



The Corporation of the City of Sarnia

The Procurement of Goods and Services Policy

Procurement of Goods and Services Policy

March 23, 2015

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Procurement Goals and Objectives

Statement

To establish the most cost-effective methods are used to purchase goods and services for all City Departments. To ensure the prices paid for goods and services make optimum use of City resources without delaying services to the public. To establish the authority of the City Departments as it relates to the procurement policy.

Role of Purchasing

The procurement of goods and services shall be a centralized function administered by the Purchasing Manager, under the direction of the Director of Finance for the Corporation to:

- Provide purchasing services and advice to all City Departments.
- Co-ordinate and / or standardize the purchase of similar items by departments in order to optimize discounts available to the City.
- Ensure that the procurement policies are adhered to by departments who have authorized spending limits defined or delegated through this policy.
- Encourage innovation and the use of technology which conforms to City specifications and policy in order to ensure the utilization of the most efficient and effective procurement processes and practices.
- Consider the total cost of ownership where possible

Objectives

- a) To promote the most cost effective and efficient use of public funds and resources by acquiring the specified goods and services at the optimum quality, quantity, price, delivery and performance.
- b) To encourage fair and open competitive bidding on all acquisition and disposal of goods and services where practical.
- c) Unless otherwise approved by Council, to purchase goods and services only as approved in the annual budgets.

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- d) To obtain the most competitive offers from the most responsible and responsive vendors. To use vendors who comply with the provisions of the bid solicitation, including specifications and contractual terms and conditions.
- e) To use vendors who can be expected to provide satisfactory performance based on reputation, references, past experience, and sufficiency of financial and other resources.
- f) To structure specifications that does not exclude certain vendors or manufacturers unless there is documented evidence to warrant exclusion.
- g) To always consider the “total cost of ownership” rather than the lowest bid. This includes but is not limited to, such factors as repairs, staff training, suitability, compatibility, warranty, trade-in value, recycling and disposal concerns.
- h) To acquire goods and services with regard to preservation of the natural environment. This gives reference to the method of manufacture and the method of disposal.
- i) To delegate the appropriate level of authority to enable City Departments to meet service requirements.
- j) To ensure those employees who are responsible for requisitioning and purchasing of goods and services are accountable for their actions and decisions.
- k) To participate with other publicly funded bodies in co-operative purchasing activities where they are in the best interest of the City.
- l) Maintain a smooth and uninterrupted flow of materials necessary for the continuance and preservation of the best interest of the City.
- m) Maintain a smooth and uninterrupted flow of materials necessary for the continuance and preservation of the essential services provided by the City.
- n) Comply with the Federal and Provincial Acts and laws which apply to Canadian municipalities.

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Sustainable Purchasing

When possible, all City departments shall identify and purchase the most environmentally and socially responsible products and services that are available for the intended purpose at a competitive price and that meet the performance requirements. Environmental and social factors that should be considered are but not limited to:

- Reduced virgin material in product
- Environmental cost of entire product
- Reuse existing products or materials
- Recyclability of product
- Minimization of packaging
- Durability and maintenance requirements

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General Provisions

Compliance

City Council, the general public and business community must have confidence in the integrity of the City's procurement practices. It is therefore important that all City employees involved in the purchase of goods and services be completely responsible for their actions.

No purchase of goods and or services shall be authorized unless it is in compliance with this policy. Goods and or services that are obtained without following the provisions of this policy will not be accepted, and any invoices received may not be processed for payment.

All City Departments and staff, City Council members, and Council Funded Groups are responsible for adhering to the provisions of this policy.

Staff Responsibility

Members of Committees of Council or Group where the City handles Payment Functions:

All members of a Members of Committees of Council or Groups where the City handles Payment Functions shall conform to the provisions of the Procurement Policy.

Any purchasing by a Committee of Council or Group where the City handles payment functions shall be done through the direction of the assigned City Staff Representative.

Any purchases completed by a Committee of Council or Group where the City handles Payment Functions must be approved by the City Staff Department Representative prior to procurement of goods or services to ensure the most cost effective method is being utilized.

General Staff

All staff shall conform to the following:

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- a) All staff authorized to obtain goods and services on behalf of the City comply with the Ethical Standards of this policy
- b) All acquisitions of goods and services shall be made in accordance with this policy
- c) Staff may utilize the blanket purchase orders approved by the Finance Department for commonly used items but only up to the maximum limit stated and in accordance with the terms of the blanket order

Department Head

Departments Heads shall:

- a) Ensure that all purchases made by staff under their direction are in accordance with the procurement policy.
- b) Be responsible for taking appropriate measures for each case of non-compliance by staff.

Non-Compliance

Non-compliance to the Procurement of Goods and Services Policy will require City Manager approval if over \$10,000 and Purchasing approval for less than \$10,000 before payment is processed to suppliers of goods or services. At the discretion of the City Manager, City Council approval may be required.

Repeated and blatant disregard of policies and procedures shall not be tolerated. Continuous actions under Non-compliance may lead to disciplinary action up to and including dismissal.

Division of Contracts

No procurement shall be divided to avoid the requirements of the tender, proposal, quotation or purchasing card procedures. Nor shall purchases be split in order to circumvent prescribed spending authority dollar limits as outlined in this policy.

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Interference in the Procurement Process

- a) Elected Councillors, employees, or members of Committees of Council and groups, shall not knowingly cause or permit anything to be done or communicated to anyone in a manner which is likely to cause any potential supplier to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and or services to the City.
- b) Elected Councillors, or members of Committees of Council and groups shall separate themselves from the procurement process and have no involvement whatsoever in specific procurements. Elected Councillors or members of Committees of Council shall not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. Elected Councillors who receive inquiries from suppliers related to any specific procurement shall immediately direct those persons making inquiries to the Finance Department or Director of Finance.
- c) If an Elected Councillor, employee or member of Committees of Council and groups, fail to comply with this provision, they must be removed from the awarding process, and the vendor in question will be disqualified.

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Accessibility

To ensure the fair and open compliance to the Integrated Accessibility Standard Regulation under the Accessibility for Ontarians with Disabilities Act, the following considerations must be considered for all levels of procurement. This is to ensure no architectural, physical, communication, or attitudinal barriers exist that would prevent a member of the public from participating fully as a member of society.

