



- Authorization
- Local Purchase Orders

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<u>PREPARED BY:</u>	<u>AUTHORIZED BY:</u>	<u>DATE OF ISSUE OR REVISION:</u>
D.G. Morris	D.G. Morris	April 02, 1982
D.G. Morris	D.G. Morris	January 11, 1998
S.R. Lawson	Council Motion (In Camera Meeting)	March 11, 1996
S. Christiansen	R. Poole	November 16, 2012
R. Iannarelli	Council	May 28, 2018

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**PURPOSE:**

This policy establishes guidelines under which employees utilize public funds necessary for the conduct of the District of Kitimat (District) through competition, and conducting open, fair, and transparent procurement processes.

**SCOPE:**

This policy applies to all departments and those organizations related by contract or through direct grant funding, (e.g. RCMP, Museum, Library, Kitimat Humane Society, and the Chamber of Commerce) if requested by that department or organization. This policy will also apply to service providers hired by the District to support acquisition of goods, services, and construction. This policy applies to all expenditures of funds necessary for the conduct of District business, within Council approved budgets and executed by the Purchasing Department, unless authorized by this policy on an exemption basis by the Director of Finance or Chief Administrative Officer (CAO).

**POLICY:**

This policy is to ensure that the requirements for goods, services, and construction are achieved through a consistent approach in all purchasing efforts resulting in:

- Good governance and management; valuing relationships and exceptional service
- Provision of high quality municipal services at the lowest possible cost
- Transparency, compliance, and sustainability

This policy will be reviewed and evaluated for effectiveness every five years by the Purchasing/Finance Department. This policy will be a part of an orientation package for the new term of a Council and new employee hires. Changes to purchasing procedures and guidelines will require review and signoff by the CAO or their delegate and potential further approval by Council as directed.



## DEFINITIONS

Refer to **Appendix A - Definitions**

## AUTHORITY AND RESPONSIBILITY

Refer to **Appendix B - Purchasing Procedures** and **Appendix C – Authority and Approval Dollar Limits** for further details on procedures for obtaining goods, services, and construction.

Delegated employees undertaking purchasing activities must forward written authorization to do so from their Department Director to Purchasing/ Finance and must have completed orientation to the Purchasing Policy from the Purchasing Department. Department Directors or their delegate will approve all invoices and purchase orders within their approved limits.

All Directors are responsible to ensure the Purchasing Department is informed of and involved in, all competitive bid processes as required by this policy. Directors shall provide purchasing staff with definitive specifications as to the desired function, quality and such details and information as may be required in a competitive process. Please see Appendix F - Scope of Work Expectations specifically for Project Work.

The District is subject to a number of statutes, competition laws, and trade agreements. The District must abide by these regulations when undertaking procurement. Controls over the purchases of goods, services, or construction that falls below the regulated expenditure thresholds will be at the discretion of the District and this Purchasing Policy. Therefore, when a purchase falls below Trade Agreement thresholds, advertising may not be required and the purchase process may be limited to local businesses when deemed to be in the best overall interest of the District. The *best value does not imply lowest cost in every case*. When sourcing items for the District, employees must consider all factors relative to the purchase.

## STATES OF PURCHASING PROCESS

There are three main states within the purchasing policy:

1. **Compliance**
2. **Exemption**
  - a. Permanent Exemption
  - b. Competitive ExemptionRefer to **Appendix D - Exemptions**
3. **Non-compliance**

The Finance Department requires documentation of request for exemption and non-compliance to report to the CAO. Please see request for exemption form Appendix E.



When a purchase or legally binding commitment is made outside of the requirements of the Purchasing Policy, and no formal request for exemption is approved in advance, this is considered a Non-Compliant state. See definitions.

A Statement of Non-Compliance must be submitted to Finance when there is any incident that does not comply with this Purchasing Policy. This Statement requires supporting documentation explaining what has occurred and why. This must be submitted by the Department Director to the Director of Finance, and CAO.

### **CONFLICT OF INTEREST**

Please see definitions

**Employees:** All participants in a purchasing process, including all employees of Purchasing and all members of the evaluation team, must ensure that there are no undeclared conflicts of interest. Evaluation team members must sign individual conflict of interest declarations stating they have no conflict of interest with respect to the purchasing process. If there is a declared conflict of interest, the participant must excuse themselves from the process or find an acceptable alternative solution.

**Proponents:** All proponents will be required to declare that there are no conflicts of interest or provide details for any actual or perceived conflicts of interest at the time of bid submission. Purchasing must ensure that all purchasing templates include appropriate conflict of interest language and declarations.

