

3.5 Confidentiality of Information

Town of Two Hills personnel must not release any information made available as an employee that is not available to the public on request.

Information made available to a potential supplier must be made available to all potential suppliers. During the competitive or bidding process personnel shall not release:

- budget or cost estimates
- pricing or costing from competing suppliers
- names of competitors prior to award
- any information which may provide one supplier with an advantage over another

Any and all information provided by a potential supplier during the bidding process shall remain confidential pending bid analysis and award.

4. ROLES AND RESPONSIBILITIES

4.1 Environmental Responsibility

In order to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing, acquisition of goods or services will ensure that wherever possible specifications are amended to provide expanded use of durable products, reusable products and products (including those used in services) that contain the maximum level of post-consumer waste and or recyclable content, without significantly affecting the intended use of the product or service. It is recognized that a cost analysis is required in order that the products are made available at competitive cost.

Environmental factors contributing to waste reduction which should be considered prior to specifying or purchasing include:



- Specifications which require "new or virgin materials only" should be amended to include the maximum recycled content (especially post-consumer) and salvage materials where practical. These materials must meet all requirements for the intended purpose, performance criteria and appropriate regulations or standards (ie CSA Approved, WHMIS etc).
- Recycled materials should be used wherever possible and applicable. Avoid materials for which no recycling or collection facilities exist at the point of end use. The recycling process should provide a net environmental benefit and should minimize adverse environmental effects.
- Eliminate or replace all hazardous materials and products requiring the use of hazardous chemicals in their production. Where possible replace or minimize the use of equipment and materials requiring maintenance that involves hazardous products.
- If a product is considered hazardous, the documents shall be retained for seven (7) years.

4.2 General Environmental Considerations

- Are the product/material quantities, or size necessary?
- Are all features of the product/material necessary, can any features be eliminated? i.e. plastic coatings
- Is there a suitable alternative which is less harmful to the environment?
- Are recycled materials used to produce the product?
- Does the product contain any banned or restricted substance?
- Is the product reconditionable or recyclable after use?
- Does the product require special disposal considerations? i.e. hazardous materials
- Is the product toxic?

4.3 Environmental Considerations for Durable Products

- Is the product energy efficient?
- Are maintenance components environmentally damaging?
- Are recycled materials used for replacement parts?
- Are replacement parts recyclable? ie. printer cartridges

4.4 Environmental Considerations for Consumable Supplies

- Are supplies designed to reduce consumption? ie. rechargeable batteries
- Are supplies designed to minimize waste? ie. carbonless forms
- Are supplies nontoxic?
- Are recycled materials used to produce the supplies?
- Are supplies reusable?



4.5 Environmental Considerations for Packaging

- Is packaging minimal?
- Is the product packaged in bulk?
- Is the packaging reusable?
- Are recycled materials used to produce the packaging?
- Is the packaging recyclable?

4.6 Employee Responsibility

All employees involved in purchasing activity shall actively and aggressively strive to satisfy the principles of economy, efficiency, effectiveness, equity and environmental responsibility in all purchasing transactions, regardless of value, to maximize benefit to Town of Two Hills.

Employees are responsible to ensure:

- that all purchasing activity is necessary to achieve program delivery as approved by the Chief Administrative Officer.
- compliance with all applicable policy and procedures.
- Town of Two Hills businesses have been given equal opportunity.
- that selection of the successful supplier is based on the lowest net cost for provision of appropriate goods or services specified.
- that funding is available as per approved annual budgets.
- that appropriate approval has been secured prior to commitment to an expenditure.

4.7 Chief Administrative Officer Responsibility

Chief Administrative Officer are responsible for establishing overall procurement programs and guidelines to assist departments in satisfying individual or collective procurement needs as they relate to the acquisition of goods or services including:

- development of appropriate purchasing policies and procedures
- efficient, effective, economic and prudent use of public funds
- to ensure that wherever possible, specifications are amended to provide for the expanded use of products that contain the maximum level of post-consumer waste and/or recyclable content
- provision of centralized purchasing services where positive advantage exists and the needs of the departments are met
- ensure that departments have access to and receive information and assistance with purchasing activity
- provide guidance, direction and training where necessary, to individuals performing purchasing functions
- establish service oriented standards for goods or services, to assist in the identification of appropriate suppliers



