

**CITY OF AIRDRIE
PROCUREMENT ADMINISTRATIVE POLICY**

Effective Date: _____

Revision Date: _____

Approved By: Senior Leadership Team

Approved On: _____

Resolution #: N/A

Purpose:

The purpose of this Procurement Administrative Policy is to:

1. Establish the general directions, philosophies, and values for the procurement of goods and services for use by the City.
2. Address the legislative and liability restrictions the City works within, while enabling departments to effectively carry out their business.

Scope/Application:

This Procurement Administrative Policy applies to all City staff when directly or indirectly involved in the procurement of goods and services, including construction, for use by the City. All rights and obligations provided by this Procurement Administrative Policy are within the constraints of the Council approved operating and capital budget that secures financial resources to acquire goods and services needed to conduct City business.

This Procurement Administrative Policy does not apply to the transactions below as they do not fall under the definition of procurement transactions as provided under applicable trade agreements, such as:

- Purchase or sale of land
- Employment services/agreements
- Development agreements excluding construction
- Investments
- Legal Services
- Provincial and federal funding agreements and grants

- Corporate or individual staff memberships
- Training and courses incurred by staff
- Various rights of use, easements, encroachments, crossing agreements, etc.

Authority/Responsibility to Implement:

The *Municipal Government Act* (MGA) empowers the Chief Administrative Officer (CAO) to delegate powers or duties and functions to a designated officer or an employee of the municipality. The authority to develop, implement and oversee adherence to this policy is delegated by the CAO, through the Chief Financial Officer (CFO) and Procurement and Insurance and Risk Manager, to the Procurement Services Department Team Leader.

Policy Statement(s):

The City is committed to the acquisition of goods and services at the best value while treating all vendors equitably through a procurement process that ensures integrity, transparency, accountability, efficiency and consistency.

The City is acting under applicable legislation including the MGA, Agreement on Internal Trade (AIT) referred to as the Canadian Free Trade Agreement (CFTA) as of July 01, 2017, the Comprehensive European Trade Agreement (CETA) as of July 01, 2017, the New West Partnership Trade Agreement (NWPTA), applicable competitive bidding laws and the *Freedom of Information and Protection of Privacy Act* (FOIP).

Principles:

In accordance with all applicable regulations, the City will maintain procurement best practices and manage its procurement activities based on the following principles:

1. Open and Fair Competition

The City will acquire materials, supplies, goods and services through an open, transparent and competitive process that balances the interests of the taxpayers with the fair and equitable treatment of vendors.

The City gives all businesses equal opportunity to supply materials, goods and/or services by advertising all competitions over a \$75,000 threshold on the MERX and Alberta Purchasing Connection (APC) website.

Competitions under the \$75,000 threshold do not fall under current legislation posting requirements and may, at the direction/discretion of user departments, be competed for through a selective process targeting a minimum of three vendors.

2. Local Vendors

According to applicable trade agreements, the City cannot give preferential treatment to local vendors for competitions over the \$75,000 threshold without breaking the regulations.

However, departments may direct competitions under \$75,000 to local vendors only under the following conditions:

- There is sufficient competition among local vendors
- Vendors' expertise and pricing is competitive

Preferences to local vendors, when given, must be carried out within applicable procedures: under \$10,000, no competition is required; \$10,000 and more but less than \$75,000, three quotes must be obtained.

3. Open Communication and Records

The City will provide feedback to vendors on closed competitions, including those that are unsuccessful, in the same manner as the competition advertisement.

The City will maintain competition records and provide unsuccessful vendors with a debriefing session at the vendor's request and subject to the competition wording.

The City will maintain records on vendor performance for vendors under contracts and will keep the vendor informed of the performance measurement.

4. Environmental Considerations/Sustainability

The City is committed to reducing its environmental impact. Therefore, the City will integrate environmental performance considerations into as many aspects of the City's procurement decision making process as practically possible and reduce the impact of the City's procurement practices to the greatest extent practical.

5. Ethics

The City is committed to:

- Meeting the highest level of ethical standards in all its procurement and contracting practices.
- Acting with the highest honour and integrity, avoiding even the appearance of impropriety in all its procurement and contracting practices.
- Maintaining consistency in all processes and actions.

Furthermore, Procurement Services staff are also bound by its professional designation code of conduct.

6. Business Relations with Vendors

City staff will ensure consistent procurement practices and will remain free of any obligation to any vendor or potential vendor, other than the obligations agreed to by established agreements.

7. Relationship to Vendors and Conflict of Interest with Vendors

Conflicts of interest may occur when a City employee has a direct or indirect relationship with a vendor or potential vendor through financial, family related, or other beneficial interest subject to reasonable interpretation by the City.

City staff will inform Procurement Services when there is a possibility or perception of conflict of interest with a vendor or potential vendor for the City. The City may not disqualify a vendor on the basis of a conflict of interest, as long as it is identified, recorded and acknowledged at the onset of procurement.

City staff involved in procurement may not have any direct or indirect interest or receive any personal benefit within any contract for goods and/or services unless it is disclosed and approved by their respective Director/Department Manager and the CFO.