- Purchasing and Department staff involved in the development of quote and tender documents are to identify whether there are accessibility requirements which should be part of the procurement process. If required, it may be necessary to consult with external advisors accessibility needs are unclear for the procurement required;
- If accessibility requirements are found such requirements must be clearly stated in the request for quote or tender to meet the required legislations;
- Accessibility criteria must be considered throughout the procurement process. Suppliers, contractors, and or manufactures should be asked to identify features of their product or services which meet the relevant accessibility standards;
- Accessibility criteria where included in the procurement process, should be given appropriate consideration and weighting during the scoring and evaluation stages of a procurement process.

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Ethical Standards

The following work conduct standards shall apply to all City Officials and Employees involved in the selection and procurement of goods and services:

- a) Open and honest dealings with all parties involved in the procurement process, including vendors and contractors with which the City does business, as well as members of City staff who obtain the services of Purchasing Personnel.
- b) Fair, impartial and equal treatment of all qualified vendors and contractors, including unbiased evaluation of the compliant bids.
- c) Avoid and remove the appearance or perception of favouritism and special privileges given to vendors and contractors.
- d) Adherence to legal, ethical, and moral responsibilities expected of civic employees.
- e) Settlement of disputes without discrimination and prejudice.
- f) Irreproachable standard of integrity on the part of all personnel involved in conducting business on behalf of the City. This includes avoidance of receiving and dispensing of personal favours and gratuities in return for business opportunities.
- g) Ongoing development of Purchasing knowledge and skills to keep abreast with the changing market place.
- h) Eliminate participation of any individual in situations where the appearance of conflict of interest may be present.
- i) Political, religious, racial, gender and age considerations shall have no influence in the administration of the procurement policies and procedures.

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Procurement of Goods and Services Guidelines

Ascertainment of Need

It is the Department Heads' responsibility to ascertain the necessity of the goods and services requested by staff. The department heads are also responsible and accountable for ensuring the availability of adequate funds in the budget approved by City Council or from an appropriate financial reserve, prior to proceeding with the procurement.

Procurement Process

Goods and services required by City Departments and Committees of Council shall be requested in the form of an Electronic Requisition and will proceed once required electronic approvals are provided.

Approval Levels

Unless otherwise approved by City Council, all purchases of goods and or services must be approved in the annual budgets. Formal approval of the budget constitutes financial approval to proceed with the procurement process. The ability to incur the actual expenditures is delegated to City Staff based on the following approval levels:

- Up to \$10,000 Department Supervisor or Superintendent, Purchasing Team
- \$10,000 to \$50,000 Department Head
- \$50,000 to \$75,000 City Manager
- Over \$75,000 City Council

The dollar limits above refer to invoice cost net plus non-rebateable HST portion.

In the absence of a member of the team with approval authority, the person must assign a designate as having interim approval.

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Methods of Procurement

Where the required product or service can be specified (and such goods and services are not stocked in the central stores or covered by a blanket purchase order) it shall be acquired by Purchase Requisition or Purchase Order.

Where it is estimated that the value of goods and or services, inclusive of all charges (delivery, environmental, etc.):

a) **\$0 to \$1000 maximum.**

Direct acquisition is acceptable through use of Procurement Cards to those members authorized in the program and meeting the commodity codes required under the users scope of work. Transaction limit and total credit limit shall be based on roles in the organization as set by the Finance Department and the Director of Finance or designate.

b) **\$0 to \$5,000**

One Time Purchase Order is acceptable unless a blanket order is available for that supplier.

Verbal quotes are acceptable for purchases valued up to \$2,500 providing quotes are recorded.

No purchase requisition is required.

Direct acquisition is acceptable through use of a Procurement Card to those members provided with the higher level of approval as set by the Finance Department and the Director of Finance or designate.

c) **\$5,000 to \$25,000**

The initiating Department, in consultation with the Finance Department, must obtain a minimum of three (3) written quotations, where appropriate. Formal Requests for Quotations shall be issued by the Finance Department if requested.

A purchase requisition is used to initiate the process and a

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purchase order must be issued.

d) **\$25,000 to \$50,000**

The Purchasing Manager, in consultation with the initiating Department Representative, shall issue a form Request for Quotation or Request for Proposal. A minimum of three quotations (where possible) are to be received before the City commits to a vendor.

If only one quotation is received, the City may exercise its right to cancel the call for quotations. Quotations are not formally opened in public, nor is it necessary to disclose prices or terms at the time of submission. Disclosure may be done after acceptance of the winning bid.

A purchase requisition is used to initiate the process and a purchase order must be issued.

e) **\$75,000 and over**

The Purchasing Manager, in consultation with the requisitioning Department Head, shall issue a Proposal or Tender for all approved projects based on defined requirements (specifications are available to readily compare products).

Tenders require a reply by a designated date and time, signed by a Corporate Officer, authorized to bind the Corporation. Any requested bid deposits, security or bonds must be included with the submission. Tender replies are delivered directly to the Clerk's Department and are opened at a public tender meeting. If only one Tender is received, the City has the option of not opening the bid and closing the call for Tender.

Proposals received by Purchasing and opened within the department are then forwarded to the appropriate department for

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evaluation.

Each sealed bid received in response to a formal bid request is reviewed to determine whether a bid irregularity exists. Action is taken according to the nature of the irregularity.

A report initiated by the Purchasing Manager and reviewed by the issuing Department shall be prepared for Council consideration and approval.

Upon Council's approval, the City Solicitor shall ensure that a legally binding agreement is executed by the Mayor and Clerk, or the Purchasing Manager will issue a Purchase Order.

- f) **Cheque Requisitions are for the purchase of exempt procurement items only.**

Approval Authority and Reporting Requirements

Any person delegated approval authority pursuant to this Policy, shall ensure that an approved budget exists for the proposed procurement and that such procurement does not violate any City policies or any applicable law.

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Any such procurement shall also satisfy any applicable audit and documentation requirements of the Finance Department.