- establish appropriate criteria and processes for performance of value analysis and comparisons of supplier proposals
- establish and maintain a supplier/vendor registry to be utilized in the overall purchasing activity of the Town of Two Hills
- facilitate pooled or cooperative purchasing initiatives where there is positive advantage
- to establish an approved supplier list through the competitive process for the purchase of common commodities to be used by all departments
- act as the central contact for the advertising and distribution of all acquisition initiatives for goods or services
- to actively promote harmony and goodwill between Two Hills and its suppliers

4.8 Departments

Departments are responsible to ensure that all purchasing activity is carried out in accordance with this manual. All applicable policies, procedures and legal requirements must be satisfied including:

- efficient, effective, economic and prudent use of public funds in purchasing activity
- identification of specific need for goods or services
- identification of centralized, pooled or cooperative purchasing opportunities
- clear and concise product specifications
- maximize competition in purchasing activity
- determine the extent of decentralized purchasing activity that will be implemented
- completion of the purchasing cycle (order goods, receiving, documentation)

5. PURCHASING AUTHORITY

Purchasing authority is delegated and limited to those employees specifically charged with the responsibility and accountability as established by Council.

The Chief Administrative Officer (CAO) shall be the Chief Purchasing Agent for the Town with respect to all materials, supplies and services. The following purchasing authority is established in the Town of Two Hills Purchasing Policy.

The limit of this authority shall be defined by the parameters of approved budget funding or in the instance of grants, shall be governed by regulations set forth by the granting authority.

All purchasing transactions are to be approved by employees charged with the delegated authority.

Chief Administrative Officer or designated staff may initiate purchasing transactions, however, the responsibility and accountability remains with the Chief Administrative Officer.



The purchasing authority limit of the Chief Administrative Officer as outlined in the Purchasing Policy is waived when, in the opinion of the Chief Administrative Officer, it is an emergency purchase.

Employees with delegated authority shall be registered with the Chief Financial Officer and the Chief Administrative Officer.

6. PURCHASING PROCEDURES

Purchasing or procurement activities, regardless of the nature or value of the goods or services being acquired, involve Town of Two Hills in legally binding relationships with its suppliers. It is essential that employees ensure that consistent ethical business practices are followed and the appropriate documentation is created to reflect the nature and substance of the relationship being established.

6.1 Objective

The objective of purchasing procedure is to ensure Two Hills's need is made known to the broadest market possible to stimulate competition and to obtain goods or services of appropriate quality in a timely manner at the lowest net cost to Town of Two Hills.

6.2 Lowest Net Cost

To determine the lowest net cost all factors in the purchasing cycle must be considered. These factors include:

- method of purchase/payment (petty cash, payment voucher, supply contract, purchase order, request for quotation, tender). Use the most appropriate method to reduce internal processing.
- payment terms on large dollar purchases or contracts must be aggressively negotiated for additional discounts or payment delayed to the maximum term agreeable.
- freight, ensure that freight is considered with each transaction.
- delivery, direct delivery to the job site or workplace will reduce internal handling, warehousing and inventory.
- tax, ensure all applicable tax has been included in cost comparisons.
- purchases outside Canada, US or European purchases are subject to:
 - duty
 - customs/brokerage charges
 - freight
 - exchange on the dollar

6.3 Local Purchasing

Policy dictates that all businesses located within the Town of Two Hills must be given equal opportunity to supply goods or services to the corporation. Employees must solicit the local business community in all transactions.



All factors, price quality, delivery and suitability to the need, being equal, and purchase preference shall be given to the supplier manufacturing or offering the goods or service from an establishment within the Town of Two Hills, if it is within ten (10) percent of the lowest quote and all criteria being equal.

Miscellaneous low value purchases from vendors in the community shall be rotated among all local vendors with the ability to supply the given product.

6.4 Specifications

Preparation of the specifications for goods or services is the responsibility of the user department. Specifications must document in the broadest possible terms, avoiding all reference to manufacturers or brand names, the requirements which are to be met. Reference to manufacturers or brand names may be used for the purpose of indicating quality only and must not denote preference. Specifications should include but not be limited to, recycled/recyclable product content, quality, performance, availability of parts or service or other characteristics necessary.

