

**Approved by Resolution Dec 8, 2007**

**The Policies of the Board related to the Procurement of Goods and Services include:**

- **Delegation of Authorities and Authorization**
- **Expense Authorization**
- **Recognition of Costs**
- **Methods of Acquisition**
- **Petty Cash**
- **Credit Cards**
- **Purchase Orders**
- **Purchase/Service Contracts**
- **Contracts/Agreements**

**Purpose of Board Policies:**

To ensure that the required quality and quantity of goods and services are procured in the most efficient and economical manner and to ensure the objective and equitable treatment of all vendors.

To ensure that responsible stewardship of funds is not only practiced, but can be demonstrated.

To provide guidance and control over expenditures.

To ensure effective internal controls are established and maintained over all aspects of procurement.

To establish management controls.

**Definitions:**

1. "Account Allocation" means the act of applying the disbursements to various general ledger accounts to reflect the nature of the use to which the Petty Cash amounts were put.
2. "Accrue" means the act of taking into the income statement revenues or expenses which have not yet been invoiced or paid in order to recognize them in the current fiscal period.
3. "Acquisition Method" means the process by which goods or services are procured;
4. "Bid" means an offer or submission received from a vendor, contractor

- or consultant in response to a request, which offer or submission may be subject to acceptance or rejection;
5. "Bid Request" means a formal request for bids or a solicitation, which may be in the form of a Request For Quotation, Request For Tender or Request For Proposal;
  6. "Blanket Purchase Order" means a Purchase Order which establishes prices or a method for determining prices, terms and conditions and the period of time during which a vendor agrees to provide goods or services to the purchaser upon the purchaser's demand;
  7. "Board" means Algoma District Services Administration Board;
  8. "Budget" means a financial plan outlining expected revenues, expenses and expenditures for fixed assets that is formally reviewed and approved by the Board.
  9. "Cheque Requisition" means a form requesting a cheque be prepared for payment of a agency expense.
  10. "Chief Administrative Officer" means the individual identified as Chief Administrative Officer for the Board or designate(s);
  11. "Competitive Method" means an Acquisition Method where vendors are given an equal opportunity to submit bids in accordance with Board policy and procedures;
  12. "Contra Account" means an account which operates as an offset to another related account in order that the amounts in each account may continue to be tracked separately as well as the net effect of the two together.
  13. "Contract" means an agreement by way of a Purchaser Order or other agreement approved by the Board or the Chief Administrative Officer;
  14. "Defer" means the act of holding a revenue or expense in an asset or liability account in order that it can be reflected in the income statement of another period.
  15. "Depreciation" (or "amortization") means the allocation of the cost of a long-term asset, such as a fixed asset (also called property, plant and equipment) over its estimated economic life.
  16. "Disbursement" means paying out of money to an individual.
  17. "Emergency" means a situation where the immediate acquisition of goods or services is essential to prevent serious delays, injury, further damage or to restore or maintain minimum service;
  18. "Emergency Method" means a procurement process where the usual competitive acquisition rules are suspended due to the prevailing emergency circumstances;
  19. "Goods and Services" includes labour, supplies, materials,

- equipment and services of every kind not otherwise provided for in Appendix "A";
20. "Lowest Acceptable Bid" means the lowest price submitted which meets the minimum requirements and specifications as set out in the bid request and supported by evaluation;
  21. "Materially" means in a significant way.
  22. "Negotiation Method" means an Acquisition Method whereby the Board may confer with one or more vendors leading to an agreement on needed goods or services under the conditions outlined in this policy;
  23. "Petty Cash" means a small amount of cash kept on hand at an office location or facility of the Agency to be used for necessary minor purchases.
  24. "Petty Cash Custodian" means the individual chosen to hold and disburse Petty Cash and to maintain a Petty Cash log.
  25. "Procure" means to acquire by purchase, rental, lease or trade
  26. "Purchase Order" means a written offer to procure goods and services or a written acceptance of an offer to acquire goods and services made on the Board's form;
  27. "Reconciliation" means the process of comparing actual amounts held to the amounts which the records indicate should be there and finding reasons for any differences.
  28. "Request for Information" means a written request for details on a vendor's background and the goods or services they are offering, such information may be used to pre-qualify vendors to be invited to submit bids;
  29. "Sole Source" means there is only one source of supply of particular goods or services
  30. "Standard Form Contract" means a completed Purchase Order, or a duly executed contract in the form approved by the Board;
  31. "Manager" means the individual identified as the Manager for the Board, or designate(s);
  32. "Total Project Cost" means the sum of all costs (including applicable taxes) that would normally be paid to one vendor for goods or services required to meet a major objective over a period of time
  33. "Act" means the Municipal Act, R.S.O. 1990c.M.45, as amended from time to time and includes regulations made under it:

### **Purchasing Principles of the Board:**

The Board's purchasing principles are as follows:

1. to procure the necessary quality and quantity of goods and services in an efficient and cost effective manner;
2. to give full consideration to the annual aggregate value of specific goods or services that will be required by the Board prior to determining the appropriate acquisition method;
3. to consider the total project cost of an undertaking prior to determining the appropriate acquisition method;
4. to procure necessary goods and services with due regard to the preservation of the natural environment, to encourage vendors to supply goods made by a method resulting in the least damage to the environment and to encourage vendors to supply goods incorporating recycled material where practicable;
5. to comply with all ADSAB policies and any applicable statutory obligations.

With regards to bids and tenders, the Board's purchasing principles are as follows:

1. all parties involved in calling tenders must declare a conflict of interest if one exists or is perceived to exist;
2. to encourage the most honest, fair and open bidding process practicable for the acquisition of goods and services;
3. to consider the total cost of the bidding process, acquisition, repair, staff training and operation rather than only the lowest invoice price;
4. apply the same conditions of tendering to each tender response;
5. avoid any practice which may be perceived as giving one party an improper advantage over another or which could be perceived as collusion on tendering;
6. provide tender documents that clearly specify requirements to allow tender respondents to accurately price/cost their goods or services
7. to keep confidential until tender opening, to all persons, the number, source, etc. of tenders received;
8. the Director shall be responsible for the preparation and approval of all specifications to be used for the acquisition of such goods or services. Wherever practicable, the acquisition method utilized shall provide for consideration of alternatives to approved specifications provided that all potential bidders shall be notified that minor amendments to approved specifications may be made without further notice.

**General:**

1. The Board has the authority to allocate funds for Board purposes and to approve Board programs subject to the applicable legislation.
2. All reports to the Board recommending the commitment of funds shall indicate (i) the source of funding and (ii) impact on the Board operations with respect to financial, human or physical resources.
3. All acquisitions made by the Board shall be carried out in accordance with the Act, this Policy and other Board Policies and principles established from time to time. The Board will allow service without an open competition, when they have reviewed the process and determined it is not in the best interest to do so, in accordance with this policy. The CAO, or designate, is to advise the Board, by report, of any situation in which this occurs.
4. No expenditure, debt or commitment shall be incurred or made and no account shall be paid by the Board for goods or services, except as approved by the Board or as otherwise authorized in accordance with Board's Policies.
5. The Board shall be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
6. The Board may remove a vendor's name from consideration for a contract under this Policy for a period of up to two years on the basis of documented poor performance or non-performance on a Board contract.
7. The following activities are prohibited:
  - (i) The division of contracts to avoid the requirements of this Policy;
  - (ii) Purchase by the Board of any goods or services for personal use by or on behalf of any Board employee or Board member or their families; except where authorized by the Board, and approved employee purchase plans.
8. The Board may participate with other government agencies, public authorities or other municipalities in co-operative acquisition ventures where it is in the best interests of the Board to do so and may follow the

procedures set out from time to time. A written bid/quote method will be used once a decision to enter into a co-operative acquisition of consumable supplies has been established.