Amount of Purchase	Method of Procurement	Approving Level
\$0 to \$1,000	Low Value Purchase	Authorized Procurement card members only
0 to \$5,000	Low Value Purchase	Approved Staff by Finance Department with Access to Purchasing System and Authorized Procurement Card members
\$5,000 to \$10,000	Informal Process, Min. 3 quotes required	Supervisor / Superintendent
\$10,000 to \$50,000	Informal Process, Min. 3 quotes required	Department Head
\$50,000 to \$75,000	Formal Process. Informal requires 3 quotes min., Formal RFQ	City Manager
Over \$75,000	Formal RFP or Tender	City Council

The department initiating the procurement shall submit a report to City Council and receive their approval for the award if:

- a) Bid value is greater than \$100,000
- b) The award is not being made to a compliant bidder(s) offering the Best Value to the City

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- c) Where in the opinion of the Finance Department, the award recommendation is not in the best interest of the City
- d) If throughout the execution of an agreement exceeds \$100,000 or exceeds the approved budget.

Change Orders on Previously Approved Projects

Change orders are at times an uncontrollable fact of some projects. In the event change orders required exceed beyond 10% or a maximum of \$75,000, of the previously approved project value, notification is required to the next approval level.

In the event that a change order has occurred of an approved agreement that takes the value to another level of the approval level, the next approving level authorization shall be notified of the increased level of Procurement.

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Purchase Orders

After approval have been granted, purchase orders are issued by the Finance Department. Each Purchase Order is a directive to the vendor or contractor to proceed with the delivery of the goods or services specified. The following are the types of purchase orders used by the City of Sarnia:

Regular Purchase Order

This is a directive given to vendors to provide a quantity of specified goods and services at the tendered or quoted price.

Blanket Purchase Order

A blanket purchase order is a supply agreement awarded to the vendor with the lowest compliant bid for the supply and delivery of goods and services on an as-required basis for a specific period of time.

Open Purchase Order

An open order is an authorization given to select vendor or contractor to provide a wide assortment of goods and services (as-required) valued up to a pre-approved maximum dollar limit, without going through a competitive bidding process. Open Orders are also issued to approved sole source vendors.

Emergency Purchase Orders

Emergency purchase orders are issued by department heads or their authorized staff to obtain goods and services under emergency situations, when time is not available to undergo normal procurement procedures. Approvals may be overridden in the case of an "emergency" as defined in the Approval Authority and Reporting section.

The City Manager shall be informed if an Emergency Purchase Order is issued that may exceed \$10,000.

Upon issuing and Emergency Purchase Order, team members should notify their support chain, including their department head, purchasing team and

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City Manager to ensure that further public notification is not required while the response team is dealing with the situation.

Receiving

After satisfactory receipt of the goods and services, the receiving department is responsible for authorizing payment of the vendor's invoice by submitting an appropriate receiving report / stamp duly signed by the receiver and approved based on the approval authority table. Receiving reports must indicate whether or not the goods and services received meet the terms of the purchase order and if the delivery is complete or partial.

Receiving reports shall be accompanied by supporting documents such as invoices delivery or packing slips, work orders, etc...

Payment of Invoices

Vendors are instructed to indicate the appropriate purchase order number on their invoices. Invoices are received by the Finance Department and forwarded to the appropriate department. It shall be the department's responsibility to process payment of each invoice by matching them with receiving reports and purchase orders and forwarding them Accounts Payable.

Goods and Services Exempt from Procurement Process

The items listed below are excluded and may be paid without purchase orders and receiving reports. Please note that although purchase orders are not required, competitive systems may still be utilized at the discretion of the department that requires the goods or services.

1. Training and Education including:

- a. Conferences
- b. Courses
- c. Conventions
- d. Subscriptions
- e. Memberships

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- f. Periodicals
 - g. Seminars
 - h. Staff Training and Development
 - i. Staff Workshops
 - j. Staff Relations
- 2. Employee Expenses including:**
- a. Clothing / Safety Boot Allowance
 - b. Meal Allowances
 - c. Travel Expenses
 - d. Accommodations
- 3. Employer's General Expenses including:**
- a. Employee Benefits
 - b. Payroll deduction remittances
 - c. Medicals
 - d. Insurance Premiums
 - e. Debenture Payments
 - f. Charges to / from Municipal Grants, other governments or Crown Corporations
- 4. Licences, Certificates including:**
- a. Vehicle Licences
 - b. Elevator Licences
 - c. Radio Licences
- 5. Professional and Special Services:**
- a. Financial and Actuarial Services
 - b. Marketing Services
 - c. Legal Services
 - d. Banking Services where covered by agreements
 - e. Contract employees
 - f. Rental, lease, purchase and sale of property, land or accommodations
 - g. Honoraria
 - h. Arbitrators

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- i. Legal Settlements
- j. Insurance Adjuster
- k. Engineering Services
- l. Surveying Services
- m. Property Taxation Services

6. Utilities and Related Expenses:

- a. Natural Gas
- b. Hydro Electricity
- c. Water and Sewer
- d. Telephony Service
- e. Postage
- f. Cable Television
- g. Internet Service

7. Special Disbursements:

Purchases made by outside organizations where the City is merely acting as a bank and the expenditures are not funded by the City's Capital and Current Budgets or Reserves and Reserve Funds.

8. Election Materials

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Goals of Procurement Processes

The fundamental goals of the City's procurement process are the following:

Effectiveness:

This goal refers to the degree in which the process used is achieving the intended results pertaining to the cost, quality and timely delivery of goods and services.

Objectivity:

Objectivity refers to the handling of competitive bids in an unbiased manner not influenced by personal preferences.

Fairness:

This goal refers to the equal treatment of all bidders relative to the application of rules, policies and procedures.

Openness and Transparency:

Openness and transparency pertains to the clarity of the bid evaluation and selection process used for arriving at procurement decisions. This goal also refers to proper disclosure of the bids results in accordance with the Municipal Freedom of Information and Protection of Personal Privacy Act and within the confines of legal and moral standards pertaining to the confidentiality and protection of private property.

Accountability:

Accountability refers to the obligation to answer for, and assume responsibility for, the way procurement duties are delegated. It also refers to the legal and moral responsibilities to answer for the procurement decisions made on behalf of the City.

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Efficiency:

Efficiency is the amount of effort, cost and time expended towards the purchase of goods and services in direct relation to the dollar value of the acquisition.

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The Procurement Processes

It is extremely important to establish and maintain integrity in each of the procurement processes. The Purchasing Team of the Finance Department shall endeavour to treat all procurement in a fair, unbiased and transparent manner, and ensure that disclosure of the winning bid is carried out properly.