Specifications are to serve the following purposes:

- clearly and concisely define the product or service required.
- provide prospective suppliers with minimum standards expected.
- enable suppliers to bid requirements in a manner that will permit fair and equitable evaluation to select the successful supplier.
- to protect Two Hills's position with regard to the legal requirements for suitability and acceptability of the potential or actual offerings of prospective suppliers.
- All technical standards must clearly delineate those requirements that are mandatory (e.g. CSA Approved) and those which are desirable.

The acceptability of alternative or equivalent product standards should be identified where possible. If substitutions or equivalencies are not acceptable, a statement to this effect should be included in the specifications.

It must be very clear to all suppliers that the specifications and standards establish minimum requirements only.

7. ACQUISITION VALUE THRESHOLDS

Purchasing methods shall be commensurate with the relative value of the goods or services being acquired.

7.1 Low Value Acquisition, \$500 or less

Low value buying normally relates to miscellaneous purchasing and may be conducted with telephone solicitation (consider the local business community first). Three telephone quotations should be obtained where appropriate. Rotate vendor selection where quality and cost are equal.



7.2 Purchases of more than \$500 but less than \$5,000

All purchasing activity for the acquisition of goods or services having an estimated aggregate value of more than \$500 but less than \$5,000, require documented telephone solicitation from a minimum of three potential suppliers and must include the local business community.

Fair and equal access must be made available to all interested suppliers. Where a large number of vendors exist, effort must be made to include different suppliers in subsequent requests.

7.3 Purchases in excess of \$5,000 but less than \$100,000

All procurement of goods or services having an estimated aggregate value of more than \$5,000 but less than \$100,000, shall require written bids or quotations from a minimum of three potential suppliers.

Except in exceptional circumstance, the competitive process shall be used including specifications defining the nature of the goods or services being acquired (see Competitive Processes).

7.4 Purchases in excess of \$100,000

All purchasing activity involving transactions of \$100,000 or more shall be subject to the competitive process (see Competitive Processes).

8. COMPETITIVE PROCESSES

The formal competitive process is intended to ensure that all interested individuals, organizations or vendors are given equal opportunity to provide Town of Two Hills with goods or services in response to identified need.

The process is expected to create a competitive environment within which Town of Two Hills will acquire goods or services at the lowest net cost under conditions which maximize the corporations' resources.

The selection of the appropriate competitive process is relative to the knowledge of the product or service being acquired and award processes.

8.1 Tender

The "Tender" process should be used when price or cost is the sole award factor, providing all specifications, terms and conditions have been satisfied. There is to be no negotiation after closing.

8.2 Request for Quotation

The "Request for Quotation" process is normally used where cost and other factors are considered in the award. Specifications may not be conclusive and an element of review



is required to ascertain lowest net cost and appropriate quality prior to award. Quotations are open to review with the vendor.

8.3 Request for Proposals

The "Request for Proposals" process may be used as an alternative to the tender process, normally for the provision of services or completion of a given project. This method provides the vendor with an opportunity to bid on work or service using their unique skills. Specifications are general in nature. The selection of the successful supplier is based on Two Hills's appreciation of the proposal and the suppliers ability to complete the project or provide the service.

8.4 Supply Contracts

Supply contracts may be established through the competitive process where there is a frequent need, on a regular basis, for the supply of goods or services. Supply contracts may only be established for a calendar year, or less.

Where a competitive market exists, all suppliers shall have equal opportunity to supply the goods or services.

The prior success of any particular supplier shall not be the sole determining factor in the selection of a supplier of goods and/or services.

8.5 Selective Competitive Processes

Two Hills's competitive processes are intended to be open to all suppliers and provide equal opportunity to the broadest market possible. Selective competitive processes should not be used unless the market place is extremely well known or "Letters/Expression of Interest have been advertised to short list potential suppliers.

Selective processes should include a minimum of three potential suppliers.

8.6 Letters/Expressions of Interest

Letters/Expressions of Interest may be advertised to establish who is in a particular market and or who has the ability to complete a project or provide a given service.

The advertisements normally contain a description of the product, project or service being requested. Vendors should be asked to respond with:

- a company resume
- resumes of key staff
- experience in similar projects or services
- references
- bondability



Based on the response to the advertisement, a short list of potential suppliers may be selected to respond to a Tender or Request for Quotation/Proposals.