**Mayor and Council:** The Annual Statement of Disclosure as required by the *Financial Disclosure Act*, for Mayor and Council will be disclosed to the Purchasing Department for review.

**Purchasing from Employees:** The District will not purchase goods or services from employees without the prior consent of the CAO. An annual list of potential employees based on historical records will be provided to the CAO.

### **GIFTS AND GRATUITIES**

District employees will not place themselves in a position of obligation or appearance of obligation by soliciting or accepting gifts, discounts, hospitality, or tips from suppliers or potential suppliers. Refer to District of Kitimat Gift Policy.

### **CONFIDENTIALITY & ACCESS TO INFORMATION**

The District is subject to the *Freedom of Information and Protection of Privacy Act* of British Columbia. Purchasing and departments must be aware of and manage their obligations in respect to the maintenance, release, and management of all purchasing records. Supplier information submitted in connection with a purchasing process must be adequately protected.



**REPORTING**

Purchasing prepares an annual report summarizing key performance indicators for the Director of Finance, and the CAO.

- Expenditure against Budget
- Spending by geographical location
- Operational Purchasing Expenditure Compared to Total Expenditures (% of spending through centralized purchasing)
- Compliance Reporting - number of exceptions to Purchasing Policy

**DOCUMENT APPROVALS**

ROLE	Position	Name	Signature	Date Approved
Author	Purchasing Manager	Robyn Iannarelli		November 15, 2017
Owner	Director of Finance	Steve Christiansen		
Final Approver	Council	Mayor Germuth		

**REVISION HISTORY**

Effective Date	Revision Number	Document Change Author	Description of Change
April 02, 1987		D.G. Morris	Unknown
January 11, 1988		D.G. Morris	Unknown
March 11, 1996		S.R. Lawson	Unknown
November 16, 2012		S. Christiansen	Increased authority levels (doubled)
December 20, 2017		R. Iannarelli	Complete revision according to the AGLG
December 2022			To be reviewed

**APPENDIX A – DEFINITIONS**

**Conflict of Interest:** A personal interest in a matter that goes beyond the interests of other members of the community, and might reasonably be expected to influence the employee's performance of their duties. From a government employee's perspective, a conflict of interest occurs when an employee's private affairs or financial interests are in conflict – or appear to be in conflict – with the employee's duties or responsibilities to the government.

The key consideration for employees, suppliers and councillors is whether a reasonable person would conclude that decision-making could be influenced or affected by the connection, such that a private interest could conflict with any employees' their public duties. When in doubt it is advised that people err on the side of caution and declare any real or perceived non-pecuniary conflict of interest.

The District must be diligent to avoid both actual and the appearance of conflict of interest with suppliers. As basic guidance, suppliers should not put themselves in a position where they may have (or be perceived to have) an undue unfair advantage over others when selling or attempting to sell their goods, services or construction services to government. The District may remove a supplier from consideration where, in the District's opinion, a serious conflict arises that may undermine the integrity of the competition.

**Contract "A" or "Bid Contract":** Solicitation or bid contract established between the owner of the solicitation (the "buyer") and each of the suppliers who submit a compliant bid or proposal. The solicitation document (e.g. Invitation to Tender, Request for Proposals, etc.) is viewed as an invitation by the buyer for interested suppliers to submit a bid or proposal and an offer by the buyer to enter into a Contract "A" (or bid contract) with any supplier that submits a Bid or Proposal. The submitted bid or proposal is the supplier's acceptance of the buyer's offer to enter into Contract "A" and also an offer by the supplier to enter into Contract "B" (see defined term) with the buyer. The formation of a Contract "A" occurs with each supplier whose bid or proposal is compliant (i.e., meets all mandatory criteria of the solicitation). By submitting a compliant bid or proposal, the supplier agrees to be bound by all terms and conditions of the solicitation as established by the buyer (e.g., conditions of tender or the solicitation rules of process).

**Contract "B":** Actual performance contract. A submitted bid or proposal is normally viewed as a supplier's offer to enter into Contract "B" with the buyer. Once the buyer has evaluated the bids or proposals, accepts one of these offers and executes a contract, Contract "B" is formed between the parties. Contract "B" usually specifies the work to be performed by the contractor in delivering the goods, services and/or construction, and the buyer's obligations to pay for the goods, services and/or construction provided according to the terms of the contract.

**Direct Award:** Contract is awarded to a single eligible and qualified contractor for specified goods or services without a competitive process.



