



Corporate Procedure

Procedure Number: prd_pro_exe_2014

Approved: January 28, 2014

County Commissioner:

A handwritten signature in blue ink, appearing to be "R. Smith", written over a horizontal line.

Revision History: policy # ADM-PRO-1
approved in 2001

Directive Statement: Sturgeon County supports open and non-discriminatory procedures for the purchase of goods and services.

1. Purpose

To establish a system of expenditure control by identifying procedures for spending and delegating the expenditure control limits to appropriate positions in support of effective operations.

2. General Provisions

- 2.1. Expenditure officers may not authorize an expenditure or disbursement where they are directly involved in the transaction. For example, an expenditure officer may not authorize an expenditure where he or she will be the payee, or if the expenditure is for a function such as training course, seminar or conference that he or she is attending.
- 2.2. The authority of expenditure officers shall be limited to specific budgetary allocations and will not be general in nature. All expenditures must be authorized in the detailed annual budget, or approved by Council
- 2.3. All County personnel shall maintain both actual and apparent impartiality and arm's length distance in all dealings with potential suppliers or goods and services
- 2.4. Expenditure authority may be delegated in the absence of the responsible expenditure officer. The Manager of Finance must be notified prior to delegation of expenditure authority.
- 2.5. A current listing of expenditure officers, with specimen signatures and applicable expenditure officer authority shall be maintained by the Manager, Finance
- 2.6. All payments for travel expenses shall be made in accordance with the direction provided in the Sturgeon County Employee Handbook.
- 2.7. All payments for out of pocket expenses must be claimed by submitting the prescribed personal expense claim form

- 2.8. Interest for fees charged on the credit card of an employee or Council member are not reimbursable expenses
- 2.9. Requisitions, purchases or contracts should not be divided in order to avoid the requirements of the spending limits.

3. Expenditure control limits have been established as follows:

Expenditure Component	Level	Limit
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3.1. Signing Contracts

(a) construction/capital	CAO	over \$500,000
	GM	up to \$500,000
(b) consulting, professional technical & other services	CAO	over \$200,000
	GM	up to \$200,000
	Manager	up to \$ 75,000
(c) leasing of property, equipment, machinery and vehicles for a period of one year or more	CAO	over \$100,000
	GM	up to \$100,000
(d) materials and supplies	CAO	over \$100,000
	GM	up to \$100,000
	Manager	up to \$ 50,000

Expenditure Component	Level	Limit
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3.2. Invoices/progress payments for signed contracts, listed in 2.1

CAO	over \$500,000
GM	up to \$500,000
Manager	up to \$ 100,000

Expenditure Component	Level	Limit
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Purchase of Materials & Goods,
invoice approval without a signed contract

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(a) land and/or buildings	CAO	over \$ 100,000
	GM	up to \$100,000
(b) vehicles & equipment	CAO	over \$500,000
	GM	up to \$500,000
	Manager	up to \$ 50,000
(c) supplies, services & fees	CAO	over \$ 250,000
	GM	up to\$ 250,000
	Manager	up to\$ 50,000
(d) rental of property, equipment, machinery and vehicles for a period of less than one year (For over one year see 2.1(c))	CAO	over \$ 500,000
	GM	up to\$ 500,000
	Manager	up to\$ 50,000

Expenditure Component	Level	Limit
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3.3. Grants

(a) all budgeted grants	CAO	over \$100,000
	GM	up to \$100,000
	Manager	up to \$ 10,000
(b) all unbudgeted grants	CAO	over \$ 50,000
	GM	up to \$ 50,000

3.4 Due to reasons of standardization, economies of scale, vendor familiarity or required expertise, the following types of orders are coordinated on behalf of the expenditure authorities by specific managers or designated resources.

- ✓ Stationery and office supplies – reception.
- ✓ Furnishings and office equipment –Manager Fleet and Building Services.
- ✓ All electronic equipment and software purchases for use in conjunction with the Sturgeon County Network Infrastructure must first be reviewed by information services staff for compatibility and compliance with Information

Technology Standards employed within the county – must first be authorized by the Manager Information Services.

- ✓ Vehicles (non-emergency) and heavy equipment –Manager, Fleet and Building Services with input from receiving department’s manager.
- ✓ Advertising – must first be approved Manager, Corporate Communications and be consistent with County advertising policy ADM-ADV-1.

4. Contracts

- 4.1. Written contracts other than direct purchase orders should be used in situations where there is a need to specify in writing the requirements for supply or continuing supply of goods or services, and the need to identify each party’s degree of responsibility and or liability in the case of damage, default or loss.
- 4.2. Contract expenditures in excess of the agreed amount must be approved in writing by the appropriate expenditure officer before an overrun occurs and before the additional work proceeds.
- 4.3. The expenditure officer must ensure that the necessary amounts are withheld from payments where there is a hold back charge to compensate for defective work or claims from third parties. Progress payments or invoices related to contracts should be approved only after the person in the contract has certified performance of services, or receipt of goods, or confirmed the percentage of the work completed.
- 4.4. A statutory declaration and WCB declaration must be obtained from the contractor and the third parties where required to discharge all claims and obligations against the County before payment of any hold back or deposit. All defects must be corrected before the final payment is approved and security deposits are returned.
- 4.5. Copies of signed contracts must be forwarded to Finance for processing subsequent payment requests. In situations where a single payment will discharge the contract, the contract may be submitted with the payment request.