8.7 Advertising and Notifying Potential Suppliers

Every effort must be made to ensure Two Hills's requirements are known to the broadest market possible for acquisition of goods or services via competitive processes. This must include, but not be limited to, the following means:

- advertising in local and regional newspapers
- distribution of competitive bid/proposal notices to potential suppliers registered with Chief Administrative Officer or the originating department
- distribution of competitive bid/proposal notices to the local Chamber of Commerce
- posting of notices in conspicuous locations by the Chief Administrative Officer

8.8 Receipt of Competitive Bids, Proposals or Quotations

All tender, proposal or quotation solicitations must include the date and time of the competition closing.

eg.

15:00 hours M.S.T. Friday August 24,2013

or

3:00 p.m. local time Friday August 24,2013

All tender, proposal or quotation solicitations must indicate that submissions are to be sealed and delivered to the address specified, with the content is clearly marked.

eg.

Tender #,
Attention: Chief Administrative Officer
Town of Two Hills
4712 – 50 Street
Two Hills, Alberta
T0B 4K0

All tenders, proposals or quotations received are to be date and time stamped upon receipt at the location specified and remain unopened until the closing time for that competition has past.

Fax or other electronic submissions will be accepted providing all conditions of the competition are satisfied and a written confirmation of the fax submission is received within twenty four hours after the closing date and time.

Any submissions which are received after the closing date and time are to be returned unopened to the originator. Such submissions may be opened solely to determine the return address of the submission.



It is the responsibility of the vendor to ensure that their bid, proposal or quotation has been received into competition without exception.

8.9 Tender, Proposal or Quotation Opening

All competitions shall be subject to public opening. The time, location and conditions of the public opening shall be made known in advance and shall be contained in the competition documentation provided potential suppliers.

Only the name of the supplier and the total cost or price in the submission is to be released during a public opening. All suppliers are to be instructed that there will be no award at public openings and all submissions will be subject to further review and analysis prior to award.

All tenders over the \$10,000 threshold shall be presented unopened and opened in a Council meeting. All tenders under the \$10,000 threshold shall be presented to and be opened by the Chief Administrative Officer.

All submissions are to remain confidential prior to award.

8.10 Tender, Proposal or Quotation Evaluation and Selection

Evaluation and supplier selection shall be based on quantitative criteria which must be identified and included in the competition information provided suppliers.

During analysis, weights or measures should be assigned to the various factors to select the most appropriate supplier.

The Town will always reserve the right to reject any or all tenders. The lowest tender will not necessarily be accepted, unless regulated under government grant agreements.

8.11 Notification of Successful Suppliers

The successful supplier shall be notified as soon as possible after analysis and selection. A purchase order or other legal agreement must be issued to confirm the award.

8.12 Unsuccessful Supplier Notification/Debriefing

Upon completion and award of all purchase transactions where the formal bid or tender process has been used, the unsuccessful suppliers in the competition are to be notified of the successful supplier. Only the name of the supplier and the total cost paid are to be released.



8.13 Sole Source Acquisition

The term "sole source" applies to goods or services where no competitive market exists by reason of the unique nature of the goods or services requested or by vendor limitations.

In a highly technological society, either patents or a clearly superior product dictate sole source acquisition. If it is economically advantageous to use such a product or service, solicit on an "approved equal basis", if no competitive bids are obtained, negotiate the best price possible with the sole source.

9. CONTRACTUAL TERMS AND CONDITIONS

All purchasing activity must be initiated and evidenced through the use of authorized purchasing documentation. This documentation includes:

- Supply Contract
- Purchase Orders
- Change Orders
- Supply Requisitions
- Internal Supply Requisitions

The terms and conditions under which purchasing transactions take place must be those specified on the purchasing document(s) and/or within the specifications issued in the course of competitive processes or other purchasing methods. The acceptance of suppliers terms and conditions require appropriate review and approval prior to commitment to an expenditure.

Where the transaction involves the supply of personal or contract services, a standard form contract document must be completed and duly signed.

9.1 Back Orders

All orders are placed with suppliers on the condition that back orders are unacceptable unless expressly agreed to by the originator of the order.

