

**THE CORPORATION OF THE COUNTY OF LAMBTON**

**Purchasing  
Policy Manual**



**FEBRUARY 2003**

The Corporation of the County of Lambton

Purchasing Policy Manual

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## **Executive Summary**

The Purchasing Policy Manual is intended to provide a common set of rules and guidelines to assist all whom purchase on behalf of the County of Lambton. It strives to ensure that all facets of buying are done in a professional manner that withstands the utmost scrutiny both internally and from outside the Organization.

The manual stresses consistency and endeavors to provide a purchasing system that reduces red tape for simple purchases while providing clear and concise guidelines for complex or high dollar purchases. It is intended that the document will be the cornerstone of a system that is both fair and equitable to Vendors, while allowing the County to procure products and services in an efficient and ethical manner.

The major changes to this policy revision are:

- Changes to the dollar thresholds and required approvals;
- Addition of a Code of Purchasing Ethics (CPE);
- Addition of standard RFQ, RFP and contract documentation;
- Addition of a policy regarding Health and Safety issues in construction and service contracts;
- Centralizing the purchasing function of items common to more than one Department;
- Centralizing the purchasing of any product or service valued at more than \$50,000;

The Purchasing Policy Manual in harmony with the Purchasing Coordinator and the new purchasing and inventory control modules of the VADIM Financial Information System combine for significant enhancements to the purchasing system of the County. It is anticipated that in addition to a more efficient and equitable system, that noticeable cost saving will be realized as the function develops.

## **Procurement Method Selection Chart**

The Procurement selection chart below will act as a simple method of determining the actions required in order to purchase any item or service on behalf of the County of Lambton. If in doubt as to the correct course of action, the Purchasing Coordinator shall provide direction.

**This table is intended as a guide only and should be used or interpreted only with respect to the full written policies contained herein.**

<u>Procurement Method Selection Chart</u>							
Value of Item or Service	Included in Budget	Method of Procurement	Approval Required				Advertise
			Manager	CAO	Com.	Council	
\$0 - \$5,000.00	Yes	Competitive bids not required	Yes	No	No	No	No
\$0 - \$5,000.00	No	Competitive bids not required	Yes	No	No	No	No
\$5,000.01 - \$15,000.00	Yes	3 Written Quotes required	Yes	No	No	No	No
\$5,000.01 - \$15,000.00	No	3 Written Quotes required	Yes	No *	No *	No	No
\$15,000.01 - \$50,000.00	Yes	Request for Quotation, Tender or Proposal required	Yes	No	No	No	Yes
\$15,000.01 - \$50,000.00	No	Request for Quotation, Tender or Proposal required	Yes	Yes	Yes	No	Yes
Over \$50,000.00	Yes	Purchase Co-ordinator to Coordinate Formal Sealed Tender, RFP or RFQ required	Yes	No	Yes	Yes	Yes
Over \$50,000.00	No	Purchase Co-ordinator to Coordinate Formal Sealed Tender, RFP or RFQ required	Yes	Yes	Yes	Yes	Yes

\*Purchase must be noted in the monthly report to Committee, following the purchase.

For emergency purchases, refer to the threshold policy below, item E.

### Value of Contract – Thresholds

All purchases of goods and services are to be evaluated based on the **total projected annualized current year's expenditure**. Pricing must be obtained in accordance with the following dollar thresholds:

a) **\$0.00 to \$5,000.00**

Managers with budgetary responsibility may approve any necessary expenditure for goods or services that do not exceed \$5,000.00. No solicitation of competitive quotations is required. However, all due diligence must still be used to ensure that the goods or services provided are purchased in a manner that demonstrates professionalism, seeks to secure the lowest possible price and provides the best value to the tax payer.

b) **\$5,000.01 to \$15,000.00**

Between \$5,000.01 and \$15,000.00 and approved in the Budget, goods and services may be purchased with the sole approval of the Manager, provided a minimum of three written quotes is obtained prior to the issuance of a purchase order. Should other than the lowest quotation be recommended, a report explaining why shall be given to the Standing Committee and/or Council, prior to the item or service being purchased. Should the purchase be for an item between \$5,000.01 and \$15,000.00 and not be in the Budget, the Department Head may proceed to obtain quotes as above. However, approval by the overseeing Standing Committee and/or Council is required before the purchase is completed (refer to policy on Approval of Accounts).

c) **\$15,000.01 to \$50,000.00**

Should the item be between \$15,000.01 and \$50,000.00 and approved in the budget, then a Request for Quotation, Tender or Proposal is required. The request for pricing shall follow the standard documents provided in the rear of this policy manual. Pricing submitted shall be in accordance with specifications contained in such documentation. Acceptance of such requests must be approved by the appropriate General Manager or their designate. Committee approval and the involvement of the Purchasing Coordinator are not required, if the purchase does not exceed the budget, or conversely, be 90% or less than the budget amount. In the event that the budget is exceeded, then Committee approval must be obtained prior to completing the purchase. In the event that the final price is less than 90% of the original budget, then a report after the fact shall be submitted to the Standing Committee and/or Council, explaining the variance and the impact on the Department's Budget.

