



PROCUREMENT POLICY

Applicability: All CVRD

Effective Date: September 13, 2017

PURPOSE:

To achieve the best overall value for the Cowichan Valley Regional District (CVRD), in its acquisition of goods, services and construction. The overriding objective of this Policy is to select qualified suppliers in a way that is open, fair, transparent, and non-discriminatory. This policy will also ensure that the CVRD meets its obligations under Canada's competitive bidding laws, complies with the various trade agreements and supports principles of the BC Social Procurement Initiative.

SCOPE:

This policy applies to anyone who may be involved in procurement activities on behalf of the CVRD. It identifies those who have the authority and the responsibility to acquire goods and services on behalf of the CVRD. It also sets out the principles to be followed throughout the procurement process.

This policy applies to all purchases of goods, services and construction, including capital expenditures and goods for resale.

POLICY:

The CVRD will conduct procurement processes that conform to the following principles:

1. Wherever possible, the acquisition of goods, services and construction will be by a competitive bidding process.
2. The CVRD will comply with all applicable laws, regulations, CVRD policies, and trade agreements.
3. The CVRD is committed to open, fair, transparent and non-discriminatory procurement processes that give access to all qualified suppliers.
4. CVRD procedures and guidelines for the procurement of goods, services and construction will aim to achieve maximum economy, efficiency, effectiveness and timeliness.

Maximizing the CVRD's purchasing ability depends on different factors, such as:

- a. Insuring good quality;
- b. Taking advantage of economies of scale;
- c. Maximizing returns on disposable assets;
- d. Best value; and

- e. Ensuring consistency in application of this policy throughout the CVRD.

PRINCIPLES:

CVRD procurement activities must be conducted with integrity to maintain the public's trust. Individuals involved in procurement activities must act, and be seen to act, with integrity and professionalism. Procurement activities must be open, fair, transparent and conducted with a view to obtaining the best overall value.

1. Professional Ethics

- a. Employees must not use their authority or office for personal gain and will seek to uphold and enhance the CVRD's image by:
 - i. Maintaining impeccable standard of integrity in all their business relationships;
 - ii. Fostering the highest standard of professional competency amongst CVRD employees by using an open and transparent process;
 - iii. Maximizing the use of resources for which they are responsible so as to receive maximum benefit for the CVRD; and
 - iv. Not accepting business gifts from vendors other than items of nominal value (under \$100).

2. Declaration of Interest

- a. All participants in a procurement process (including all staff and members of an evaluation team) must ensure that there are no internal conflicts of interest. Section 100-109 of the *Community Charter* (CC) and Section 205 of the *Local Government Act* (LGA) regulate the manner in which current board members may engage in business with the CVRD where they have a pecuniary interest. It should also serve as a guideline for participants in procurement activities, for ethical conduct and situations in which a conflict of interest may arise.
- b. Any personal interest that may encroach or might reasonably be deemed by others to affect the impartiality of an employee, in any manner relevant to their duty, shall be declared by the employee to their supervisor.
- c. Participants in a procurement process should comply with the CVRD Conflict of Interest Policy. Participants should not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting favours, providing preferential treatment or publicly endorsing suppliers or products.
- d. Suppliers are required to declare, as part of their bid in a procurement process, that there are no conflicts of interest, or provide details of any actual or apparent conflict of interest. All competition documents must include appropriate conflict of interest language and declarations.

3. Confidentiality and Accuracy of Information

- a. The CVRD is subject to provisions of the *Freedom of Information and Protection of Privacy Act*. Information received in the course of duty must be respected and must not be used for personal gain. Information given in the course of duty should be true, fair and not designed to mislead.

4. Competition

- a. When considering advantages to the CVRD of maintaining a continuing relationship with a supplier, any arrangement which might, in the long term, prevent the effective operation of fair competition should be avoided.

5. Best Value

- a. When acquiring goods, services and construction, the CVRD will consider best value, which includes social value objectives, conducting procurement in a manner that contributes to the development and diversification of the supply chain and positive contributions to the local economy where feasible. This may include, but is not limited to, the guiding principles identified below:
 - i. Valuing and working with suppliers supporting social equity through inclusive hiring, training and skills development practices.
 - ii. Working with suppliers focused on reducing greenhouse gas emissions and other sustainability initiatives including reduction of landfill materials, recycling, fleet electrification, etc.
 - iii. Maximizing diversification of supply chains through the inclusion of social enterprises, etc. where appropriate.
 - iv. Valuing and supporting supply chain partners who provide a living wage.
 - v. Valuing and supporting local businesses where appropriate and not contrary to trade treaty requirements.

