

### 6.5.iii. Procedure

## PURCHASING PROCEDURE

Trust Council: March 25, 1996

Amended: March 29, 2007; December 9, 2009; September 16, 2010

### PURPOSE

1. To ensure that the most appropriate method of procurement is used to acquire goods and services at the best value;
2. To ensure properly delegated purchasing authority is maintained;
3. To ensure consistency with relevant financial policies, procedures and controls, and to provide linkage to the current operating and capital budgets.

### RELATED POLICY

*Islands Trust Act*; BC Government Purchasing Handbook; Tendering Procedures; Staff Training and Conference Attendance Policy; Petty Cash Policy.

### DETAILS

#### 1. Authorization

##### Goods

Expenditures for goods in excess of \$500, excluding applicable taxes, must be accompanied by a Purchase Order approved by the Director, Administrative Services or other Manager with departmental budget approval authority. Expenditures up to \$500 do not require a Purchase Order, however these purchases should be approved verbally or by email by the Manager with relevant budget approval authority, and must not exceed approved budget levels.

##### Services

Expenditures for services in excess of \$2,000, excluding applicable taxes, must be accompanied by a Service Contract approved by the Director, Administrative Services or other Manager with departmental budget approval authority. Services with a value between \$500 and \$2,000 will require a purchase order approved by the Manager with departmental budget approval authority. Expenditures for services less than \$500 should be approved verbally or by email by the Manager with relevant budget approval authority, and must not exceed approved budget levels.

#### 2. Creation of Purchase Orders and Service Contracts

Purchase orders can be created by any employee authorized by the Director, Administrative Services.

Service Contracts will be created by the Finance Clerk based on information provided by staff.

### 3. Regular Disbursements

Expenditures occurring on a monthly or recurring basis and disbursed in the same, or similar, amounts do not require an approved purchase order or service contract. These expenditures will be approved by the Director, Administrative Services as required. Example expenditures of this type would be rent, telephone charges and BC Mail.

### 4. Competitive Process

The table below establishes the dollar limits for different types of competitive processes. These guidelines must be followed unless noted in Section 5.

<b>Competitive Process</b>	<b>Goods or Services where estimated value is:</b>
Direct Award (no competitive process required)	Less than \$25,000 per fiscal year
Invitation To Quote (ITQ) from 3 qualified vendors	Recommended, but optional between \$10,000 and \$25,000 per fiscal year
Formal Competitive Process with Request for Proposal (RFP)	Required when value is greater than \$25,000 per fiscal year

An individual project with a total value greater than \$25,000 that will be completed over two fiscal years will require a formal competitive process with an RFP.

A competitive process can be held at the discretion of the Manager with budget authority even if the estimated value of the goods or services falls below the dollar thresholds above.

All competitive processes (eg. ITQ, RFP, etc) must be coordinated by Administrative Services to ensure that best competitive practices are followed.

When a direct award is made, staff are still expected to obtain goods and services at the best available price while taking into consideration the quality and followup service available (if applicable) for the goods and services.

A competitive process for a particular business service can be delayed for up to one year at the discretion of the Chief Administrative Officer if high quality service is being provided at a reasonable price by the current service provider.

### 5. Direct Awards

Direct awards are allowed without a competition when:

- The requirement is valued at less than \$25,000.

- An emergency exists and requirements cannot be satisfied in time by means of a competitive process.
- A process delay would interfere with Islands Trust's ability to maintain security or order, or to protect human, animal, or plant life or health.
- The required service is confidential.
- It can be proven that only one supplier or contractor is qualified to provide the service.
- The Islands Trust has received funding for the contract work through a successful grant application made on behalf of a local trust committee, after a particular community group identified the grant opportunity and provided significant assistance in preparing the grant application. Provided the proposed work is within the legislated role of the local trust committee (ITA s 24), and the community group demonstrates the capability and qualifications to complete the work funded by the grant, the Director of Administrative Services may, at his or her discretion, award a contract to the relevant community group.

## **6. Vendor Selection**

In a competitive process, vendor selection criteria shall be established before vendors are notified that a competitive process is taking place. The selection criteria should consider all the relevant factors in a purchasing decision including, price, quality (or qualifications), delivery time, quality of the response, and any other factors as determined by the Manager with budget authority for the purchase.

All details of the vendor selection process shall be retained by the Finance Clerk.

## **7. Contract Renewals**

Once a competitive process is held (where required) and a vendor selected, contracts may be signed with the selected vendor to allow for renewal periods of up to five years provided that satisfactory service continues to be received. At the completion of the renewal period, a new competitive process should be held, if required by the Purchasing Policy in place at the time.

## **8. Environmental Considerations**

When making purchases every effort will be made to select suppliers whose environmental practices are consistent with those of the Islands Trust. In addition, purchases of equipment and supplies should have Canadian content and be manufactured from recycled or recyclable materials wherever possible, practical and economical.

## **9. Training**

All training requests must be approved by the appropriate Manager via an authorized "Training/Conference Request Form" (see Policy 5.1.ii, Staff Training and Conference Attendance). Approved training requests are considered equivalent to an approved purchase order or service contract.