City staff are obligated to notify their Team Leader of any potential conflict of interest with a vendor and the Team Leader is required to notify the Procurement Services Team Leader.

8. Gifts and Gratuities

City staff will not place themselves in a position of obligation or appearance of obligation by soliciting or accepting gifts, discounts, hospitality or tips from vendors or potential vendors. Infrequent, minimally valued hospitality, discounts and gifts estimated at up to \$100.00 per event, per person may be accepted.

Procurement staff cannot accept any gifts or gratuities.

9. Best Value Considerations

The City will consider all components of cost in the procurement of materials, supplies, goods and services, including, but not limited to acquisition cost, operating costs, life cycle costing, salvage value, availability, serviceability and delivery. The City will consider and evaluate the relevance of price and non-price factors before starting the competitive process.

10. Vendors Acting in Good Faith

The City will refuse to do business with parties who do not act in good faith towards the City with the City's full intent to apply and interpret this statement in accordance and within the spirit of the CFTA.

11. Confidential Information

Release of information is subject to FOIP. City staff will not release any information made available to them in their role of employee unless that information is public and available upon public request.

Any information made available to a potential vendor, which may influence other vendors' responses, must be made available to all potential vendors.

Information about budget and cost estimates, pricing or costing of competing vendors, names of vendors prior to award and any other information, which may create an unfair advantage, will remain confidential and will not be released by City staff to the public or to a single potential vendor unless required under FOIP.

12. No-Split Procurements

City staff shall not split any procurement or the projects in order to meet either his/her own signing authority limits or procurement thresholds as it may be perceived as an attempt to circumvent delegated authority and/or to avoid open and transparent competition.

Purchasing and Executing Authority:

1. Purchasing Authority

Purchasing authority is delegated from the CAO through Directors/Department Managers to City staff subject to the completion of mandatory procurement training.

Purchasing authority is the authority granted to a City employee to purchase and/or to approve the purchase of goods and/or services within the scope of an approved budget on behalf of the City, subject to Procurement Services approval of the process and contract award. This includes the authority to initiate the competition process, award and participate in contract negotiations during the competition process while utilizing the expertise of Procurement Services.

Purchasing authority is **not**:

- Authority to execute (sign) contracts on behalf of the City (see Executing/ Authority below).
- Authority to issue or approve requisition requests and purchase orders (see Spending Authority in accordance with the Administrative Budget Policy).
- Interfering in any manner with the Budget Authority that remains with budget managers at any given time (see Budget Authority).

Staff granted purchasing authority must ensure that all applicable policies and procedures are followed and that budget approval for the purchase of goods and/or services is in place. Staff must ensure they have control over the budget and that the budget dollars are available and un-encumbered during the whole complete life-cycle of procurement.

Purchasing authority may always be revoked by the respective Director/Department Manager at their discretion. Purchasing authority may also be revoked by the CFO at his/her discretion or at the recommendation of the Procurement Services Team Leader due to:

- Repetitive non-compliance
- Lack of due diligence

2. Executing Authority

Executing authority is the authority to sign contracts in the name of the City and is delegated in accordance with the Signing Authorities Policy. This is not authority to approve the award of the contracts through a competition process and negotiate where applicable, as that right and final decision-making is in control of Procurement Services.

Roles & Responsibilities:

1. The City Council is responsible for:

- Approving the Council Procurement Policy that establishes the basic direction, philosophies, and values for the procurement of goods and services for use by the City.

2. The City Manager (CAO) is responsible for:

- Ensuring that procurement administrative policy and procedures are developed and implemented to carry out programs identified by the City Council.
- Delegating authority to develop and implement applicable procedures through the CFO and the Procurement Services Team Leader.
- Delegating Budget Authority to City staff in accordance with the Administrative Budget Policy.
- Overriding procurement policy and procedures when required as a sound business decision.

3. Corporate Services Director (CFO) is responsible for:

- Monitoring all corporate procurement activities to ensure they are carried out in accordance with the City's Procurement Policy and Procedures.
- Implementing effective internal controls of overall budget.
- Overriding procurement policy and procedures when required as a sound business decision under \$75,000 or, over this threshold, in conjunction with CAO.
- All procurement activities.

4. Directors are responsible for:

- Ensuring all directorate procurement activities are carried out in accordance with the City's Procurement Policy and Procedures.
- Monitoring budget availability within the directorate.
- Delegating purchasing authority to staff.

5. Procurement and Insurance and and Risk Manager is ultimately responsible for:

- Developing and implementing the City's Procurement Administrative Policy and Procedures.
- Implementing systems and processes to improve efficiencies.
- Monitoring procurement and contracting activities throughout the organization to ensure they are in compliance with the Procurement Administrative Policy and applicable Procedures.
- Approving contract award for goods and services regardless of the thresholds.
- Ensuring the Procurement Policy and Procedures are reviewed as required.
- Providing professional and legal expertise related to complex and extreme to high risk public procurement matters and procurement contracts.
- Working closely with the Procurement Team Leader in developing and providing training to internal and external stakeholders.
- Participating as a team member in highly complex and extreme to high risk major capital projects.
- Notifying the appropriate Department Manager and respective Director as well as the CFO of all situations that may be unethical, illegal, or place the City in a position of unacceptable risk.
- Supporting the Procurement Team Leader with expertise related to procurement risk management activities.
- Providing recommendations to the CFO to revoke procurement authority.