### Purchasing Procedures:

The Chief Administrative Officer shall establish purchasing procedures consistent with the Purposes, Goals and Objectives set out in the policy relating to:

- a) The form, content and use of forms, whether electronic or printed, including requisitions, purchase orders, bonds, letters of credit and other forms of guarantee or surety, tender, proposal and other contract documents;
- b) The identification of those Goods, Services and Construction which, are more effectively acquired through cooperative purchasing;
- c) The process to be followed in issuing, receipt and evaluation of Tenders and Requests for Proposals including the option of submitting documentation, payment or signature by electronic means pursuant to the *Electronic Commerce Act*, S.O. 2000, c.17, as amended;
- d) The designation of duties to any other properly authorized employee, any part or parts of the responsibilities indicated in this policy;
- e) Any other aspect of process or procedure not specifically provided for in this policy.

### Compliance:

Any employee who willfully and knowingly acquires any goods or services for the Board in contravention of any section of this or any other Policy, as amended from time to time, shall be deemed to have committed an act of malfeasance and is liable to disciplinary action.

### Delegation of Authorities and Authorization Policy

#### **POLICY**

All transactions and decisions must be properly approved by a level of authorization commensurate with their nature and size.

Decisions that materially affect the direction or finances of the Board are subject to authorization and approval by the Board.

**PURPOSE**

The purpose of this Statement of Policy and Procedure is to specify which parties must give approval for significant decisions and to outline procedures for obtaining appropriate authorization.

**SCOPE**

This policy applies to the Board, officers, senior management, and all employees of the Board.

**RESPONSIBILITY**

All employees are responsible for ensuring that the necessary approvals have been obtained before a major commitment is made on behalf of the Board.

**PROCEDURES****Authorization Levels**

Authorization for any activity, unless specified otherwise in another policy, shall be as follows:

- (a)** Any agreement that may materially affect the direction or the finances of the Board shall be reviewed and authorized by the Board. This includes, but is not restricted to:
  - (i) Any contract out of the ordinary course of business
  - (ii) Any contract with a gross value greater than \$250,000.
- (b)** Any agreement with a gross value greater than \$25,000, or a term greater than 1 year shall be reviewed and authorized by the Chief Administrative Officer.
- (c)** Any agreement with a gross value greater than \$10,000, or a term greater than 6 months shall be reviewed and authorized by the Director of Finance.
- (d)** Any agreement with a gross value less than \$10,000 shall be reviewed and authorized by a Director/Manager and the Director of Finance.

**Means of Authorization**

The signature of the authorizing individual, or in the case of the Board of Directors, a signed resolution or minutes attesting to the matter provides authorization.

## Expense Authorization

### **POLICY**

All employees shall obtain appropriate authorization for any expenditure of agency funds.

### **PURPOSE**

The purpose of this Statement of Policy and Procedure is to establish internal controls over the authorization of expenses.

### **SCOPE**

This policy applies to all individuals making purchases on behalf of the agency.

### **RESPONSIBILITY**

All Operating Programs are responsible for ensuring that expenditures made on behalf of the agency represent good value and represent a benefit to the agency.

The Finance Department is responsible for ensuring that no payments are made without appropriate authorization.

### **PROCEDURES**

#### **Goods and Services up to \$100**

- (a) Goods and services costing less than \$100 required in the normal course of business may be paid for from Petty Cash.
- (b) All withdrawals from Petty Cash and all expenditures using Petty Cash must be authorized by the employee's supervisor or the supervisor's delegate.

#### **Goods and Services greater than \$100**

- (a) For individual goods and services costing more than \$100 required in the normal course of business, the purchase order process must be used except in the case of regular predictable expenses such as rent or utilities;
- (b) For purchases of a recurring nature from major suppliers, or for standing order purchases, the purchase order process must be used regardless of the amount;
- (c) Purchase order authorizations are as follows:
  - (i) Any purchase with a gross value under \$2,500 shall be reviewed and authorized by a Manager,