Contract administration shall be carried out to ensure that the goods and services provided by the winning bidder meet City requirements as specified in the bid competition. Contract administration shall start from the award of the bid to the final payment of the goods and services upon satisfactory completion.

Regardless of the goals and objectives of a Procurement Policy, the integrity of the whole process, along with the participants' interests, may be at risk. It is, therefore, imperative to identify the probable risks which may arise at the various phases of the procurement processes, and to adopt policies to avoid, minimize or mitigate the risks.

Guidelines to:

Defining the Requirements or Scope of Work

- a) Specifications shall not be restricted to specific brands and models available only from a single source.
- b) The specifications contained in each bid document are intended for quality assurance and require all competitors to bid on equal terms. The specifications and scope of work shall be non-restrictive, but be adequately specific to ensure that bidders are offering goods and services of comparable value and equal quality. All bids shall be examined for compliance to the specifications and non-compliant bids shall be eliminated and not given further consideration.

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- c) All acquisitions of goods and services shall be made by way of one of the procurement processes. Unsolicited proposals may only be considered under the following conditions:
 - a. The goods and services proposed are innovative and;
 - b. Provide significant cost savings over traditional means and;
 - c. The cost is under the approved spending limits without seeking competitive bids.
- d) Medium to high value procurement shall be planned in a timely fashion for a formal bid competition to take place and allow Administration or City Council to consider and formally accept or reject the bid recommended by staff.

Preparation and Distribution of the Bid Document

- a) The bid documents issued by the City shall be official format for bid competitions. Prescribing an official standard bid document ensures that competitors will bid under identical specifications, terms and conditions.
- b) Invitations to bid shall be sent to a minimum of three (3) qualified bidders, except for special items available from only two (2) known reliable sources. Bid competitions shall be posted on the City's website or bid management portal selected by City staff for procurement management.
- c) If Addenda are required to be issued, the Purchasing Manager shall be notified of such requirement not less than seven working days prior to closing date of the invitation to bid.
- d) Disclosure of the bids shall be in accordance with the Municipal Freedom of Information and Protection of Privacy Act.

Receiving and Opening of the Bids

- a) All bid documents shall include information describing the bid evaluation process.
- b) There shall be NO INFORMAL CONTACT allowed between bidders and City Officials, staff, Council and members of Committees of

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- Council involved in the bid evaluation and award process from the release date of the bid competition until a procurement decision has been made and a recommendation prepared for consideration and approval by City Administration and Council. Personal meetings, telephone conversations and other types of casual communication made between a bidder and a City Official, staff, Council and members of Committees of Council outside of normal business hours and place of business may be considered informal contact.
- c) Each bid document shall have specific instructions as to how bids are to be stated in terms of costs.
 - d) The bid documents shall include a price schedule stating the items required, quantities, columns for unit prices, price extensions, delivery costs, sub-totals, taxes and total cost.
 - e) References to quality standards shall be restricted to those which are qualified, tested, proven, and widely recognized by industry and government agencies such as:
 - a. A.W.W.A. – American Water Works Association
 - b. C.S.A. – Canadian Standards Association
 - c. U.L.C. – Underwriters Laboratory of Canada
 - d. A.N.S.I. – American National Standards Institute
 - e. A.S.T.M. – American Society for Testing and Materials
 - f. C.G.S.B. – Canadian General Standards Board
 - g. Ontario Provincial Standards
 - h. City of Sarnia Standard Specifications for Design and Construction
 - f) To avoid any perception of unfairness and arbitrary decisions, a tie breaker rule shall be in place, where the winning bid shall be based on past overall performance, early payment discounts, warranties, and best delivery date. If all factors are deemed equal except location, award will be issued to the submission that is the earliest submission. If there is a suspicion of collusion among bidders, a NO BID AWARD shall be declared and a revised bid competition issued.

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- If there is no appearance of collusion and all factors are equal including location of business, bid submission time and date will be the determining factor.
- g) Bid irregularities shall be dealt with according to (APPENDIX "B"), Policies on Competitive Bidding.
 - h) All bids received including the tabulation of the results shall be kept and maintained by the Purchasing Section of the Finance Department. The bid results may be made available upon request, in accordance with the Municipal Freedom of Information and Protection of Privacy Act.

Selection, Recommendation and Acceptance of the Successful Bid

The selection, recommendation and acceptance of a bid shall be based on the evaluation criteria contained in the bid document and in accordance with the objectives and approval levels of procurement by-law.

Contract Administration

- a) All contracts of significant value shall be reviewed by the Legal Services Department.
- b) Contractors shall be required to submit evidence of satisfactory insurance coverage prior to being awarded a contract.
- c) For each contract requiring the use of the contractor's employees, the contractor shall be required to submit a WSIB certificate of clearance to mitigate any risk. The Purchasing Office shall maintain current Insurance and WSIB Certificates.
- d) All bid documents and contracts shall contain provisions for cancellation or termination.
- e) If the procurement official or management deems it to be in the City's interest to renew or extend an existing contract rather than issue a bid competition, under the terms of the previous agreement, the agreement can be extended, and Council notification only when the value exceeds the Council approval requirement level.

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- f) Contract amendments and contract terminations shall be authorized by senior management.

Monitoring the Performance of Contractors

- a) The receiving department shall conduct prompt and thorough inspection of the goods and services received and report discrepancies to the Purchasing Office who will send a written directive to the vendor or contractor to rectify the discrepancies. Payment of the vendor's invoice shall be withheld until any and all discrepancies are corrected.
- b) Bid documents and contracts shall contain financial safeguards such as submission of bid security deposits, performance bonds, labour and materials payment bonds and provisions for liquidated damages, progress payments and holdbacks. Upon completion of the contract and at the end of the lien period (as per the Construction Lien Act), the Legal Services Department shall be requested by the receiving department to check for liens prior to issuing final payment to the contractor.
For Engineering Infrastructure projects, contractors shall be required to place notices of certification of substantial performance of the contract under Section 32 of the Construction Lien Act or the Daily Commercial News published by Reed Construction Data. A copy of the published notice shall be submitted with the final invoice.
- c) Performance monitoring shall include quality inspections of the contract work during the various stages of construction to ensure full compliance with the City's standard specifications and project schedules.