9.2 Splitting Orders

The practice of splitting orders between comparable suppliers in an attempt to share the business should not be followed. Orders should only be split where there is a positive advantage to Two Hills, in terms of price, quality, assured supply or performance, having regard for lowest net cost factors.

9.3 Substitution of Commodities

All orders are placed with suppliers on the condition that substitution of commodities from those ordered is not acceptable unless expressly agreed to by the originator of the order.



9.4 Freight, Delivery and Insurance

Freight, delivery and in transit insurance should be negotiated as the suppliers responsibility.

10. PURCHASE PAYMENT METHODS

The method of purchase payment must be relevant to the value of the goods or services being acquired. The payment method selected must consider the impact of the process in relation to the total amount of internal processing necessary to complete the transaction.

10.1 Petty Cash Purchases

Petty cash purchasing is intended to permit the acquisition of low cost, infrequently used items which are not available through other means of purchase activity. Petty cash is not intended to be used for the regular supply of any commodity.

Petty cash should be considered as the method of payment for all transactions of \$35.00 or less.

10.2 Payment Vouchers

Payment Vouchers may be used for payment of purchases such as travel, mileage expense or transactions where the goods and the invoice have been received without generation of a purchase order.

Payment vouchers processes are primarily completed manually for input by accounts payable or cheque requests.

Payment vouchers should be considered as the method of payment for transactions of \$ 200 or less and are subject to normal approval processes.

10.3 Purchase Order

The purchase order is a legally binding contract between the buyer and seller for the supply of goods or services at an agreed price and delivery date, subject only to the purchase agreement and terms and conditions identified at the onset of the transaction. The purchase order must clearly and precisely define the essential elements of the transaction to minimize confusion between the buyer and seller.

Purchase order terms and conditions are designed to provide legal protection on such matters as packing, shipping, delivery, inspection, rejection, patent rights and infringement, warranties, termination, invoicing, payment terms and compliance with legal regulations.

A purchase order is to be issued for all purchase transactions in excess of \$ 35.00 other than those specified in the payment voucher processes.



All purchase orders are to be entered into the system and approved prior to commitment to an expenditure.

User departments exercising decentralized purchasing processes shall be responsible for all purchase orders generated in their department. The disposition of each order must be current at all times.

10.4 Supply Contracts

A supply contract may be created with high transaction, volume suppliers established through the competitive process and are term specific. The supply contract permits progressive payment of invoices, normally, on a monthly basis.

Supply contracts must not be created for a term greater than a calendar year.

Supply contracts must include the maximum amount expendable against the order, not to exceed approved budget limits; all terms and conditions and are subject to all approval processes.

10.5 Changes to Purchase Orders

Changes to purchase orders necessitated by legitimate corrections or variations of the original order may be accomplished through the "Change Order Process".

Changes to purchase orders are the responsibility of the originator subject to normal approval processes.

10.6 Cancellation of Purchase Orders

The supplier and Chief Administrative Officer are to be notified immediately if a purchase order is to be cancelled.

Cancellation of purchase orders may be accomplished through the change order process. In all circumstances a copy of the cancellation must be sent to the supplier.

If cancellation of an order is by telephone, a record of the call with details of date, time and the name of the person called shall be maintained by the originating department. A change order is also required noting the record of the telephone call with a copy sent to the supplier.

10.7 Payment Terms

Payment terms on large dollar purchases or contracts are to be actively and aggressively negotiated in all transactions. Payment terms on routine invoices are to be established as thirty days after receipt of invoice or negotiated for further discount.

Payment terms of less than thirty (30) days require approval of the Chief Financial Officer or Chief Administrative Officer, prior to agreement of such terms.



10.8 Billing and Invoicing

In all purchasing transactions, without exception, suppliers are to be notified that all billings or invoices are to be mailed directly to:

Town of Two Hills
Box 630
4712 – 50 Street
Two Hills, Alberta
T0B 4K0
Attn. Accounts Payable

10.9 Alberta Association of Municipal Districts and Counties (AAMD&C)

Purchases involving AAMD&C participating suppliers are to be invoiced through the AAMD&C Trading Division. Suppliers are not to invoice Town of Two Hills directly. All invoices incorrectly directed to Two Hills from a participating supplier will be forwarded to the AAMD&C.