5. Purchase Orders

- 5.1. Purchases over \$1,500 must be initiated by either a purchase order or on a written agreement prior to acquisition. An expenditure officer, in accordance with the levels of spending authority, must approve all purchase orders.
- 5.2. Purchase orders must be attached to the corresponding invoice before being sent for payment processing.
- 5.3. Purchase orders are not required for the following:
 - ✓ purchases under \$1,500
 - ✓ petty cash
 - ✓ expense claims
 - ✓ progress payments
 - ✓ utility bills
 - ✓ other services such as legal and engineering fees.
 - ✓ long-term contracts or service agreements
 - ✓ lease agreements

6. Invoice Approval

- 6.1. Expenditure officers may only sign for invoices coded to the range of accounts designated to them by the General Manager, Corporate Support.
- 6.2. General Managers may sign for an invoice for which they have personal knowledge, within their division.
- 6.3. To avoid penalty charges the Manager, Finance or General Manager, Corporate Support may approve an invoice relating to ongoing operations, for example gas or electric utilities, with a copy to the responsible expenditure officer.
- 6.4. Invoice coding extensions must be initialed by the responsible person to indicate that the proper general ledger account has been chosen as well as verifying the price and extension calculations.

7. Purchasing Methods

- 7.1. Purchases less than \$100 can be reimbursed through petty cash. A petty cash fund will be maintained in each department to meet the requirements of acquisition of

goods having a value of less than \$100 evidenced by petty cash vouchers and receipts.

7.2. Direct purchases from a supplier paid by credit card must comply with the provisions of this policy. Employees who occupy positions with delegated low dollar value purchasing authority may be eligible for purchasing cards upon approval by the General Manager. Every card holder shall be informed of and must agree to the responsibilities and restrictions regarding the use of the purchasing card.

7.3. Purchases between \$5000 and \$ 9,999

- ✓ purchases must have three (3) informal (telephone, catalogue, etc.) price quotes. Quotes must be documented and include the date, name of supplier and contact person, total cost quote, and must be signed by the individual requesting the quote. Purchase must be initiated by purchase order or contract.

7.4. Purchases between \$10,000 and \$74,999

- ✓ purchases must have three (3) formal written price quotes signed by an authorized agent of the supplier. Purchase must be initiated by purchase order or contract. In the event that the vendor provides a unique good, service or software not readily available on the open market this must be noted.

7.5. Purchases over \$75,000

- ✓ Tenders or Requests for Proposal must be issued in compliance with the New West Partnership Trade Agreement (NWPTA) between British Columbia, Alberta and Saskatchewan; and the Agreement on Internal Trade (AIT) between all Canadian provinces, territories and the federal government. Tenders or Request for Proposals must be issued using the following thresholds unless they fall under the excluded procurements as defined by the agreements.

	NWPTA	AIT
Goods	\$75,000	\$100,000
Services	\$75,000	\$100,000
Construction	\$200,000	\$250,000

- ✓ Tender notices must be posted on the Alberta Purchasing Connection Web Site www.purchasingconnection.ca. Additional means of tendering notices may also be used.
- ✓ Prior to issuing a tender, request for proposal or recommending contract award the Manager in charge must review and comply with the requirements of NWPTA and AIT.
- ✓ upon receipt of tender bids or proposals, the initiating department will record the date and time and tabulate bid results.
- ✓ The lowest bid meeting the tender or request for proposal requirements and/or specifications will normally be accepted. Justification in writing along with recommendation must be submitted if the lowest bidder is not selected. Normally, the only reasons acceptable for selecting any but the lowest bidder would be:
 - a. Low bidder does not meet specifications
 - b. Low bidder cannot deliver within required time.
 - c. The quality of performance of previous contracts or services may be in question.
 - d. The acceptance of low bid would result in higher overall end costs (such as operating or life cycle costs).
 - e. The ability, capacity, experience and efficiency of the bidder.

7.6. Once the tenders or request for proposals has been selected, all necessary contractual agreements, conditions, terms, documents, etc. will be completed and the tender or contract will be awarded.

- 7.7. The opening of tenders or requests for proposals must be done in public tender meetings; tenders of \$500,000 in value or exceeding \$500,000 in aggregate value must be ratified at the following Council meeting.
- 7.8. Purchases may be made without prior approval in an emergency situation when the lack of immediate action would jeopardize operations or equipment, disrupt critical services to the public or involve the safety of personnel.
- 7.9. Each department is responsible for ensuring that any obsolete, salvage, scrap or surplus materials are identified. The manager in charge will be solely responsible for the disposal of County owned obsolete, salvage, scrap or surplus physical assets other than office equipment. The General Manager Corporate Support shall delegate the disposal of office equipment as the need arises.

8. Grants

- 8.1. All grant disbursements must be authorized by Council in the annual budget.
- 8.2. Unbudgeted grants must be authorized by resolution of Council at a regular Council meeting.
- 8.3. Expenditure officers must approve payment of authorized grants within their respective expenditure limits.
- 8.4. All grant payments require supporting documentation as appropriate in the form of:
 - (a) grant application form or a letter of request from the grantee;
 - (b) audited financial statements of the previous year for grants in excess of \$50,000;
 - (c) annual budget; and
 - (d) basis of grant calculation