Addressing Poor Performance

To avoid repeated poor performance by contractors, city construction inspectors and receivers of goods and services shall record and document all cases of unsatisfactory performance related to meeting specifications, work

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schedules, compliance to the terms and conditions of the contract, violation of health and safety standards, over-billing, etc. The documented cases of poor performance shall be submitted to the appropriate City Official for immediate action. Repeated cases of poor performance shall result in the termination of the contract and removal of the contractor's from future bid opportunities.

Processing and Payment of Invoices

Goods and services received shall not only be inspected, but also be documented by receiving reports (or similar electronic means) to the Finance Department.

Accountability Issues

- a) City Officials and Employees shall disqualify themselves from the bid evaluation and procurement decision process if they have personal interest in a bid competition. They shall also comply with the requirements of the Municipal Conflict of Interest Act and or this policy.
- b) To avoid compromising a consultant's objectivity towards work performance and compliance with the requirements and specifications of the project, consultants shall not be allowed to participate in bid competitions where they were retained by the City for the preparation of the bid document unless approved by the City Manager.

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Types of Procurement Processes

Listed are the various types of procurement processes available and their objectives and the circumstances under which each of the processes shall be used.

Low Dollar Value Procurement of less than \$5,000

The goal is to allow authorized staff to purchase goods and services in a timely manner without seeking competitive bids.

Staff shall utilize applicable City agreements and shall otherwise be in accordance with this policy.

One time Purchase Orders shall be created to support the payment of invoices.

Procurement Card

Departmental approved staff shall have the access to the procurement card (P-Card) method as outlined in Appendix F.

Expression of Interest (EOI)

The objectives of this process are:

- To have possible vendors submit information to ensure bidders are qualified and meeting the goals of the end process.
 - To develop a more suited RFQ or RFP after gaining vendor information, therefore ensuring a fair and competitive situation and not tailoring a package to a single source.

Request for Quotation (RFQ)

The objectives of the Request for Quotation process are:

- To implement an open, transparent, fair, effective, objective, accountable and efficient method of obtaining competitive bids based on precisely defined specifications or scope of work.
- To allow evaluation of the bids based on mandatory criteria.

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- To promote competition by way of advertisement in a recognized electronic tender media.
- To recommend acceptance of the lowest bid meeting the requirements specified in the bid competition.

Request for Supplier Qualification (RFSQ)

The objectives of the Request for Supplier Qualification process are:

- To implement an open, transparent, fair, effective, objective and accountable method of obtaining supplier services.
- To pre-qualify suppliers for services that may be used by the City.
- Used to develop a Vendor of Record (VOR) or a preferred supplier list. Request for Tender (RFT)

The objectives of the tender process are:

- To implement an open, transparent, fair, effective, objective, accountable and efficient method of obtaining competitive bids based on precisely defined specifications or scope of work.
- To allow evaluation of the bids based on mandatory criteria.
- To promote competition by way of advertisement in a recognized electronic tender media, and in local circulating newspaper of tender value is expected to be greater than \$100,000.
- To recommend acceptance of the lowest bid meeting the requirements specified in the bid competition.
- To allow City Council to make final procurement decisions for high value acquisitions, including the assumption of ultimate accountability and responsibility.

The tender process shall be used towards the procurement of goods and services valued over \$100,000 when specifications and knowledge are known to the Corporation.

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Request for Proposal (RFP)

The key goals of RFP's are:

- To implement an efficient, effective, objective, accountable, fair and open process for obtaining competitive bids where the expertise and experience of the bidders are required to accomplish the City's requirements.
- To allow the selection of a bid submission which not only meets the fundamental requirements specified in the bid competition, but also earns the highest combination of technical and financial score based on the evaluation criteria stated on the RFP.
- To allow City Administration and Council to make informed business decisions including consideration of the various options and alternatives proposed.
- To promote competition by way of advertisement in a recognized electronic tender media, and in local circulating newspaper of tender value is expected to be greater than \$100,000.
- To provide a choice where the bid price is not the only major determining factor.
- To allow the evaluators to consider and give merits to the reputation, resources, expertise and experience of the bidders.
- To conduct cost analysis of the bid submissions based on the combined capital, operating and maintenance costs over the long term.

The RFP process is the recommended means for obtaining bids and other relevant information towards the purchase of goods and services when the City's objective cannot be clearly identified and accomplished by a single specific method; and when the City is open to a wide range of solutions and alternatives. This process may also be used for special design/build projects, professional consulting services and revenue generating bid competitions.

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Sole Source Vendors

All Sole Source vendors must have a sole source justification document completed and approved by the required staff members.

An annual review of Sole Source Vendors is required to ensure requirement is still needed, and investigate whether the market for a selected vendor has not changed to a competitive market.

An annual non-agenda report to City Council is required stating all Sole Source Vendors and any changes that have been done.

Single Source Vendors

Single Sourcing varies from Sole Source as more than one source is available but a single source is wished to be contacted.

In this case if the proposed project value is over \$10,000, a public Notice of Intent must be advertised in the local circulating newspaper of detailing the following:

- Description of project
- Who is being singled sourced
- Estimated value of project
- Contact information for companies to object and provide feedback

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Disposal of Surplus Materials and Equipment

Declaration of surplus items shall be provided to the Finance Department for Disposal according to the Procurement Policy. This is done to ensure the best value for the City of Sarnia is achieved and a maintained fair and open practice.

Disposal of Land that has been determined to be surplus is not covered under the Procurement Policy. Disposal of Land needs to reference the Disposal of Land Policy.

Methods of Disposal

- Items may be declared as scrap
- Transfer of equipment to another department
- Donate to a non-profit/charitable organization
- Trade in, or when possible return to originating supplier
- Online Fixed Price Public Sale
- Public Sealed bids
- Public Auction

Process of Disposal of Surplus Materials and Equipment

- a) Departments wishing to provide equipment for trade-in to reduce the cost of replacement equipment must do so prior to issuing of a formal tender or quotation process. Failure to do so, equipment or materials will need to be disposed of through another method.
- b) All Departments shall notify the Finance Department of equipment, or goods that have been recognized as surplus.
- c) The Finance Department will provide the list of equipment or goods to all department prior to a public process to ensure that equipment or goods cannot be utilized by another departments operations.

