



## Town of Kensington Policy

<b>Policy Title:</b>	Procurement	<b>Policy Number:</b>	01-103-10
<b>Committee:</b>	Finance & Administration	<b>Approval/Effective Date:</b>	August 9, 2010 <i>Revised November 12, 2013</i> <i>Revised April 11, 2022</i>

### Introduction

This policy applies to all procurement of goods and services by the Town of Kensington and any boards, commissions, corporations, or agencies governed by it. Any expenditure for goods and services shall be made pursuant to this policy.

The Town of Kensington is committed to providing effective and efficient services to its residents through the practice of the acquisition of goods and services at a fair and competitive price. However pricing will take into consideration the full life cycle cost of the purchase without sacrificing quality, flexibility and/or delivery schedule.

### Policy Goals

1. To set forth procedures and guidelines for the Town to ensure that all purchases of goods and services provide for the lowest costs without sacrificing quality, flexibility and/or delivery schedules, i.e. considering the full life cycle cost of a particular purchase or contract.
2. To set forth procedures and guidelines that ensure an open, honest, and transparent procurement process that uniformly balances the interests of taxpayers with the fair and equitable treatment of contractors/suppliers.
3. To set forth procedures and guidelines that will promote and maintain the integrity of the purchasing process and protect Town Council, vendors and staff involved in the process by providing clear direction and accountabilities.

### Guiding Principles

The Town of Kensington shall be guided by the following procurement principles:

1. The procurement process is to be open, fair, and consistent.

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2. The total cost of the purchase shall be taken into consideration when evaluating a purchase including but not limited to the initial cost, anticipated repair costs, staff training requirements, disposal costs, operational costs – energy, service, and preventive maintenance, parts inventory requirements and availability of offsite service personnel.
3. Purchase Orders shall be generated for **all** purchases of goods and services. **at the time of purchase** duly signed by authorized personnel except when an emergency deems otherwise, in which case a purchase order(s) will be generated immediately following the purchase by duly authorized personnel. Purchase Orders shall be based on the actual cost at the time of purchase or **based on an estimate if the actual cost of purchase is not known**. Petty cash purchases less than \$75.00 shall not require a purchase order.
4. Certain staff (as indicated in the Expenditure Approval Authorities Section of this Policy) shall have authorized spending limits and must receive prior approval before purchasing above this limit, emergency situation excluded. No emergency purchases shall be made without the prior authorization of the CAO, or in his/her absence the Deputy Administrator.
5. No person shall break up an order to purchase into more than one purchase in order to stay below their authorized spending limit.
6. While the Town of Kensington strives to obtain the lowest cost of purchase, the lowest bid or offer will not necessarily be accepted.
7. The Town of Kensington reserves the right not to accept any bid received in response to a verbal or written request.
8. No person shall commit the Town of Kensington to any written agreement, license, lease, contract, or other obligation where it would result in an expenditure exceeding \$15,000 or would commit the Town to a period exceeding one year, without first receiving approval from Town Council.
9. To the greatest extent possible all purchases are limited to the approved expenditures contained **within the Town's annual Operating and Capital budgets**. Any over-expenditure shall be reported to Town Council.
10. No expenditure shall be made that does not fall within the mandate and level of service of the Town as established from time to time by Town Council.

## **Guidelines Governing Requests for Proposals, Requests for Quotations and Tenders**

A Request for Proposals (RFP) is typically utilized in procuring professional or consulting services or when suppliers are being invited to propose a solution to a problem, requirement, or objective. Negotiations shall not be conducted with a proponent after the date in which proposals have been received. To preserve confidentiality of sensitive commercial information contained in a proposal, a proposal shall not be opened in public but will be opened in the presence of at least two representatives of the Town and a list of the proponents will be available to the public and the proponents upon request. An award of a contract based upon a request for proposals will be made to the supplier whose proposal is deemed to be the most advantageous to the Town based upon the criteria set out in the request for proposals and equitably applied to all proposals. The Town may employ a two-envelope system on Requests for Proposals.

When Request for Quotations (RFQ) is utilized, quotations will typically be sought from at least three suppliers but a lesser number of suppliers may be used when three suppliers are not reasonably available, having regard to the value of the goods and services, the shipping or travel cost and the amount of time available before the goods and services are required to be available. Quotations shall typically be sought in writing, but when time does not permit the quotations may be obtained verbally, except when this policy states otherwise, provided that a written record of any verbal quotation, including the time, date, supplier, price and description of the goods and services, the person from whom the quotation was obtained and the name of the municipal staff person obtaining the quotation is kept on file.

Through a tender process, the award is normally made to the lowest cost bid received from a responsible and compliant bidder. Tenders shall be opened in public.

### **Normal Purchasing Practices**

Normal purchasing practices for the Town of Kensington shall be as follows:

#### **1. For Goods and Services Having a Value of Less than \$ 15,000**

Goods and Services may be procured from any supplier except if staff has reason to believe that the supplier is not the lowest cost supplier for the item in question or that acquiring the goods and services from the supplier would otherwise not conform to the principles of this policy. Nothing in this section shall preclude the use of a Request for Quotations process.