11. RECEIVING PROCEDURES

Except for consolidated orders which may require additional packaging, all deliveries should be delivered directly to the originating department or the location where the goods are to be used.

11.1 Receiving Goods

The original purchase order and any change orders must be checked against packing slips or goods received. The existence of short or incorrect orders must be brought to the attention of the originator of the order and supplier as soon as possible. In some instances it may be appropriate to refuse delivery of the order.

12. CONTRACTS/LEASES/AGREEMENTS

Contracts, leases or agreements are legally binding documents formulating an agreement to undertake work, supply service or goods/commodities at an agreed price under specific terms and conditions.

Contracts, leases and agreements are subject to all purchasing policies and procedures.

Contracts should be established for:

- specialty services (consultants, cafeteria, janitorial, trucking etc.)
- project work (construction, landscaping)
- maintenance (equipment, office equipment, buildings)
- personal services



All contracts, leases or agreements are to be written, very clear and concise as to requirements, conditions, price quality, performance, delivery, payment terms and legal requirements.

12.1 Contract Authorization

All contracts, leases and agreements must be reviewed by the Chief Financial Officer.

Legal authority to enter into contracts, leases or agreements is limited to the Chief Administrative Officer and the Mayor of Town of Two Hills. Their signatures are required on all such documentation.

12.2 Contract Types

The type of contract established may be influenced by:

- degree of competition available
- history of suppliers performance and costs under similar requirements
- whether a firm price may be obtained
- extent of business risk

12.3 Firm Fixed Price Contract

Firm fixed price contracts may be established where it is reasonable to assume that a fair price may be obtained through the competitive process and there is stability in the marketplace, ensuring that the price will not drop over the term of the contract.

12.4 Fixed Price with Escalation

This type of contract is best used where future labour or material costs are uncertain. The escalator clause must be written to adjust costs downward as well as upward based upon mutually agreed upon indices.

12.5 Cost Plus

Cost plus contracts should be avoided as there is no incentive for the supplier to be cost conscious.

12.6 Time and Materials

Time and materials contracts are primarily used for the provision of service or maintenance agreements where precise work to be done cannot be predicted in advance. The cost of labour should be negotiated for the term of the contract with materials supplied at cost.

13. EXCESS, SURPLUS, OBSOLETE OR SALVAGEABLE MATERIAL OR EQUIPMENT

All managers and employees are encouraged to take an active role in support of environmental initiatives. Recycle, Reuse, Reduce:

Recycle:

- Scrap - any ferrous, non ferrous material that may be remelted to produce iron, steel, or other alloys
- Waste - all non-metallic refuse which has a market value.
- Worn or Damaged - either scrap or waste material that may be sold or used as a trade in.

Reuse:

- Excess - any items that may not have a useful purpose in a particular department but may be utilized by another department.

Reduce:

- Obsolete or Surplus - any item that is of no further use to the corporation.

13.1 Disposal of Obsolete or Surplus Items

Managers are to notify Chief Administrative Officer of all obsolete or surplus items as they become available for disposal. Chief Administrative Officer will recommend a method of disposal or complete the disposal process.

Employees shall have equal opportunity to purchase obsolete or surplus items through selected competitive disposal methods. Direct sale of obsolete or surplus items to Town Employees should not be considered.

13.2 Methods of Disposal

Sealed Bids

Where quantities and potential values justify the cost of processing, items may be grouped and offered for sale by tender or sealed bid.

Public Auction

Where quantities justify the cost of processing, items may be accumulated and offered for sale by public auction. Items may be offered for sale with reserved values posted in the event that an item carries a value potentially greater than anticipated bids.



Trade In

Items such as vehicles, equipment and office equipment may be retained and used as a trade in against the purchase of future requirements of like items.

Retail Sales

If it can be determined that there is considerable interest in the disposal items, retail sales may be considered.

Consignment Sales

Consignment sales may be considered as a method of disposal of items that have excellent resale interest. In these instances the item(s) may be consigned to a dealer selling the particular item on a retail basis.

Terms of Disposal

All items sold from Town of Two Hills premises are to be sold "As Is, Where Is" with no warranties or guarantees expressed or implied.