6. Department Managers are responsible for:

- Ensuring all department procurement and contract activities are carried out under the City's Procurement Administrative Policy and applicable procedures.
- Ensuring budget funds are available within the department for procurement requests.
- Ensuring that staff within their department are involved in procurement activities for the City are adequately trained to carry out the processes in accordance with the City's Procurement Administrative Policy and Procedures.
- Delegating purchasing authority to staff.
- When the organizational structure does not provide for the position of the Department Manager, the above noted responsibilities are transferred to the Team Leaders.

7. Team Leaders are responsible for:

- Ensuring that the respective team's procurement and contract activities are carried out under the City's Procurement Administrative Policy and applicable Procedures.
- Ensuring budget funds are available for procurement requests.
- Ensuring that staff within their team involved in procurement activities for the City are adequately trained to carry out the processes in accordance with the City's Procurement Administrative Policy and Procedures.
- Delegating purchasing authority to staff.
- When the organizational structure does not provide for the position of the Team Leader, the above noted responsibilities are transferred to the coordinators when applicable.

8. Procurement Services Team Leader is responsible for:

- Implementing systems and processes to improve efficiencies.

- Monitoring procurement and contracting activities throughout the organization to ensure they are in compliance with the Procurement Administrative Policy and applicable Procedures.
- Ensuring the Procurement Procedures are reviewed as required.
- Ensuring internal processes are well defined, documented and used as a training tool.
- Providing professional and legal expertise related to public procurement matters.
- Developing and providing training to internal and external stakeholders.
- Participating as a team member in major capital projects.
- Notifying the Manager of Procurement and Insurance and Risk Management of all situations that may be unethical, illegal, or place the City in a position of unacceptable risk.
- Providing expertise related to procurement risk management activities.
- Providing recommendations to the CFO to revoke procurement authority.

9. Procurement Services is responsible for:

- Ensuring compliance with applicable policy, procedures, programs and guidelines.
- Handling procurement and contracting activities as ultimate decision maker with respect to compliance, fairness of competitive process, contract negotiations and contract award process.
- Has full and sole discretion to approve sole and single source procurements and any other exempt procurements.
- Training staff involved in procurement activities on purchasing systems, Procurement Administrative Policy and applicable Procedures.
- Monitoring and controlling corporate compliance with internal and external regulations.
- Providing leadership and assistance to departments for competitions under the \$75,000 threshold.

- Conducting competitive bidding processes for all competitions over the \$75,000 threshold.
 - Assessing the risk and providing direction to departments regarding procurement processes and any possible breach.
 - Communicating with vendors throughout the procurement process.
 - Conducting all debriefings for the City in conjunction with the originating department.
 - Developing procurement contracts.
 - Reviewing third-party procurement contracts at the departments' request, assessing risk and providing approval for acceptable risk exposure or recommending re-drafting of contract due to unacceptable risk.
 - Conducting procurement and procurement contracting process audits to ensure practices are proper and current.
 - Monitoring the procurement and subsequent contracting practices of all City departments for compliance.
 - Advising the Procurement Services Team Leader and the CFO of non-compliance with the Procurement Administrative Policy and applicable Procedures.
 - Notifying the Procurement Services Team Leader of all situations that may be unethical, illegal, or place the City in a position of unacceptable risk.
- 10. City staff involved in procurement activities are responsible for:**
- Adhering and acting in accordance with the Procurement Administrative Policy and applicable Procedures.
 - Ensuring funding is available and purchases are within an approved budget.
 - Securing appropriate approval prior to committing to any expenditure.
 - Refraining from releasing any information that is not otherwise available to the public on request.

Procedural Guidelines:

All procurements must be conducted in accordance with this Procurement Administrative Policy, applicable Procedures and the procurement Procurement Reference Manual. Procurement Services determines the application of specific procedures based on the nature, desired outcomes and relative value of the purchase being considered.

On-going Monitoring:

The City is committed to ongoing monitoring and periodic review of this Procurement Administrative Policy and Procedures as determined by the CAO or CFO.

References/Links:

- *Municipal Government Act*
- New West Partnership Trade Agreement (NWPTA)
- Comprehensive European Trade Agreement (CETA)
- Canadian Free Trade Agreement (CFTA)
- *Freedom of Information and Protection of Privacy Act (FOIP)*
- Budget Administrative Policy
- Corporate Procurement Procedures
- Procurement Reference Manual
- Administrative Cash Handling Policy and Procedures
- Corporate Procurement Card Policy and Procedures

Inquiries/Contact Person:

- Procurement Services Team Leader

CAO

City Clerk

Document Management Control:

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Owned by:	Corporate Services
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