- (ii) Any purchase with a gross value less than \$2,500 and not approved in the budget shall be reviewed and authorized by the Director of Finance, or designate,
  - (iii) Any purchase with a gross value greater than \$2,500 and approved in the budget shall be reviewed and authorized by the Chief Administrative Officer, Director of Finance or Director of Operations, as appropriate,
  - (iv) Any purchase with a gross value greater than \$2,500 and not approved in the budget shall be reviewed and authorized by the Chief Administrative Officer, or designate;
- (d)** Authorization for any activity, unless specified otherwise in another policy, shall be as follows:
- (i) Any agreement that may materially affect the direction or the finances of the agency shall be reviewed and authorized by the Board. This includes, but is not restricted to:
    - Any contract out of the ordinary course of business,
    - Any contract with a gross value greater than \$250,000;
- (e)** Any agreement with a gross value greater than \$25,000 or a term greater than 1 year shall be reviewed and authorized by the Chief Administrative Officer or designate;
- (f)** Any agreement with a gross value greater than \$10,000, or a term greater than six months shall be reviewed and authorized by the Director of Finance or designate;
- (g)** Any agreement with a gross value less than \$10,000 shall be reviewed and authorized by a Director/Manager and the Director of Finance.

All purchases made on behalf of the Board must have an authorizing signature other than that of the initiator of the purchase. Where a Manager or Director initiates a purchase, the authorization will be as per above or the individual's direct supervisor, whichever level is higher.

### **Authorization by Board**

- (a)** The Board authorizes the annual expenses of the agency by approving the annual budget;
- (b)** For major purchases not incorporated into the fiscal budget, the Board delegates authorization responsibility to the Chief Administrative Officer or designate for those items less than \$20,000. **Such amounts to be reported to the Board.**

- (c) The Chief Administrative Officer is required to obtain Board authorization for any purchases not incorporated in the fiscal budget and \$20,000 or greater.
- (d) The Chief Administrative Officer is required to obtain Board authorization for all purchase commitments greater than \$250,000.

### Over-Expenditures:

Where expenditures exceeding the funding available in a budget by an amount not exceeding 10 per cent of such funding, the Manager/Director is authorized to pay such excess provided that:

- this and all applicable Policies are otherwise complied with
- the amount of the excess is available from another appropriation so that the total expenditures do not exceed the estimates approved by the Board
- the excess commitment is reported by the Manager/Director to the Chief Administrative Officer, or designate, as soon as possible, acting reasonably, together with a detailed explanation of the reasons therefore.

Where the cost of goods or services will exceed the amount approved by the Board, the Manager/Director shall report this fact to the Chief Administrative Officer, or designate, as soon as possible, acting reasonably, together with a detailed explanation of the reasons therefore and recommendations on an appropriate course of action.

Where expenditures will exceed the appropriation therefore, the appropriate Director/ Manager shall report this fact to the Chief Administrative Officer, or designate, as soon as possible, acting reasonably, together with a detailed explanation of the reasons therefore and recommendations on an appropriate course of action.

The Chief Administrative Officer to determine matters to be reported to the Board except the Chief Administrative Officer shall prepare a report of the overrun that exceeds 10%.

### Summary of Expenditure Authorizations:

| Expenditure Value | Method of Acquisition | Conditions | Authorization         |
|-------------------|-----------------------|------------|-----------------------|
| up to \$100       | Petty Cash            | none       | Employee's supervisor |

|                                   |   |  |                                     |
|-----------------------------------|---|--|-------------------------------------|
| > \$100 and<br>< \$2,500          | Purchase Order  | in budget                              | Manager(2)/Director                 |
|                                   |   | not in budget                          | Director of Finance<br>or designate |
| > \$2,500<br>and <=<br>\$50,000   | Purchase Order /<br>Purchase Contract<br>(1)                    | in budget                              | CAO or Director                     |
|                                   |   | in budget ><br>\$25,000 or ><br>1 year | CAO or designate                    |
|                                   |   | not in budget<br>and <=<br>\$20,000    | CAO or designate                    |
|                                   |   | not in budget<br>and ><br>\$20,000     | Board or as directed                |
| > \$50,000<br>and <<br>=\$250,000 | Purchase Order/<br>Purchase Contract<br>/<br>Contract/Agreement | in budget                              | CAO or designate                    |
| > \$250,000                       | Contract/Agreement  | none                                   | Board or as directed                |

(1) All contracts subject to authorization of Chief Administrative Officer or designate

(2) Manager authorization relates to the Manager's approved budget

### **POLICY**

Costs shall be recognized at the time they are incurred. Assets shall be amortized over their estimated useful life.