**Invitation to Tender (ITT):** A formal process for soliciting competitive bids that usually includes a public opening (i.e., where bids are opened and the bidder name and price is read aloud.). ITTs are used for construction projects, other routine services and, on rare occasions, goods where the requirements can be adequately defined to permit the evaluation of bids against pass / fail selection criteria. The primary focus of an ITT is price. The contract is awarded to the lowest priced bidder offering a compliant bid (i.e., one that meets all the defined specifications and the ITT terms and conditions). The ITT process creates Contract “A” obligations.

**Invitation to Quote (ITQ):** Used to obtain goods and services when the requirement is well defined, including any delivery constraints. The contract resulting from the ITQ must be awarded to the lowest priced bidder offering a compliant bid (i.e., one that meets all defined specifications and the ITQ terms and conditions). The ITQ process is typically less formal than an Invitation to tender (certain formalities are waived such as sealed bids, public openings or fax restrictions). The ITQ process creates Contract “A” obligations. This is also known as a Request for Quotation or RFQ.

**Non-compliance:** A purchase or legally binding commitment made outside of the requirements of the purchasing policy without advance approval of a formal request for exemption. A Statement of Non-Compliance will be submitted to the Finance Department.

Examples of non-compliance follow:

- An Unauthorized Supplier is used
- No request for quote is obtained and commitment of funds was made outside the purchasing department and this policy
- Invoices without an exemption on file and/or without a Purchase Order
- Quotation produced but award is not given to the qualified lowest bidder (excludes such processes as Request for Proposal)
- Scope Creep without prior approval
- Emergency purchase without prior approval and outside the purchasing policy
- Purchase for the District made on a personal expense claim for the purpose of circumventing the purchasing policy.
- Split purchase to avoid exceeding authorized limits



**Notice of Intent (NOI):** Posted publicly on BC Bid when a contract is intended to be awarded on the basis that there is only one supplier that can provide the required goods or services, but this cannot be strictly proven as required in policy. Objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections received are not substantiated, a Direct Award may be made. A Notice of Intent is not required if it is determined that the Direct Award meets one or more of the allowable exceptions specified in purchasing policy.

**Out of Scope:** Specific features, requirements or functions that are NOT required as part of a particular project. It is essential that all project managers (internal and external, e.g., a contractor) recognize this common problem and clearly define scope in purchase requests.

**Policies:** Pre-decisions made by Directors for giving information and direction. Policies establish basic philosophies and climate, and determine the major values upon which the Purchasing Department functions must operate.

**Procedures:** Prescribed means of accomplishing the policy. To provide employees with the guidelines and specific action sequences to ensure uniformity, compliance, and control of all related activities.

**Progressive Elaboration:** A process used in the continuing development of steps, phases or stages of a typical project plan. At the outset, the scope is functionally described in broad terms. Scope may be amended if more information is acquired and learned. As the project progresses, the scope will become more explicit and detailed which will establish clearer and more defined deliverables and key activities. Progressive Elaboration should not become confused with Scope Creep. Progressive Elaboration of a project's specifications needs to be carefully coordinated with the Scope Definition and the approved Scope change process.

**Purchase Order (PO):** The purchaser's written offer to a supplier formally stating all terms and conditions of a proposed transaction. By accepting the PO, the supplier agrees to supply the specified goods at the price and by the delivery date indicated. Purchase Orders are provided by the Purchasing Department.

**Request for Exemption: refer to Appendix D and Appendix E**

- a. Permanent Exemption – no Purchase Order required – direct payment from Accounts Payable
- b. Competitive Exemption – no competition but a Purchase Order is required

**Request for Exemption: Permanent Exemption**

- List of items found in Appendix D. In these situations, one request to deviate covering all purchases for an annual period will be sufficient. The application or Request for Exemption form will be kept on file and reviewed annually to ensure the same conditions apply

**Request for Exemption: Competitive Exemption**

- Specialized items – manufacturers OEM (Original Equipment Manufacturer) – Purchasing will validate to ensure there is no other supplier. In these situations, one request to deviate covering all purchases for an annual period will be sufficient. The application or Request for Exemption form will be kept on file and reviewed annually to ensure the same conditions apply

**Request for Proposals (RFP):** Request for suppliers to submit proposals that includes: information on relevant qualifications or experience; proposed approach or methodology; and usually the price they would charge to provide a good or service in response to an identified problem, requirement or objective. RFPs include predefined criteria against which proposals will be evaluated. Subject to the express terms of the Request for Proposal, the Contract is normally awarded to the proponent whose proposal meets all RFP mandatory criteria, terms and conditions, and achieves the highest overall rating of all weighted criteria specified in the solicitation. The standard RFP process creates Contract “A” obligations.