**2. For Goods and Services Having a Value of More than \$ 15,000 and Less than \$50,000**

Goods and Services shall be procured by a standing offer agreement or by Request for Quotations. All quotations shall be obtained in writing;

**3. For Goods and Services Having a Value of More than \$50,000**

Goods and Services shall be procured through a public tendering, request for proposals or request for quotations process as deemed appropriate by Town Council. Invitations to tender or requests for proposals shall be posted electronically on the Town's website and the Province of Prince Edward Island's Procurement website and may be advertised in one or more publications of appropriate circulation and the Town's social media sites. The public tendering process and/or the request for proposals process may be employed for goods and services values of less than \$50,000 when deemed appropriate.

**Unsatisfactory Suppliers**

The Town may refuse to purchase goods and services from a supplier, if, in the opinion of the CAO the supplier has not provided satisfactory performance, satisfactory quality goods or has otherwise provided poor value to the Town. Any supplier deemed unsatisfactory by the CAO may appeal such decision to Town Council.

**Sole Source Procurement**

Purchases may be made from a single source without quotations or tenders where,

1. The compatibility of a purchase with existing equipment and/or facilities is of paramount consideration and that purchase must be made from a single source;
2. The item is being purchased for testing or trial use;
3. A product is leased or rented by the Town with a credit purchase option and such purchase is deemed beneficial to the Town;
4. To undertake a public competitive bidding process would be injurious to the confidentiality of a supplier/contractor, i.e. security issues, policing matters, or other confidential matters.
5. Notwithstanding any provision of this policy, where the CAO, in consultation with the Mayor, and/or Town Council determines that such a procurement method is fair and reasonable.

### **Credit Card Purchases**

Credit Card purchases shall be based upon the following guiding principles:

1. All expenditures shall correspond to an approved budget line item and shall be charged to the appropriate ledger account;
2. All expenditures shall be accompanied by receipts and other supporting documentation where appropriate;
3. All expenditures shall be restricted to Town business purposes only;

### **Professional Services**

Notwithstanding any provision of this policy, contracts for professional services such as legal, accounting, planning, and engineering may be extended by Town Council without issuing a tender or request for proposals if Council believes that the benefit of the knowledge and expertise of the **Town and its' operations that is accumulated by the professional service provider** outweigh any potential cost saving through a competitive bidding process.

### **Emergency Expenditures**

The CAO shall have authority to make emergency expenditures. The CAO shall report all emergency expenditures to Town Council as soon as reasonably practical following the expenditure reporting the nature of the emergency and the nature and amounts of each expenditure. The CAO, where possible, shall consult with the Mayor prior to an emergency expenditure being made.

Emergency purchases shall be completed using the most expedient method but will take economy into consideration.

### **Local Preference**

The Town supports local merchants/businesses by encouraging the use of local suppliers and by purchasing locally, where all things are equal.

The following priorities will be given where all things are equal, i.e. after giving due consideration to determining overall best value:

- Firstly – Locally
- Secondly – Within the Province
- Thirdly – Within Canada
- Fourthly – Outside Canada

Full consideration shall be given to potential future costs or savings that may be experienced by purchasing locally.

### **Staff Estimates**

Where the value of any goods or services governs the procurement process to use under this policy, staff shall reasonably estimate the value of such goods and services where no definitive information is available to determine the total cost. Reasonable efforts shall be made to acquire sufficient information to put forth reasonable cost estimates for goods and services.

### **Conflict of Interest**

No elected official or employee of the Town may purchase goods or services for personal use through the Corporation.

No elected official or employee of the Town shall purchase or offer to purchase on behalf of the Town, except in accordance with this policy.

### **Exemptions to Competitive Bidding**

While the provision of most goods and services may provide for competitive bidding or quotations, there are some goods and services which are exempt from this policy:

1. The purchase of land or buildings
2. Training and Education, i.e. conferences, courses, periodicals, magazines/subscriptions, professional development
3. Refundable Employee/Town Council Expenses, i.e. per diems, accommodation charges, travel expenses
4. **Employer's** General Expenses, i.e. Payroll deduction remittances, tax remittances, workplace safety payments
5. Hydro Utility
6. Emergency Requirements
7. Advertising Services required by the Town on or in, but not limited to radio, television, newspaper, and magazines.
8. Programs or services which may be offered to the Town of Kensington that when made public would violate a confidentiality agreement or offer made in confidence.

### **Disposal of Assets**

Where any goods are surplus, obsolete, or unrepairable, they shall be declared surplus. When no other use can be found for these items, they may be disposed of through a tender, quotation, or trade in, whichever is in the best interest of the Town. Where an item has limited market value, the CAO

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may, to the benefit of the Town, dispose of the item in a manner other than the ones listed above. The CAO shall obtain the approval of Town Council prior to the disposal of any Town owned asset, with a value estimated at \$5,000 or more. In all instances, the disposal of any asset shall be reported to Town Council.

**Expenditure Approval Authorities**

Mayor and Council	Unlimited with approval by Resolution of Town Council
Chief Administrative Officer	\$15,000 (May be exceeded in emergency situations, every effort shall be made to confer with the Mayor prior to the purchase and the purchase shall be reported at the nearest following Town Council meeting)
Deputy Administrator	\$ 5,000 (May be exceeded in instances where the CAO is absent. Shall have the approval of the Mayor prior to exceeding approval authority)
Police Chief, Public Works Manager, Credit Union Centre Manager, Fire Chief, Municipal Clerk	\$2,000 subject to budget availability
Credit Union Centre Assistant Manager, Deputy Police Chief	\$500 subject to budget availability.

Date of Passage: April 11, 2022

I certify that this policy was revised adopted by Town Council as indicated above.

  
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Chief Administrative Officer

April 13, 2022  
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Date