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- d) Items not claimed for use by other departments, may be offered for sealed bids, public auction, or other methods of disposal that at the determination of the Finance Department is to provide to best value in return for the City of Sarnia.
- e) The revenue from the Sale of Surplus / Scrap materials and equipment will be credited to the corresponding accounts.

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Appendix A – Competitive Bidding Policies

Invitation to Bid/Solicitation of Bids

The release or issue of bid documents shall be done by the Purchasing Section of the Finance Department, except for engineering infrastructure projects which will be processed by the Engineering Department.

Each bid competition shall include a description of what is required by way of technical and functional specifications or scope of work.

Formal bid opportunities (Tender, Request for Quotation, Request for Proposals) shall be posted at least 15 calendar days prior to the closing date for receiving bids.

Invitations to Bid shall be sent to qualified vendors and contractors included in the City's Bidders List.

Bidders Disclosure

Bidders must disclose any possibility of conflict of interest.

Contact

There shall be no informal contact made between a Bidder and City Officials or Employees after the issue of the bid competition.

All questions and answers shall be made in writing.

Receipt of Bids

All formal bids must be sealed and delivered to the designated location not later than the closing date and time for receiving bids.

Evaluation and Selection

Each formal bid document shall include a description of the bid evaluation criteria. See Schedule 1 "Bid Evaluation Process".

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Bid Irregularities

Bid Irregularities and protests shall be dealt with according to Schedule 2 "Treatment of Bid Irregularities".

Tender Award Report

Bidders are identified in the award recommendation as follows:

- For each bid not rejected due to irregularities, the bidder is listed with the bid amount
- For each bid considered after correction of mathematical errors, the corrected amounts is listed beside the amount which was declared at the public bid opening

Bidder's Recourse (Protest)

A Bidder who does not agree with the procurement decision may contact the Purchasing Manager who will explain the reason for the rejection of the bid.

If the Bidder does not agree with the Purchasing Manager's decision, the bidder may contact the Office of the City Clerk, and request to register a bid protest.

The bid protest must be in writing and will be forwarded by the City Clerk to the proper authority (City Manager and/or City Council) for consideration

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APPENDIX B - SCHEDULE 1

BID EVALUATION PROCESS

The objective of this section is to describe the criteria in the selection of a bidder with which the City of Sarnia Finance Department would:

- a) enter into a contract for the goods and services identified in the Invitation to Bid (RFQ, RFP, Tender); or
- b) commence the negotiation process for a contract; or
- c) Recommend, for Sarnia City Council's consideration, the acceptance of the bid submission.

The following process would apply:

- a) Scrutiny of the bid submissions relative to compliance with the mandatory requirements of the RFQ, RFP, or Tender, such as submission of all specified forms and schedules meeting technical specifications, including adherence to items where "No Substitutes" are allowed, and agreements with the City's general Terms and Conditions.
- b) Elimination of bids not meeting the fundamental requirements stated above, as well as elimination of bids not received on time.
- c) Elimination of bids from contractors and vendors where that contractor, vendor, or its principals, have been, or currently are, involved in litigation or dispute with the City of Sarnia, except where that litigation does not impact upon the ability of the parties to further engage in reasonable business relations.
- d) Evaluation of the merits of all compliant bids. The evaluation will consider financial and technical merits; vendor/contractor reputation based on past performance with the City and with others, initial costs, on-going maintenance costs, and overall cost effectiveness over the long term.

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Appendix B – Schedule 2

Treatment of Bid Irregularities

Each bid receiving in response to a formal Invitation to Bid (Tender, RFQ or RFP) is reviewed to determine whether irregularity exists, and action is taken accordingly, as follows:

Major Irregularities

Type	Action Taken
Late Bids	Automatic Rejection
Faxed and E-mailed tenders Quotations or Proposals	Automatic Rejection
Qualified Bids (bids which are qualified, restricted or conditional by a statement from the bidder)	Automatic Rejection
Failure to submit the specified Bid Securities when required	Automatic Rejection
Bids not meeting specifications	Automatic Rejection
Submissions on forms other than the City's official form of Tender, Quotation or Proposal	Automatic Rejection
Submissions over riding the terms and conditions set out in the bid document and Addenda	Automatic Rejection
Unsigned Bids	Automatic Rejection

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Type	Action Taken
Bids Submitted in an erasable medium	Automatic Rejection
Unit prices changed, but not initialled, and the total is inconsistent with the unit price as changed	Automatic Rejection
Failure to acknowledge any and all Addenda issued for each tender, quotation or proposal on the forms provided.	Automatic Rejection
Mistake in submission not obvious on the face of the submission	No relief
Erasures, strike-outs or over-writing which are not initialled	To be reviewed and decision made based on the magnitude of the issue – with 48 hours to initial
Withdrawal of bid after closing date and time	Not permitted
Withdrawal of bid prior to closing date and time	Must be in writing, or in person

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Minor Irregularities

Type	Action Taken
Clerical Error	48 hours to correct and initial (after closing date and time)
Mathematical Errors – Totals not consistent with unit prices	Purchasing Manager or designate to correct. Unit prices shall prevail, and totals adjusted.

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Appendix C Vendor Eligibility

Without limiting or restricting any other right or privilege of the City and regardless of whether or not a Bid otherwise satisfies the requirements of a RFP, RFT, or RFQ the City may reject any Bid from a vendor where:

- a) The vendor is involved in any type of litigation with the City.
- b) The failure of the vendor to pay, in full all outstanding payments (and maintain in good standing) any costs owing to the City by such vendor after the City has made demand for payment. This City shall have the right to recover outstanding payments by way of reduced payment of invoices.
- c) The vendor's refusal to enter into a contract with the City after the vendor's Bid has been accepted by the City
- d) Documented poor performance of a vendor, including the vendor's refusal to perform or to complete performance of a Contract with the City
- e) The vendor having unlawfully or unreasonably threatened, intimidated, harassed, or interfered with an attempt by any other possible vendor to bid for a City Contract
- f) The vendor having communicated or discussed, directly or indirectly with an elected member of Council or Council Funded Group during the procurement process
- g) The vendor having unlawfully or unreasonably threatened, intimidated, harassed, assaulted against or otherwise interfered with a member of City staff representative, Manager or consultant
- h) The vendor has on one or more occasions, in the performance of a Contract with the City, deliberately or negligently, save and except an inadvertent error corrected to the satisfaction of the City within a reasonable time, as determined by the City including but not limited to:

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- i. Over-billed, double billed and or retained a known over-payment or has failed to notify the City of an over-payment or duplicate payment
- ii. Billed for items not supplied
- iii. Billed for items of one grade / quality / size, while supplying items of an inferior grade / quality / size
- iv. Submitted false or misleading information to the City
- v. Acted in conflict with the City's interests
- vi. Misappropriated any property or right of the City in any form
- vii. Committed any other form of sharp or deceptive practice

In the opinion of the City and Council there are reasonable grounds to believe that it would not be in the best interests of the City to enter into a contract with the vendor including but not limited to:

- a) The vendor or any person with whom that vendor is not at arm's length within the meaning of the Income Tax Act of an offence under any taxation statute in Canada
- b) The conviction or finding of liability of that vendor under the Criminal Code or other legislation or law, whether in Canada or elsewhere
- c) The conviction or finding of liability of that vendor relating to product liability or occupational health and or safety

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APPENDIX D - DEFINITIONS

The words and phrases listed below, when used towards the City of Sarnia's procurement of goods and services, shall have the following meaning:

Word or Phrase	Description
Acquisition	The process used for obtaining goods and services
Addenda	A notice of change and / or revision to the original bid, i.e. change of dates, change of quantity(ies) change of specifications
Agreement	A formal written legal agreement or contract for the supply of goods or services
Approval	Authorization to proceed with the purchase or disposal of goods and or services
Authority Authorized	or The legal right to conduct and enforce the tasks listed in the Procurement Policy
Award	The acceptance of a compliant bid towards the purchase of goods and services
Bid	An offer or submission of a vendor or contractor in response to a bid competition
Bid Competition	Requests for Quotation, Proposal or Tender issued by the City
Bid Deposit	Currencies, certified cheques, bond surety, issued by a surety company or other form of negotiable instrument to ensure the successful bidder will enter into an agreement.

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Word or Phrase	Description
Bid Irregularity	A deviation between the requirements (terms, conditions, specifications, special instructions) of a bid request and the information provided in a bid process
Bid Request	A written request for bids or a solicitation
Blanket Order	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 and services to the purchaser upon the purchaser's demand
Central Stores	The location of inventory goods stored for regular use of staff
City	City of Sarnia
City Manager	The Chief Administrative Officer of the City of Sarnia
Director of Finance	The Chief Financial Officer of the City of Sarnia
Consultant	A person or firm who, by virtue of a particular expertise is hired by the City to undertake specific tasks which may include preparation of designs and specifications towards the issue of competitive bids for a City project.
Conflict of Interest	Refers to a situation in which private interests or personal considerations may affect an employee's judgement in acting in the best interest of the City of Sarnia. It includes using an employee's position, confidential information

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Word or Phrase	Description
	or corporate time, materials or facilities for private gain or advancement or expectation of private gain or advancement
Contract	Means a legally binding agreement between two or more parties, which may be in the form of a Purchase Order, Purchase Order incorporating a formal agreement or Formal Agreement.
Corporation	The Corporation of the City of Sarnia
Council	The Municipal Council of the City of Sarnia
Department	An organizational and policy unit of the City
Department Head / Director	The senior staff person authorized by the City Manager and Department Heads to act on their behalf
Designate	The member of staff authorized by the City Manager and Department Heads to act on their behalf
Disposal	The removal of materials owned by the City by means outlined in the policy
Emergency	A situation where the purchase of goods and or services requires immediate action to prevent or correct dangerous or potentially dangerous safety conditions, further damage, to restore minimum service or ensure the safety of the public.
Execute	Legally bind the City to the terms and conditions

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Word or Phrase	Description
Goods	defined within the Purchase Order or Agreement All supplies, materials, fixtures and equipment which are required by the various City Departments to carry out their daily operations
List of Bidders	A list, retained by the Purchasing team of those vendors who are interested in submitting bids.
Performance Bond	The form of surety which entitles the City to be indemnified up to the amount stated on the bond for any loss caused by a contractor's default or non-performance
Policy	A statement which describes, in general terms an intended course of action.
Procedures	Detailed guidelines related to routine activities necessary to fulfil the procurement policies and objectives
Proposal	An offer to furnish goods and services in exchange for a specified amount of money
Procure/Procurement/ Purchase	Acquire by purchase, rental or lease of goods and or services
Professional and Consulting Services	Including Architects, auditors, engineers, designers, planners, surveyors, management and financial consultants, brokers, legal services, and any other professional and consulting services rendered on behalf of the City
Purchase Order	A written request in a standard format, initiated

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Word or Phrase	Description
Purchasing Manager	by a City Department towards the acquisition of goods and services, for which budget approval has been granted and sent to the Purchase Manager for action The member of Staff with the authority to act as the official Manager for the City of Sarnia towards the procurement of goods and services.
Quotation	An offer to provide goods and services meeting technical and functional specifications at a set price in response to a bid competition.
Responsive and Responsible Vendor	One who complies with the provisions of the bid solicitation, including specifications, contractual terms and conditions, and who can reasonably be expected to provide satisfactory performance on the proposed contract based on reputation, or references, or performance on previous contracts
Services	All services pertaining to repairs, maintenance, construction, installation, restoration, renovation, upgrade, design, delivery, removal or demolition of tangible and real property. Services also include any type of work except those done by the officers and employees of the City.
Single Source	There is more than one source in the open market but only for reasons of function or service one vendor is recommended for consideration of the particular goods and / or services.
Sole Source	There is only one source in the open market

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Word or Phrase	Description
Specifications	limiting the options for procuring the goods or services required. Detailed or precise technical and functional description of the required goods and services.
Supplier	Any individual or organization providing goods or services to the City including but not limited to contractors, consultants, vendors services organizations, etc.
Surety	A form of insurance that provides a written guarantee that a contract will be completed as specified and there will be a satisfactory settlement of any claim against the contract.
Tender	A formal offer received from a supplier of goods and / or services in response to a public advertising of a bid competition based on precisely defined specifications. Tenders are sealed in an envelope and opened in public, the results of which are forwarded to City Council for consideration
Verbal Quotation	Pricing received via telephone or in person. Verbal quotes shall be recorded in writing on the requisition

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Appendix E – Discipline of Contractors / Vendors

Purpose

To provide for a discipline process allowing the Corporation of the City of Sarnia to restrict contractors / vendors when and where required.

