

Purchasing Policy

Adopted date: Oct 26, 2022	Amended date:	Next Review: May 2025
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OBJECTIVE

The purpose of this Policy is to deliver a best practice approach and procedures to internal purchasing for Van Anda Improvement District (VAID); and to ensure consistency for all purchasing activities.

VAID is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities.

DEFINITIONS

“District” is Van Anda Improvement District

POLICY

This Policy shall apply to all District purchases except those which require a Bylaw in compliance with the Local Government Act.

Purchases which require funds to be withdrawn from Reserve Funds must comply with the purposes for which that Reserve Fund was designated.

This policy:

- Covers the procurement of
 - Goods or services subject to a contract including consultants
 - Asset purchases
 - General operating services/expenditure items including consumable items, hiring, materials, etc.
- Provides the District with an effective way of purchasing goods and services.
- Ensures that purchasing transactions are carried out in a fair and equitable manner.
- Strengthens integrity and confidence in the purchasing system.
- Ensures that the District receives value for money in its purchasing.
- Ensures that the District tries to be as environmentally sensitive as possible.
- Ensures the District is compliant with all regulatory obligations.
- Promotes effective governance and definition of roles and responsibilities.
- Upholds respect from the public and industry for the District purchasing practices that withstands probity.
- Establishes standards for parts inventory control

POLICY

APPLICATION AND RESPONSIBILITY

Trustees, officers, and employees of the District shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner that supports the standing of the District.

The following principles, standards and behaviors must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- full accountability shall be taken for all purchasing decisions and the efficient, effective, and proper expenditure of public monies based on achieving value for money.
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the District policies and code of conduct.
- purchasing is to be undertaken on a competitive basis in which all potential suppliers are treated impartially, honestly, and consistently.
- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements.
- any actual or perceived conflicts of interest are to be identified, disclosed, and appropriately managed; and
- any information provided to the District by a supplier shall be treated as commercial-in-confidence and should not be released unless authorized by the supplier or relevant legislation.

VALUE FOR MONEY

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the District. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly considering user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best value for money outcome for any purchasing should consider:

- all relevant whole-of-life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance, disposal and financing costs.
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including timelines.
- financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities, compliance history and financial track record); and
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining enough competitive quotations wherever practicable.

Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

A yearly review of suppliers shall be completed to ensure these principles continue to be adhered to.

POLICY

SUSTAINABLE PROCUREMENT

The District is committed to principles of sustainable procurement and providing local and ethical employment within the confines of fiscal responsibility.

Sustainable procurement seeks to maximize opportunities to advance positive environmental, social, and ethical impacts and reduce negative impacts while ensuring fiscal responsibility, meeting cost and quality requirements and respecting trade agreements. The district will consider both the sustainability impacts of a good or service as well as a supplier's own corporate sustainability practices.

Sustainability Priorities

There are many possible sustainability issues and opportunities across the breadth of a district's supply chain. VAID has identified the following environmental, social, and ethical topics as the current focal priorities for the district's procurement policy. While any highly relevant sustainability topic may be considered, depending on what is being purchased, primary emphasis will be given to the sustainable development priorities listed below.

Environmental Priorities:

1. Climate Action. Reduce energy use and greenhouse gas (GHG) emissions to mitigate climate change and air and water pollution.
2. Zero Waste. Strive for product durability and waste reduction practices to foster responsible production and consumption patterns towards a circular economy.
3. Pollution Prevention. Seek opportunities for water conservation and pollution prevention to support the protection of biodiversity and natural ecosystems.

Social Priorities:

4. Diversity. Contract diverse suppliers and social enterprises to promote local economic resilience and a diverse, sustainable district.
5. Local Employment. Contract vendors that can provide employment and training opportunities for individuals in the local community with barriers to employment to help reduce poverty.
6. Inclusion. Seek opportunities to provide contracting, employment and skills training for Indigenous persons and other Equity-Seeking Groups.