### **PURPOSE**

The purpose of this Statement of Policy and Procedure is to provide guidance to the finance department on reflecting costs in asset and liability accounts and when to bring costs into current expense.

### **SCOPE**

This policy applies to the Finance Department.

**RESPONSIBILITIES**

The Finance Department is responsible for:

- Determining the appropriate recognition treatment of all agency costs
- Deferring or Accruing costs which should be recognized in another fiscal period

**PROCEDURES****Assets:**

- (a) Assets shall be amortized over their useful life, with the current period's expenses debited to the asset expense account and credited to a contra account that offsets the value in the asset account.
- (b) Amortization of an asset must be made at a rate that best reflects the useful life of the asset.

**All Other Purchases – Accruals**

- (a) The costs of other purchases are recognized at the time goods or services have been delivered to the organization.
- (b) The payables established by Purchasing upon receipt of fulfilled Purchase Orders, net of those that have been paid in the current period, shall be accrued as Accounts Payable at the end of each reporting period (usually monthly).

**Methods of Acquisition****POLICY**

All acquisitions or expenditures must be made by one of the following approved methods of acquisition:

- Petty Cash,
- Credit Card
- Purchase Order, or
- Contract/Agreement

**PURPOSE**

The purpose of this Statement of Policy and Procedure is to specify which method must be utilized in the procurement of goods and services.

**SCOPE**

This policy applies to all employees of the Algoma District Services Administration Board.

**RESPONSIBILITY**

All employees are responsible for ensuring that the appropriate method is utilized.

## **METHODS**

### **A. Petty Cash (up to \$100)**

- a) There may be established a petty cash fund in an amount approved by the Director of Finance having regard to the operational requirements.
- b) The appropriate Director/Manager may authorize petty cash expenditures not exceeding \$100.00 in any one instance.

### **B. Credit Card**

- a) A credit card will be issued to EMS vehicles and any employees as determined by the Chief Administrative Officer.

### **C. Purchase Order (\$100 to \$50,000)**

- a) The acquisition of goods and services having an estimated value of not greater than \$50,000.00 shall be carried out by the appropriate Director/Manager in accordance with the principles set out in this Policy or as approved in the Budget and such other applicable policies and procedures established from time to time.
- b) All Blanket Purchase Orders shall have a specified limit or time frame and may only be issued by the Chief Administrative Officer, or designate.

### **D. Contract/Agreement (greater than \$50,000)**

- a) Where the value of the goods or services acquired is less than \$100,000 and the term or the contract is one year or less, a purchase/service contract is created. See: Purchase/Service Contracts.
- b) Where the value of the goods or services acquired is \$100,000 or greater or the term of the contract is greater than one year, an RFP must be issued and the ADSAB Procedures for Tenders must be employed.

### **Competitive Methods for Contract/Agreement:**

The Competitive method will be employed in wherever bids are solicited for any purchase of goods or services as follows:

- post the information on the Board Public Website and /or
- advertise the bid request in one or more publications of general circulation and/or

- receive written bids up to the published deadline
- co-ordinate the opening of bids in public at the appointed time
- written record of all bids initiated by the committee shall be kept
- prepare a report

The appropriate Director/Manager or designate(s) may compile a list of qualified bidders and develop the criteria for pre-qualification when:

- a large number of bids is anticipated and the evaluation of bids would create an undue cost burden for the Board or;
- where it is desirable to pre-qualify bidders according to established criteria prior to bidding.

In order to compile the list of qualified bidders:

- potential bidders shall be invited by the appropriate Director/Manager to reply to a Request for Information advertised in a publication of general circulation, and;
- all submissions received in response shall be reviewed by a vendor selection committee composed of the appropriate Director /Manager, Chief Administrative Officer .

### **Negotiation Method for Contract/Agreement:**

Notwithstanding any other provisions of the Policy, the appropriate Director /Manager may enter into negotiation with one or more vendors for the supply of goods or services when any of the following conditions exist;

- due to market conditions goods or services are in short supply;
- there is only one source of the subject goods or services;
- two or more identical acceptable low bids have been received;
- efforts at breaking identical bids have previously been unsuccessful and the same goods or services are required again;
- all acceptable bids exceed the amount budgeted for the goods or services;
- all bids received are not acceptable;
- the extension or reinstatement of an existing contract would be more cost effective or beneficial to the Board;
- a particular vendor is being recommended because it is more cost-effective or beneficial, or;
- when authorized by the Board.