**Request for Quotation (RFQ) (or Invitation to Quote (ITQ)):** A request, verbal or written, provided to suppliers to submit a bid for goods or services desired by the purchaser / buyer. The selection of the successful bidder is usually based on the lowest qualified and priced bid that meets specific mandatory criteria as stipulated by the Request for Quotation.

**Scope:** A clear and concise written description (functional or detailed) of the work to be done in a project or a contract. Please see Appendix F for Expectations of a Scope of Work.

**Scope Creep:** Adding new requirements, features or functions to an already approved contract or solicitation without analyzing the effects to costs, resources and time, and without approval of the designated approving authority. Scope Creep tends to be reactive in nature without any approved process. Do NOT confuse this term with Progressive Elaboration which establishes an "approved" proactive process in refining (and elaborating on) scope definition.



**Single Source:** A supplier purposefully chosen by the buying organisation, even when other suppliers are available. This is different from Sole Source. This may require a Request for Competitive Exemption.

**Sole Source:** Only one supplier for the required item is available. This does not include cases where insufficient time was allowed to obtain more quotes. A sole supplier situation is also often referred to as a “direct award”. An appropriate level of market research must be conducted to demonstrate that a sole supplier situation exists. The person requisitioning the purchase and the person approving must both be satisfied that there is no other supplier able to provide the required goods and/or services.

**Solicitation:** Any competitive process whereby one or more suppliers compete for a Contract, Purchase Order, Standing Offer or Pre-Qualification List. Solicitations commonly used by the Purchasing Department include the Invitation to Quote (ITQ), Invitation to Tender (ITT), Request for Proposals (RFP), and Request for Qualifications (RFQ).

**Trade Agreements:** Agreements that the Province and Federal Government have entered into related to numerous trade related topics, including Procurement. Examples include the Canadian Free Trade Agreement (CFTA), the New West Partnership Trade Agreement (NWPTA), the World Trade Organization Government Procurement Agreement (WTO-GPA), the Canada United States Agreement on Government Procurement (CUSPA), and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

<b>New West Partnership Trade Agreement</b>	<b>Goods</b>
Goods	\$75,000
Services	\$75,000
Construction	\$200,000

**Unauthorized Supplier:** Supplier ineligibility and disqualification as per the Purchasing Department, including but not limited to: Authorizing documentation is not in place according to authority and approval dollar limits (i.e., Purchase Order); no Kitimat Business License; no WorkSafeBC Account and no Commercial General Liability information on file.

**APPENDIX B – PURCHASING PROCEDURES**

The Purchasing function of the District is centralized in the Finance Department to ensure that responsible purchasing practices are in effect and to provide the best value to the municipality and its taxpayers. These Purchasing Procedures are for organizational understanding and are not Standard Operating Procedures for the Purchasing Department.

**1. BUDGET APPROVAL**

1.1. It is the responsibility of the Department Director or authorized delegate to ensure funds have been provided in the budget for the proposed expenditure and that the purchase will not result in an unapproved over-expenditure of any budget account.

**2. PETTY CASH**

2.1. Purchases up to \$50 may be made through petty cash, without issuance of a Purchase Order (PO). Such expenditures shall be kept to a minimum and represent expenditures which are required immediately and are not otherwise available. All Petty Cash Vouchers shall be signed by the individuals authorized by a Department Director to make a purchase.

**3. LOCAL PURCHASE ORDERS**

3.1. Local Purchase Orders (LPO) are to be used by the authorized delegate for immediate or emergency needs only; for low dollar value items, to a maximum value of \$250 per local purchase.

3.2. Departments are assigned a LPO book that is tracked by Purchasing.

**3.3. Procedure:**

3.3.1. Original LPO delivered to the local supplier.

3.3.2. The party picking up the goods shall obtain an invoice or packing slip indicating the LPO Number and provide this invoice or packing slip to the department initiating the LPO.

3.3.3. Price shall be noted on the second and third copy by the originating department, who shall ensure the invoice or packing slip is signed and attached to the second copy of the LPO and forwarded same day to the Purchasing Department.

3.3.4. The third copy of the LPO is to remain in the LPO book until the last form is used, at which time the LPO book shall be returned to the Purchasing Department.

3.3.5. It shall be the responsibility of the Department Director to ensure that all LPO's issued have a proper Job Code, Work Order or Vehicle Number, as appropriate.

**4. CREDIT CARD**

4.1. Purchases of up to \$500 or higher, depending upon authority, may be made through the use of a corporate credit card, without the issuance of a PO. Such expenditures shall be authorized by a Department Director to make the Purchase according to the Credit Card Policy.