Description

To share information throughout all municipal departments has a consistent approach for managing contracts for work performed by independently hired contractors by:

- a) Meeting the terms and conditions of Tenders, Quotations, or Request for Proposals;
- b) Respecting completion dates;
- c) Disciplinary action taken when warranted;
- d) Intended products and / or service are efficiently and effectively delivered.

Types of Disciplinary Action

Disciplinary measures may include but not limited to restriction on:

- a) The type of work for which can be submitted by the Contractor / Vendor;
- b) The number of contracts that can be awarded until satisfactory completion of existing contracts;
- c) Dollar value of bids that may be accepted by the Corporation on behalf of the contractor;
- d) Contractor being barred from bidding for varying periods of time (minimum of one (1) year)

Conditions Necessary for Discipline or Barring of Contractors / Vendors

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Discipline or barring may be considered (but not limited to) under the following conditions:

- a) Performing work unsatisfactory;
- b) Failure to meet completion dates, failure to follow instructions, etc.;
- c) Failure to comply with health and safety requirements
- d) Failure to maintain and keep in good standing all governing bodies licences or approvals;
- e) Failure to maintain in good standing the required WSIB Clearance and Liability Insurance requirements as set out in the bid documents for which they have been awarded;
- f) Withdrawing from a Tender after the contract was awarded;
- g) Failure to comply with the Terms and / or conditions of the contract.

Where a situation or problem has been identified with a contractor, the department manager or designate shall take action to immediately correct the situation. The action should be with a verbal warning with a notation made to the respective file and progress with writing warning copy of which shall be provided to the Purchasing Department.

The Manager or designate is to notify the Contractor in writing and schedule meeting between the Contractor and Vendor, manager or designate and the Purchasing Manager (or designate) to discuss the situation. The Contractor / Vendor are given a clear statement of the corrective action required and date for compliance (if applicable). The meeting is documented and filed.

Should the Contractor / Vendor performance or situation not improve, the Department Manager shall send the Contractor a written warning advising that future unsatisfactory performance will result in immediate action(s) such as those listed under this policy. The Purchasing Department is to be notified when a bidder is ineligible to continue to provide goods and / or services on a current contract or participate on future city contracts.

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If the situation hasn't been rectified after the written notice, a final letter after consultation with the Purchasing Manager will be forwarded to the Contractor by the user Managing Department advising him of the action(s) being taken by the Corporation.

The evaluation and determination of the discipline process performed by Management of the Corporation of the City of Sarnia shall be final.

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Appendix F - Procurement Card Policy

General Information

Departmentally approved team members will be issued Procurement Cards (P-Card) for the purchase of low dollar value goods and services to support departmental requirements.

The P-Card is not to be considered an entitlement or reflective of title or position in the Corporation. The P-Card may also be revoked based on change in organization strategy or team member's position, and compliance with the overall Procurement Policy.

Any use of the P-Card program shall be done in accordance with the all aspects of the Procurement Policy.

The P-Card program will be administered by the Finance Department. All transactions completed using P-Cards can be subject to internal or external audits to ensure compliance with Procurement Policy. Non-compliances found will be reported to the Director of Finance and the associated Department Manager for required corrective action.

A P-Card will be issued to the team members only once the P-Card Administrator has received a signed Cardholder Agreement which outlines the team member responsibilities and restrictions regarding use and report of P-Card purchases.

All issued P-Cards will have a predetermined credit limit, and single transaction limit pending the roles and responsibilities of the team member. Spending limits and single transaction limits will be set by the Program Administrator, with consultation from the Director of Finance.

All cards will be blocked from certain transactions based on requirements of the team member. All cash advances will be blocked. Commodities approved for use to card holders will be provided when card is issued.

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Permanent employment status is required to obtain a P-Card. Students, contractors or consultants will not be considered eligible for participation in the P-Card program.

The card holder's department Director is responsible for notifying the P-Card Administrator upon any change in the card holder's employment status. This is to include but not limited to, layoff, termination, leave of absence, long term disability.

The Corporation of the City of Sarnia assumes liability for all authorized charges on the P-Cards, not the individual cardholder. Misuse and or failure to meet card holder responsibilities may result in cancellation or suspension of the P-Card and furthermore may result in disciplinary action up to and including termination.

Procurement Card Program Administrator shall be as appointed by the Director of Finance.

Card Holder Responsibilities

Card holders will be responsible for providing a transaction report and provide receipts of all transactions detailing the itemized purchases, at the end of each month, detailing the proper General Ledger accounts to be charged for each transaction.

If receipts have been misplaced by the cardholder, it is the responsibility of the card holder to contact the vendor to receive a copy of the receipt to allow for reconciliation of the P-Card account.

P-Cards are user specific; therefore no team member shall purchase an item using a card issued to another team member. Delegation of authority is not permitted in making transactions.

All refunds and credits must be applied to the original P-Card. Card Holders are not permitted to accept a gift card or prepaid vendor card as refund or credit.

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Transactions are not to be split or stringed to allow purchases below the single transaction limit, which circumvent the delegated authority levels set in the P-Card program.

The P-Cards are not to be used for:

- For goods or services that are directed for personnel use
- Purchases exceeding the single transaction limit of the P-Card
- For items stocked at the City of Sarnia Stores location
- For computer software, hardware or telecommunication equipment (i.e. cell phones, pagers etc.) unless approved for use by Information Technology Manager
- Hospitality / food / entertainment
- Ammunition / Firearms
- Alcoholic beverages or drugs
- Cash Advances / Money Orders / Wire Transfers
- Legal Services
- Gift Certificates
- Hazardous materials

Failure to abide by these limitations will result in the revocation of P-Card privileges.

Payment and Reconcile Card Holder Account

Card holders are responsible for the completeness of the card holder statement and reviewing and approving transactions.

The card holder shall be required to complete the **Statement of P-Card Purchase Summary** and attach all receipts listed in the summary for approval and review with the monthly account statement. Any discrepancies shall be handled by the card holder. The Card Holder to contact the supplier to resolve the concern.