**Emergency Purchases:**

Notwithstanding any other provision of this Policy, where an emergency exists, the appropriate Director/Manager is authorized to obtain necessary goods or services with an estimated value of less than \$50,000.00 by the most expedient and economical means. A report to the CAO and Director of Finance regarding the details of such a purchase will be made. A report of the purchase will also be made to the Board by the CAO or designate.

**Petty Cash****POLICY**

Petty Cash shall be used when, and only when, employees are required to make small, reasonable cash purchases on behalf of the agency. Receipts must be retained and recorded by the employee responsible for Petty Cash.

**PURPOSE**

This Statement of Policy outlines the circumstances under which petty cash should be used.

**SCOPE**

This policy applies to all individuals maintaining petty cash amounts, individuals accessing Petty Cash and the Finance Department.

**RESPONSIBILITY**

All operating departments are responsible for ensuring that expenditures made on behalf of the agency represent good value and represent a benefit to the agency.

The Petty Cash Custodian is responsible for:

- Validating that the request for Petty Cash is for agency purposes
- Maintaining a substantiated record of all transactions affecting the amount of petty cash

The Finance Department is responsible for:

- Ensuring that Petty Cash records are reconciled to actual cash amounts
- Replenishing Petty Cash amounts on a timely basis

**PROCEDURES**

- a) There may be established a petty cash fund in an amount approved by the Director of Finance having regard to the operational requirements.
- b) The appropriate Director/Manager may authorize petty cash expenditures not exceeding \$100.00 in any one instance.
- c) Petty Cash Box:
  - (i) Petty Cash should be kept in a secure location in a locked cash box.
  - (ii) One employee, the Petty Cash Custodian, shall keep the Petty Cash box key and manage the Petty Cash, including monthly reconciliation and refreshment of funds.
  - (iii) In shift operations, it may be necessary to identify more than one employee as Petty Cash Custodian. Where there is more than one Petty Cash Custodian, transaction receipts must show the initials of the individual accessing Petty Cash for each transaction.
- d) Procedures for disbursements, reconciliation and replenishment of Petty Cash will be in accordance with ADSAB Procedures for Petty Cash as established from time to time.

### **Credit Cards- Procedure**

#### **POLICY**

Employees shall be given access to a credit card where determined by the Chief Administrative Officer and all EMS vehicles will be assigned a credit card.

Credit cards may only be used for business expenses and may not be used for expenses of a personal nature.

#### **PURPOSE**

The purpose of this Statement of Policy and Procedure is to ensure that credit cards are used for appropriate purposes and that adequate controls are established for day-to-day use.

#### **SCOPE**

The Credit Cards policy applies to all employees who maintain a credit card for Board use, and their managers.

#### **RESPONSIBILITY**

Individuals holding credit cards are responsible for:

- Using the cards only for their intended purpose
- Retaining receipts and providing explanations for all Board credit card transactions

- Obtaining authorization for credit card invoices

The Finance department is responsible for:

- Ensuring that all credit card transactions are properly authorized
- Processing payments for credit card invoices on a timely basis to avoid late payment charges
- Arranging credit or transaction-level limits for individual cards

### **Use of Credit Cards and Expense Reports**

- a) Credit cards are to be used for Board requirements only.
- b) Credit cards assigned to EMS vehicles are to be used exclusively for the purpose of purchasing gas for the specific EMS vehicle.

### **POLICY**

Employees shall be given access to a credit card where determined by the Chief Administrative Officer and all EMS vehicles will be assigned a credit card.

Credit cards may only be used for business expenses and may not be used for expenses of a personal nature.

### **PURPOSE**

The purpose of this Statement of Policy and Procedure is to ensure that credit cards are used for appropriate purposes and that adequate controls are established for day-to-day use.

### **SCOPE**

The Credit Cards policy applies to all employees who maintain a credit card for Board use, and their managers.