4.2. Credit Card – please refer to Credit Card Policy

**5. PURCHASE ORDER**

5.1. Purchases completed by the Purchasing Department, unless otherwise exempted through this purchasing policy require a Purchase Requisition to be completed using the purchasing software and providing as much detail as possible. Contact the Purchasing Department for training and access.

5.2. Under \$3,000 the purchase requisition can be completed by direct solicitation or by invitation as



no competitive bidding is required. The respective department can contact the supplier directly to receive quotations and purchase by credit card. If using the Purchasing Department please provide a copy of the written quotation with all of the pertinent information for the creation of the PO.

5.2.1. Pertinent information:

5.2.1.1. Product or service description

5.2.1.2. Quantity

5.2.1.3. Delivery information:

- Timeline for delivery

- Shipping details

5.2.1.4. Price

5.2.1.5. Account code

5.3. Over \$3,000 the purchase requisition is to be complete with all requirements as deemed necessary by the requesting department. The Purchasing Department will then work with the Requestor to complete the PO and any formal agreements as necessary.

6. FORMAL SOLICITATIONS more than \$75,000

6.1. Must be managed by the Purchasing Department as per this Purchasing Policy, except in specific circumstances where Engineering Services department will manage a tendering process (e.g., main road works) per this policy.

6.2. Formal solicitations shall follow the competitive law and shall be advertised publicly, when applicable. All formal solicitation submissions shall be opened publicly in the presence of at least one Department Director or authorized delegate and the Director of Finance.

6.3. Use Contract Management Documentation checklist, Appendix G to fulfill requirements for Formal documentation of the review process and results.

6.4. Solicitations for agreements should be no longer than five years with a single opportunity to renew unless exempted by the Director of Finance or CAO.

7. SUPPLIER SOLICITATIONS

7.1. In the event that a Department Director or employee meets with a commercial sales representative or, by other means, obtains special literature and pricing, it shall be the responsibility of the individual involved to provide this information must be provided to the Purchasing Department.

8. SUPPLIER INELIGIBILITY AND DISQUALIFICATION

8.1. Without limiting the scope of Purchasing Procedures, or the District's privilege to reject any or all tenders and/or cancel a solicitation, the Purchasing Department is authorized to establish grounds for ineligibility in the Purchasing Procedures. When in force, application of ineligibility criteria allow rejection of a person, corporation or partnership; or a submission from a person, partnership or corporation; in relation to a solicitation document issued by the District regarding a possible purchase, on a one-time, time-limited or ongoing basis.

9. CHANGE ORDERS/ PURCHASE ORDER ALLOWANCES

9.1. The Scope of Work is a clear and concise written description (functional or detailed) of the work to be done in a project or a Contract. Progressive Elaboration is a process used in the continuing development of steps, phases or stages of a typical project plan, these changes to



be carefully coordinated with the scope defined and the approved Scope change process. Progressive Elaboration should not be confused with Scope Creep.

- 9.2. Contract amendments are any contract adjustments over and above the approved committed amount. Contract amendments for greater than a minimum of \$7,500 or 10% need CAO approval. Amendments over \$25,000 will require Council approval, and must follow the standard Report to Council process. Approval is required retroactively if the commitment is due to unforeseen circumstances and necessary for project completion.

#### 10. AUTHORIZED SUPPLIER REQUIREMENTS

- 10.1. All Service Providers, regardless of procurement process, must adhere to WorkSafeBC regulations, the District of Kitimat Organizational Health and Safety Program. Please see the District of Kitimat website for Supplier terms and conditions for supply of materials or contract for service.