PROCEDURES:

1. Individuals performing procurement activities on behalf of the CVRD must have authorization to do so. The CVRD Board is responsible for approving a five-year financial plan. Operating service levels and capital project priorities together with the related funding sources are established by the Board through the budget process.
2. To enable departments to operate efficiently and effectively in the delivery of the service levels set by the Board, Managers have the authority to reallocate funds within the operating budget for which they are responsible. Along with this flexibility comes the responsibility to ensure that the gross and net expenditures remain within the same budget.

3. The Chief Administrative Officer (CAO) will support the promotion of sound procurement practices and appropriate education and training to those involved in procurement. The Chief Financial Officer (CFO) will also authorize purchases that exceed the delegated authority of Managers.
4. It is the responsibility of General Managers to ensure that their department's procurement practices serve the best interest of the CVRD and comply with its Procurement Policy.
5. Managers may authorize purchases up to their delegated authority, must ensure budget funds are available in duly authorized accounts or functions, and identify any applicable conditions which need to be adhered to if grants are part or the whole funding source. The CFO or designate will confirm budget availability for all publicly posted competitions before proceeding to market.
6. The Manager – Procurement will advise the CAO and General Manager of Corporate Services on policies, regulations, and legislation affecting procurement. The Manager - Procurement will also ensure organizational compliance with all procurement policies, applicable laws, trade agreements, and regulations.
7. Individuals involved in procurement activities will identify and develop the specifications to be met through a procurement process, meet legal and ethical obligations, and secure authorization from an approver prior to any purchase. A competitive process is to be used wherever practical and possible.
8. Emergencies
 - a. The CAO may bypass normal procedures in the event of a disaster or emergency. A report explaining the expenditure will be presented at the first available Board Meeting.
9. Approval Thresholds
 - a. Where funding is allocated specifically within an approved budget, the delegate responsible for the award of a competitive bid process will be determined as follows, in accordance with the CVRD Delegation Bylaw, as amended from time to time:
 - i. \$0 - \$25,000 – Assistant Managers, Superintendents, Facility Coordinators
 - ii. \$25,001 - \$50,000 – Division Managers
 - iii. \$50,000 - \$100,000 – General Managers
 - iv. Over \$100,000 – The CAO or CFO
 - b. Where funding is allocated specifically within an approved budget, the delegate responsible for the award of a non-competitive bid process (Direct Award) shall be:
 - i. \$0 - \$10,000 – Division Manager
 - ii. \$10,001 - \$25,000 – General Manager

iii. Over \$25,000 – CAO or CFO

10. The designate for the purposes of approval of a procurement process is the person acting in the position of the designated Manager or CAO while they are absent from work.

Competitive Bidding Process

The competitive bid process is essential for delivering the best overall value to the CVRD. The CVRD will utilize a competitive bidding process to procure goods, services and construction unless otherwise permitted under this Procurement Policy.

The bid solicitation process will, at a minimum, meet the following criteria:

| Value of Procurement (including PST, duties and freight) | Bid Process | Bid Requirements |
|---|---------------------------------|------------------------|
| \$0 - \$10,000 | Optional | 1 quote |
| \$10,001 - \$70,000 | Invitational Competition | 2 quotes |
| \$70,001 – \$190,000 construction contracts only | Invitational Competition | 3 quotes |
| \$70,000 and higher for all contracts <i>except construction contracts</i> | Open Competitive Bid Process | Open process on BC Bid |
| \$190,000 and higher for construction contracts | Open Competitive Bid Process | Open process on BC Bid |

1. Open Competition

- a. An open competition will be conducted in accordance with the criteria above. The Manager – Procurement will conduct an open competition. All open competitions must be posted to BC Bid.
- b. *The New West Partnership Trade Agreement (NWPTA)* states that an open competition must be employed when the procurement of goods or services exceeds \$75,000, or \$200,000 for construction projects. It also states the public posting of competition documents to the CVRD’s prescribed electronic tendering site; our prescribed site is BC Bid.