### **RESPONSIBILITY**

Individuals holding credit cards are responsible for:

- Using the cards only for their intended purpose
- Retaining receipts and providing explanations for all Board credit card transactions
- Obtaining authorization for credit card invoices

The Finance department is responsible for:

- Ensuring that all credit card transactions are properly authorized
- Processing payments for credit card invoices on a timely basis to avoid late payment charges

- Arranging credit or transaction-level limits for individual cards

### **Use of Credit Cards and Expense Reports**

- c) Credit cards are to be used for Board requirements only.
- d) Credit cards assigned to EMS vehicles are to be used exclusively for the purpose of purchasing gas for the specific EMS vehicle.

## **Purchase Orders- Procedure**

### **POLICY**

Purchases made on behalf of the agency must be made by Purchase Order. While such purchases may be initiated by any operating department, they may only be made by the Finance Department.

Certain purchases or expenditures are excluded from this policy. The acquisition of items listed in Appendix "A" shall not require a purchase order and shall be subject to applicable policies and procedures established from time to time.

### **PURPOSE**

The purpose of this Statement of Policy and Procedure is to provide internal controls over the purchasing process.

### **SCOPE**

The Purchase Order policy applies to all employees.

### **RESPONSIBILITY**

Directors/Managers are responsible for:

- Reviewing and approving all purchase orders originating in their department
- Investigating potential suppliers for specific requirements

The Finance Department is responsible for:

- Establishing supply contracts
- Issuing and controlling purchase orders

### **PROCEDURES**

- a) The acquisition of goods and services having an estimated value of not greater than \$50,000.00 shall be carried out by the appropriate Director/Manager in accordance with the principles set out in this Policy or

as approved in the Budget and such other applicable policies and procedures established from time to time.

- b) All Blanket Purchase Orders shall have a specified limit or time frame and may only be issued by the Chief Administrative Officer, or designate.
- c) For the acquisition of goods and services with an estimated value greater than \$15,000, at least three written bid requests shall be solicited by the appropriate Director/Manager in consultation with the Chief Administrative Officer.

## **Appendix A**

Subject to all applicable Board policies and procedures a purchase order is not required for the following items unless requested by the requisitioner; (this list is not all inclusive)

- Petty Cash Items
- Training and Education
  - Conferences
  - Courses
  - Conventions
  - Memberships
  - Seminars
  - Periodicals
  - Magazines
  - Staff Training
  - Staff Development
  - Staff Workshops
  - Subscriptions
- Refundable Employee/Board Expenses
  - Advances
  - Meal Allowances
  - Travel Expenses
  - Entertainment
  - Miscellaneous - Non Travel
  - Hotel Accommodation
- Employer's General Expenses

- Payroll Deduction Remittances
- Medical and Dental Expenses
- Licenses (vehicles, elevators, radios, etc.)
- Debenture Payments
- Grants, donations and levies to Agencies, Boards, Commissions and persons
- Payments of Damages
- Petty Cash Replenishment
- Tax Remittances
- Charges to or from other government bodies or Crown Corporations
- Employee Income
- Real Property including Land, Buildings, Leasehold Interests, Easements, Encroachments and Licenses
- Bank Charges and Underwriting Services where covered by Agreements
- Payroll
  
- Professional and Special Services
  - Consultant Fees
  - Tradesmen Fees
  - Auditor Fees
  - Honoraria
  - Arbitrators
  - Appraisers
  - Legal Settlements & Fees
  
- Utilities
  - Postage
  - Water and Sewage Charges
  - Hydro
  - Gas
  - Telephone Service Charges
  - Cable Television Charges
  - Internet Service Charges
  
- Contracts
  - Contracts under the Seal of the Board

## Purchase / Service Contracts

### **POLICY**

All purchasing contracts should be carefully reviewed before being authorized. Only the Chief Administrative Officer, or designate may enter into purchasing contracts on behalf of the Board.

### **PURPOSE**

This Statement of Policy and Procedure provides guidance regarding purchasing/service contracts.