**APPENDIX C – AUTHORITY AND APPROVAL DOLLAR LIMITS**

<b>Value of Goods and Services</b> Total before taxes (not per item)	<b>Documentation Required</b>	<b>Authority Required</b>	<b>Purchasing Process and Minimum Competition Required</b>
Up to \$50	Petty Cash	Department Director	Goods received immediately by respective department and subsequent forms completed for payment.
Up to \$250	Local Purchase Order	Department Director assign a limit of spending authority submitted to Purchasing	A LPO or Credit Card information issued in advance of the purchase transaction and goods received immediately by respective department
\$500 with Credit Card	Credit Card		
\$0- \$3,000	Credit Card Purchase Order	Department Director assign a limit of spending authority to make bid solicitation.	Direct solicitation, by invitation No competitive bidding is required. Purchase by respective department by credit card or, by Purchasing Department with Purchase Requisition
Registered Professional Services: up to \$10,000	Purchase Order	Department Directors	By Invitation or Informal RFQ No competitive bidding is required. Purchase facilitated by Purchasing Department
\$3,000 - \$10,000	Purchase Order	Department Directors	By Invitation or Open Competition Competitive bids solicited from minimum of 2 bidders Purchase facilitated by Purchasing Department
\$10,000 - \$25,000	Purchase Order	Department Director Director of Finance	By Invitation or Open Competition Competitive bids solicited from minimum of 3 bidders Purchase facilitated by Purchasing Department
\$25,000 - \$75,000	Purchase Order and a Contract or Agreement	Department Director Director of Finance CAO	By Invitation or Open Competition Competitive bids solicited from minimum of 3 bidders Purchase facilitated by Purchasing Department
Over \$75,000	Purchase Order and a Contract or Agreement	Department Director Director of Finance CAO	Open Competition Formal RFP, RFT As per current Trade Agreements
Extraordinary (Emergency) Purchase over \$25,000	Purchases as per emergency	Council advised at the soonest Council Meeting Council Report Required if over \$25,000	Purchase Order and contract required (can be after the fact) Purchase process at the discretion of the CAO or the Department Director

**APPENDIX D – EXEMPTIONS****Permanent Exemptions:**

Departments may apply for a Permanent Exemption to acquire certain goods or services or complete routine construction. Requests may be considered at the discretion of Director of Finance and the CAO, outside of this policy, tender or purchase order requirements. The Director of Finance, and CAO when applicable, on an annual basis must review and authorize each permanent exemption request.

Examples of Permanent Exemptions include, but are not limited to:

1. Employer's General Expenses
  - Payroll and Payroll deductions
  - Employee health and benefits
  - Medicals
  - Licenses – including Hardware and Software Licences, vehicle, elevators, radios
  - Debenture payments
  - Insurance premium payments, Claim Settlements and Adjuster Services
  - Insurance claims and adjudications, legal settlements and arbitration awards
  - Motor Vehicle Insurance
  - Grants and levies to agencies
  - Damage claims
  - Tax remittances
  - Property tax refunds
  - Workplace Safety and Insurance Board (WSIB) remittance
  - Building permit refunds
  - Employer compensation
  - Charges to or from other government agencies
  - Real Estate
  - Banking and Bank charges
  - Development Charges
  - Debt payments
  - Real property payments including land, buildings, leasehold interests, easements, encroachments and licenses, or the like
  - When the acquisition is of a confidential or privileged nature and disclosure through an open bidding process could reasonably be expected to compromise government confidentiality, cause economic disruption or be contrary to the public interest
  - Freight and fuel
2. Professional Services
  - Committee fees
  - Counselling services
  - Legal fees and Services including Notaries
  - Annual Audit Fees
  - Appraisal charges
  - Performance/artist's fees
  - Honorarium
  - Arbitrators
  - Medical Professional Services



- Expert Witnesses
  - Confidential Items (Forensic Audits)
  - Providers of artistic and recreational services, such as instructors, dance/yoga/gymnastic teachers, historical experts, artistic designers, health and appearance therapists, skate sharpening services
  - Hiring of consultants or contractors to complete project deficiencies or complete the work of a Third Party (i.e. developer) where the third party has abandoned the project or is negligent in completion and where funds to complete the work are being drawn from deposits held by the District of Kitimat.
  - Hiring of Professional Services, funded by a Third Party, retained to undertake design, technical and/or peer review of materials submitted by the Third Party.
3. Utilities
    - Electrical
    - Postal services
    - Water & Sewage
    - Natural gas
    - Hydro
    - Communications, for example: telephone, cable and networking costs
    - Other regulated authorities operating within and across municipal rights-of-way
  4. Government (Federal, Provincial, or Municipal) and Government Agencies.
    - Cooperative purchasing agreements with other agencies or levels of government;
  5. Training and Education
    - Conferences
    - Courses
    - Conventions
    - Magazines
    - Memberships
    - Periodicals
    - Seminars
    - Staff development and Training
    - Staff workshops
    - Subscriptions
  6. Refundable Employee Expenses
    - Advances
    - Meal allowance
    - Miscellaneous – non travel
    - Travel expenses
    - Entertainment expenses
    - Other employee related expenses, such as: trade shows.
    - This shall not include any training specifically designed for the District.
  7. Special Services
    - Community Service Providers (including Daycare, Lodging Homes, Nursing, Homemakers, Shelter for the Homeless, Funeral Services, Community Outreach Programs and Prenatal Care & Education.)
    - Appraisers
    - Committee Fees and expenses

**Competitive Exemptions:**

Departments may apply for Competitive Exemption for the purchase of certain goods or services considered to be beneficial if not to be subject to the competitive process but still require a Purchase Order for invoicing, payment and record keeping purposes. Any such request must be authorized by the Director of Finance and CAO. A file of competitive exemptions will be maintained in Central File 2.6.1 – Finance Administration - Purchasing.