2. Invitational Competition

- a. Where the estimated procurement value is less than the open competition threshold, the CVRD may choose to engage in an invitational competition subject to the following thresholds:
 - i. \$10,001 - \$70,000 – A Division Manager or designate will conduct an invitational competition by requesting bids from at least 2 qualified suppliers; and;
 - ii. \$70,001 - \$190,000 (construction contracts only) - A Division Manager or designate will conduct an invitational competition by requesting bids from at least 3 qualified suppliers for construction contracts only.
- b. A Quotation to Purchase form must be completed, documenting the quotes received, rationale for the recommended award, and be executed in accordance with approval thresholds under the Delegation Bylaw.

3. Direct Award

- a. A Direct Award process is one where a contract is awarded without using a competitive process. It may be employed when in compliance with the *Canada Free Trade Agreement* (CFTA) and the NWPTA.
- b. Some of the items that are exempt from the trade agreements include emergencies, one-of-a-kind goods or services available from only one supplier, services provided by lawyers or notaries and replacement parts/items for a specific brand of existing equipment.
- c. A Direct Award is not suitable where a number of small contracts for the same or similar service will be contracted throughout the year and is reasonably expected to exceed \$25,000 of goods and services acquired within the year. CVRD staff are still responsible for ensuring reasonable market price and good value.
- d. For consulting services where specialized expertise and/or experience in local government, or specifically with the CVRD, will result in demonstrable cost savings; a Direct Award may be considered with the approval of the General Manager up to a contract value of \$25,000.00.
- e. A Direct Award Request Form will be completed for all direct awards over \$10,000.

AGREEMENTS:

1. Once a competitive bid process is complete and a vendor selected, a service agreement may be entered into for up to a maximum of five years unless otherwise approved by the CFO.
2. A purchase order (PO) will form part of the agreement in conjunction with the competition document and the bidder's response for all competitions valued at under \$200,000. POs may only be signed up to an approver's threshold.
3. Procurements over \$200,000 must have a service agreement and be executed in accordance with the Delegation Bylaw.
4. All other long-term agreements will be authorized as instructed by the Corporate Officer or designate.

PAYMENT METHOD:

All invoices and POs must be approved in accordance with the Delegation Bylaw. The CFO must be advised in writing of the departmental designate(s) and provided with a sample signature. The CFO must be advised in writing of any changes or temporary appointments of department designates.

1. Where possible, all purchases under \$10,000 should be made via procurement card.
2. Purchases from \$10,001 to \$200,000 must be made by PO.
3. Purchases over \$200,000 must be made by a service agreement.
4. Purchases under \$100 may be made using petty cash where a procurement card is not accepted or the CVRD does not have an agreement in place with a supplier.

| |
|---|
| Approved by: CVRD Board Approval date: September 13, 2017 Amended: April 13, 2022 |
|---|



REFERENCE GUIDE – PROCUREMENT POLICY (2022)

| Dollar Thresholds | Competitive Process | Approver | Payment Method | Form of Contract | Advertised on BC Bid | Documentation Required |
|--|------------------------------------|---|-----------------------|-------------------------|-----------------------------|-------------------------------|
| \$0 - \$10,000 | Optional, Best Value | Division Manager | Procurement Card | Nil | No | Invoice |
| \$10,001 - \$70,000 | Invitational Competition, 2 quotes | Up to \$50,000 Division Manager, >\$50,000 General Manager | PO | PO | No | Quotation to Purchase Form |
| \$70,001 - \$190,000 <i>construction contracts only</i> | Invitational Competition, 3 quotes | Up to \$100,000 General Manager, >\$100,000 CAO & CFO | PO | PO or Service Agreement | No | Quotation to Purchase Form |
| >\$70,000 all contracts <i>except construction</i> | Open RFx | Up to \$100,000 General Manager, >\$100,000 CAO & CFO | PO | PO or Service Agreement | Yes | RFx documents |
| >\$190,000 <i>construction contracts only</i> | Open RFx | CAO & CFO | PO | Service Agreement | Yes | RFx documents |

DIRECT AWARDS

| Dollar Thresholds | Competitive Process | Approver | Payment Method | Form of Contract | Advertised on BC Bid | Documentation Required |
|--------------------------|----------------------------|------------------|-----------------------|-------------------------|-----------------------------|-------------------------------|
| \$0 - \$10,000 | Optional, Best Value | Division Manager | Procurement Card | Nil | No | Invoice |
| \$10,001 - 25,000 | Nil | General Manager | PO | PO | No | Direct Award Request Form |
| >\$25,000 | Nil | CAO | PO | PO or Service Agreement | Consider Notice of Intent | Direct Award Request Form |