### **PROCEDURES**

#### **Purchasing/Service Contracts**

- (a) Contracts must be originated by the Finance Department; no other employee except the Chief Administrative Officer, or designate, has the authority to enter into a contract.
- (b) Contracts must be approved according to the Expense Authorization policy
- (c) The procedures for soliciting and awarding contract will be in accordance with ADSAB Procedures for Awarding and Managing Contracts as established from time to time.

#### **Competitive Bid Contracts**

For contracts greater than \$100,000 or for a term greater than one year, a competitive bidding process consisting of detailed Requests For Quotation (RFP), comprehensive assessment of quotes and final selection authorization, in accordance to ADSAB Procedures for Tenders as established from time to time will be undertaken.

## Contracts / Agreements Procedure

### **POLICY**

All contracts should be carefully reviewed before being authorized. Contracts on behalf of the agency are entered into in accordance with the Expense Authorization Policy of the Board.

### **PURPOSE**

This Statement of Policy and Procedure provides guidance regarding contracts.

### **SCOPE**

The Contracts/Agreements policy applies to all employees.

## PROCEDURES

- (a) Where the value of the goods or services acquired is less than \$100,000 and the term of the contract is one year or less, a contract is created and the ADSAB Procedures for Invitation to Bid or for Awarding and Managing Contracts, as established from time to time, may be employed upon consultation with the Chief Administrative Officer or designate.
- (b) Where the value of the goods or services acquired is \$100,000 or greater or the term of the contract is greater than one year, a Request for Proposal must be issued and the ADSAB Procedures for Tenders and for Awarding and Managing Contracts, as established from time to time, must be employed.

## SECURITY BONDING REQUIREMENTS

The form and amount of the security bonding requirement for each contract will be approved by the Chief Administrative Officer based on the total tender price and past performance/experience with the successful bidder.

Security bonding may take the form of:

- Performance Bond,
- Materials Bond,
- Letter of Credit, or
- Certified Cheque

All security bonds are to be held in the vault and certified cheques will be deposit in a specifically defined bank account, as determined by the Director of Finance.

The Chief Administrative Officer may require that a Bid be accompanied by a Bid Bond or other similar security to guarantee entry into a Contract. Unless otherwise specified, in circumstances where a Bid Bond or other security is required, the refundable deposit requirements for Requests for

| <b>ESTIMATED TOTAL ACQUISITION COST</b> | <b>MINIMUM DEPOSIT REQUIRED</b>                                       |
|---|---|
| \$30,000 +                              | 10%   |
| \$100,000 +                             | 10%<br>or a stipulated amount<br>to accommodate<br>unbonded companies |

Tenders and Requests for Proposals shall be as follows:

Prior to the commencement of the work, the successful bidder may be required to provide the following security in addition to the security referred to above:

- a) A performance bond to guarantee the performance of a Contract, and
- b) A payment bond to guarantee the payment for labour and materials to be supplied in connection with the Contract.

The Chief Administrative Officer or designate shall select the appropriate means to guarantee execution and performance of the Contract. Means may include one or more of, but are not limited to, certified cheque, bank draft, irrevocable letter of credit, money order and, where appropriate, a bid bond issued by an approved guarantee Board properly licensed in the province of Ontario, on bond forms acceptable to the Board.

Prior to the commencement of work, evidence of insurance coverage satisfactory to the Director or designate must be obtained, ensuring indemnification of the Board from any and all claims, demands, losses, costs or damages resulting from the performance of a Bidder's obligation under the contract and from any other risk determined by the Director or designate as requiring coverage.

Prior to payment to a supplier, a Certificate of Clearance from the Workplace Safety and Insurance Board shall be obtained ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board to the date of payment.

On a performance bond contract, a statutory declaration is required. This declaration certifies that all accounts and other indebtedness incurred in the contracts previous claims have been paid. In the case of a Materials Bond, the bond will be retained for 120 Days after final Completion of the Work. Where a Letter of Credit is provided, it will be held until the Final Completion of the Work. Where a Certified Cheque is provided, it will be deposited in a specifically defined bank account, as determined by the Director of Finance and the amount will be released upon the Final Completion of the Work.

All tender deposits shall be held in the vault at head office or as deemed appropriate by the Director of Finance, following receipt of the properly executed documents.