A competitive exemption requires an application and written justification. This application is to be included with purchase requisition, sent by electronic mail to the Director of Finance and include the following:

- Why policy requirement should be exempted
- Proposed alternative to following the policy requirement
- Any relevant circumstances and supporting documentation
- Detail any relevant historical or potential future purchases
- Account Code

Use of these non-competitive methods is subject to abuse. Awarding a contract as a *single* source when other firms can also do the work is a risk to the organization and its reputation.

Acceptable requests for exemption include but are not limited to the following:

- Goods purchased from a public body or not-for-profit
- Goods purchased for governmental promotional purposes
- Promotional Advertising
- Artistic work
- Antiques and Artifacts (shops, sales, repairs, but not including restoration)
- Acquisition of Art (but not including commissioned works of art)
- Amendments or Renewals of Existing Agreements
- Specialized consulting services
- Purchases of goods for the purpose of retail sales (re-sale) by the District
- Media advertising
- Donated goods, services or construction
- Where it can be demonstrated that only one supplier is able to meet the requirements of a purchasing (sole source)
- Bona Fide Emergency - Where an urgent need arises due to an immediate risk to the safety or health of employees or the public or because of the possibility of serious damage to public or private property, the department director is authorized to procure the necessary goods, services or construction as they determine appropriate. In doing so, the department director should take into account and fulfill the objectives and requirements of this policy to the extent possible under the circumstances
- Where the use of direct award (single source) results in future benefits such as reduced maintenance costs, standardization, that more than offset the estimated increase in purchase price



APPENDIX E – REQUEST FOR EXEMPTION FORM



REQUEST FOR PURCHASING EXEMPTION FORM

To be completed by Requestor prior to purchase commitment unless an emergency according to Purchasing Policy:

TO BE COMPLETED BY REQUESTOR:

Permanent: [ ] OR Competitive: [ ]
Annual Exemption: [ ] OR One time Exemption: [ ]
(to be reviewed every January by Finance and Purchasing)

Vendor Name: \_\_\_\_\_

Product or Service Description: \_\_\_\_\_

Reasoning: \_\_\_\_\_

I.e.: This justification form to be included with purchase requisition should include the following:

- Why the policy requirement should be exempted
Proposed alternative to following the policy requirement
Account Code: \_\_\_\_\_
Any relevant circumstances and supporting documentation.
Detail any historical purchases or potential future purchases

Estimated dollar amount: \_\_\_\_\_

SIGNED BY REQUESTOR: \_\_\_\_\_ DATE: \_\_\_\_\_

Print Name: \_\_\_\_\_

TO BE COMPLETED BY FINANCE:

Dollar amount spent with this supplier from previous year: \_\_\_\_\_

APPROVAL BY DIRECTOR OF FINANCE: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVAL BY CAO (if applicable): \_\_\_\_\_ DATE: \_\_\_\_\_

Response: \_\_\_\_\_
(limitations to such exemption to be noted)

Definitions:

Request for Exemption:

- A) Permanent Exemption - Direct payment from Accounts Payable.
B) Competitive Exemption - No competition, Purchase Order required.

Distributors: Original: Applicant Copy: Purchasing Copy: Finance File: 2.6.1.

Revised: January 2018



## APPENDIX F – SCOPE OF WORK EXPECTATIONS SPECIFIC FOR FORMAL PROJECT WORK

This is a general explanation on criteria for writing a scope of work for a Purchase Requisition to submit to the Purchasing Department. Further training is available through the Purchasing Department.

The Scope of Work (SOW) is the area in an agreement where the work to be performed is described. The SOW should contain any milestones, reports, deliverables, and end products that are expected to be provided by the performing party. The SOW should also contain a time line for all deliverables.