Ethical Priorities:

7. Fair compensation. Contract vendors that provide livable wages for employees to meet their basic needs and reduce poverty
8. Labour Standards. Uphold human rights and fair labour practices through accountability and transparency in the supply chain.
9. Health and Safety. Support good health and wellbeing for workers through upholding workplace health and safety standards

POLICY

PURCHASING AUTHORIZATIONS AND THRESHOLDS

The Fire Chief and Administrator are authorized to make one-time contracts and/or purchase orders for the acquisition of a specific good and/or service for the purposes of carrying on the business of the District where:

1. The amount of the expenditure does not exceed \$ 5,000.00 (not including GST/PST), in any one case, and where such expenditure is included in the approved budget allocation.
2. Where the purchase is above \$ 1,000.00 and the expenditure is not included in an approved budget allocation, pre-approval is required by the Board of Trustees either at a monthly meeting or via electronic mail.
3. Any purchases above \$ 5,000.00 require pre-approval by submitting them to the Board of Trustees either at a monthly meeting or via electronic mail.

Purchases by the Water Operators must be made in consultation with administration.

Anyone other than the Fire Chief, Administrator or Water Operators must be pre-approved by the Board of Trustees to purchase goods and/or services for the purposes of carrying on the business of the District.

Purchaser	Amount	Pre-approval needed	Pre-approval from
Everyone	Over \$5,000	Always	Trustees
Admin, Fire Chief	Over \$1,000 to \$5,000	When not in budget	Trustees
Water Operators		Yes, except in emergency	Administrator

DELIVERY

Except in the case of emergency, delivery of goods should be arranged by the supplier and shipped to either the VAID Building, District mailing address, or the Water Treatment Plant, as appropriate.

BILL PAYMENT PROCEDURE

All bills and invoices must be billed to Van Anda Improvement District and sent to the District mailing address or emailed to the Administrator.

All bills must be approved and allocated to a budget line prior to payment.

Payments can be made by District cheque, or by personal credit card. A copy of the credit card receipt and invoice must be approved by the Administrator or Fire Chief and submitted for reimbursement within 30 days of purchase. The preferred method of payment is by District cheque.

Any bills to be paid by VAID must first be approved by two Trustees before payment is issued. Bills are paid weekly and must have appropriate documentation attached. All bills must be submitted for payment in a timely manner to avoid interest charges or late fees. Under no circumstances will invoices older than 6 months from date of purchase be reimbursed.

POLICY

QUOTATIONS AND TENDERING PROCESS

General:

Whenever possible for projects over \$1,000, three quotes will be obtained, however the lowest quotation may not necessarily be accepted, depending on the quality and breadth of services available, expertise in the field, knowledge of systems, etc.

Procurement of goods and services shall be undertaken through a competitive bid process by either bid by invitation or public tender, at the discretion of the Board of Trustees.

The District shall maintain a file system which records proof of verbal and written quotations and bids.

The Bid Process:

In order to eliminate unrealistic quotes, the District will sometimes use pre-qualification of bidders.

Exceptions:

There may be occasions where the comparative pricing procedures above are not appropriate for valid reasons. In such cases there may be one supplier of a particular good or service, or consideration such as warranty conditions may require that a particular purchase be sourced through a sole supplier. In the rare case, a written estimate should be obtained from the sole supplier the reason for not seeking alternative prices should be documented and shall be authorized by the Board of Trustees.

EMERGENCY ACQUISITION

Notwithstanding the above, in the case of a pressing emergency or after business hours, where the delay resulting from inviting quotes or bids would be injurious to the public interest and/or the District's assets, the purchase can be made and reported to the Board of Trustees at the earliest date thereafter.

PARTS INVENTORY

Parts and materials that are commonly used for maintenance, new connections and infrastructure repair shall be stored on site in sufficient numbers and amounts so that work will not be delayed by delivery or backorder time.

When possible, items for restocking inventory should be purchased and shipped with orders for projects, to save on freight costs. Separate purchase order numbers will be used to assist project cost tracking.

The inventory will be reviewed periodically by the water operators to ensure all necessary parts and supplies are available as needed.

RELATED DOCUMENTS

- Local Government Act
- VAID Expense and Reimbursement Policy