A scope of work should have the following components:

- **Project Overview-** A brief scope describing the business needs and a short summary of the project description. Background information can help in this overview.
- **Project Deliverables-** This section should **include all the expected goals and targets** that must be achieved through the project. It must include all related information that will help a contractor in understanding the project's requirement. If specific and appropriate quality standards exist for the goods being purchased that are easily accessible to suppliers (e.g. Energy Star, Canadian Standards Association (CSA) certifications, etc.), the specifications in the solicitation should include these standards.
- **Project Scope** – This section of the scope of work should contain, in terms of budget and technical data, the quantifiable goals set forth under the construction contract, is an essential part of the SOW. Location(s) where the work is required might divide the document into two parts:
  - Technical considerations - Specific technical or methodologies relevant to the contractor's performance and how they will be measured against
  - Tasks – Specific requests and tasks that are needed to satisfy project objectives, with detailed milestones and results that should be obtained from these tasks.
- **Project Schedule-** Summarize the project schedule including all related tasks so the contractor can deliver on time. This section of the SOW should contain all important delivery dates, time restrictions, and the expected project duration.
- **Project Management-** The management section of the SOW must contain a description of change control process, specific contract and legal requirements, phasing or stages of the project and the project's limitations. Risk assessment – how these may be reduced, and the risk management strategies;
- It is also the area on which time management and contract administration will be specified.
- Will the following be required:
  - Site Visit
  - Contractor Coordination and/ or Prime Contractor designation
  - Work Site Hazards
  - Waste Handling
  - Drawing List
  - Budget Dollar Amount
- **Out of Scope:** These are specific features, requirements or functions that are NOT required as part of a particular project. It is essential that all project managers (internal and external, e.g. a Contractor) recognize this very common problem for Scope.



**APPENDIX G –DOCUMENTATION CHECKLIST  
SPECIFIC FOR FORMAL CONTRACT MANAGEMENT**

<b>PLAN</b>	<b>Date</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
• Prepared contract/project planning requirements and decision documents	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Estimate of contract costs	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Identification of risk and insurance requirements	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Pre-approvals sought and given	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• File/contract/project number	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>PRE-AWARD</b>	<b>Date</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
• Solicitation process selected	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Legal opinions, if applicable	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Identification of award and evaluation criteria	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Solicitation advertisements including directed marketing	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Solicitation documents and/or evidence of 3 quotes obtained, or documentation on grounds for direct award	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Completed evaluation for each proponent / respondent	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• List of bidders with prices bid by each	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Pre-bid/proponent meeting materials and sign-in sheets	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Solicitation acknowledgement form (if used)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Distribution and receipt of proposal/bid packages	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Secure financial guarantees (if used)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Submissions received and opened	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Documentation of any submissions that missed mandatory requirements	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• All documents from the evaluation process (notes, scores, scoring summary etc.)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Names of evaluation committee members (and qualifications if needed)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Conflict of Interests declared	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Record of reference checks (if used)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copy of the Notice of Intent, if used	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Purchase Order issued or exemption supplied	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>AWARD</b>	<b>Date</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
• Copy of letter to successful bidder/proponent/respondent	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copy of letter(s) to unsuccessful bidder(s)/proponent(s)/respondent(s)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Documented Debriefing notes, if applicable	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Pre-work discussions/work plan confirmation	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Contract finalization items/terms/scope of work	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Insurance certificates/documents	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• WorkSafeBC letter of good standing	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Financial guarantees and documentation (if needed)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copies of any required certifications	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copy of signed contract	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>MANAGE</b>	<b>Date</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
• Project plans/schedules	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Invoice copies processed against the contract	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Summary of all payments made against the contract	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Contract modifications, extensions or amendments	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Cancellation and dispute resolution materials (if needed)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copies of records identifying receipt of deliverables	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Notices to comply, stop work orders, termination letters (if used)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copies of non-disclosure agreements (if needed)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>CLOSE OUT</b>	<b>Date</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
• Contract evaluation (especially if over \$75,000)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Any final documentation shared with contractor	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Lessons learned	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Copies of internal reports on CFTA data collection	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**APPENDIX H - REFERENCE / RELATED DOCUMENTATION:****District of Kitimat Policies**

Acquisition of Assets  
Corporate Purchasing Card Policy (Credit Card Policy)  
Disposal of Assets  
Expense Policy - Travel  
Gifts

**District of Kitimat Standard Operating Procedures**

Accounts Payable – Payment Terms  
Business Licensing  
Local Purchase Order Process  
Organizational Health and Safety Program  
Purchasing Procedures

**British Columbia Acts**

Freedom of Information and Protection of Privacy Act  
Privacy Impact Assessments  
Financial Disclosures Act  
Local Government Act  
Community Charter  
Workers Compensation Act  
Auditor General for Local Government Act

**Trade Agreements**

New West Partnership Trade Agreement (NWPTA) replaces TILMA  
World Trade Organization Government Procurement Agreement (WTO-GPA)  
Canada-European Union Comprehensive Economic and Trade Agreement (CETA)  
Canadian Free Trade Agreement – CFTA (replaces the Agreement on Internal Trade - AIT)