Should the item be between \$15,000.01 and \$50,000.00 and not approved in the budget, approval from the supervising Standing Committee and/or Council is required before any quotation, tender or proposal can be accepted. (see policy on Approval of Accounts).

**NOTE: Reports to Standing Committees and Council are to be c.c.'d to C.A.O. & Treasurer.**

d) **Over \$50,000.00**

Should the item or service to be purchased be valued in excess of \$50,000.00, formal Tenders or Requests for Proposal are required. The Purchasing Coordinator shall supervise all such purchases, ensuring that all legal obligations are met and as many desirable bids as possible are obtained. If in Budget, divisional GM's approve. If not in the Budget, the item must be referred to Committee/Council for approval prior to requesting pricing. Again, at this level if the item exceeds the budget, or conversely, be 90% or less than the budget amount, then a report shall be submitted to the Standing Committee and/or Council, explaining the variance and the impact on the Department's Budget.

e) **Emergency Expenditures**

Emergency expenditures may be made by a Manager at anytime, as the need arises. Emergency expenditures of less than \$15,000.00 shall be at the discretion of the Manager. Expenditures greater than \$15,000.00 may be made by the Manager, with the written approval of their General Manager. Even in an emergency situation, all efforts should be made to obtain competitive quotes and uphold the integrity of the purchasing system.

All emergency expenditures in excess of \$5,000.00, shall be reported to the supervising Standing Committee or Council at the next regularly scheduled meeting.

f) **Unbudgeted Items**

All unbudgeted items, in excess of \$5000.00, must be approved by both the Standing Committee and Council, prior to the expenditure occurring as per the Schematic Diagram.2.

**Dollar Figures Inclusive**

The dollar figures set out in the above threshold policy, include all applicable taxes such as P.S.T., G.S.T., (gross), freight, and delivery costs, installation charges and other sundry costs related to the purchase, but exclude any trade-in values.

### Exceptions to Threshold Policy

It should be noted that the following items are unique and shall be handled accordingly:

#### Leases

Modern leases are used primarily as alternate financing vehicles. Under certain circumstances (i.e. computer hardware) using a lease is beneficial for the Corporation. Any decision to utilize this form of financing must be reviewed by the Finance Department and supported by the Corporate Manager, Financial Services/Treasurer before moving forward with approval by Committee and Council.

#### Consulting Contracts

All requests for consulting studies, Engineering or Architectural services are procured via a request for proposal, regardless of the value of the contract, and under the supervision of the Purchasing Coordinator. Such services are based on additional criteria other than cost alone. Therefore selection requires that a more detailed analysis be completed to provide a defensible analysis and recommendation.

#### Exempt Items

Should legitimate reasons dictate, a General Manager may petition Council to exempt a product or service from the threshold policy stated above. This petition shall be in the form of a written report copied to the C.A.O. and the Corporate Manager, Financial Services/Treasurer, detailing the justification for the requested exemption. Should Council approve the petition, the Purchasing Coordinator shall document the exemptions and recommend an alternate method of obtaining pricing that addresses the concerns of the General Manager, yet, which provides the maximum possible ability to provide a negotiated or competitive price for the product or service. Such exempt items shall be analyzed at regular intervals and should the Purchasing Coordinator determine that the exempt status should be removed, he/she shall so report to Council, who will in turn determine whether the exempt status shall be removed.

#### Single Source Items

Occasionally, it may be necessary to purchase an item or service which can only be supplied from one source. Should this be the case, then the Supervisor shall continue to adhere to the above noted policies, particularly as related to advertising. Advertisements should continue to be placed and formal requests for Quotation, Tender and Proposal issued, even if it is suspected that only one source exists.

Should advertisements be placed for two consecutive periods, without an alternate source being located, then the General Manager may request council to grant the product or service, an exempt item status, as is outlined above.



## **Purchasing of Goods and Services**

In order to assist individuals purchasing goods and services on behalf of the County of Lambton, purchases have been divided into the following 3 categories:

1. Purchasing of goods and supplies.
2. Purchasing of services.
3. Construction Contracts.

### **Purchasing of Goods and Supplies**

The purchasing of any tangible item where an order is placed and goods are delivered. Usually, the vendor's responsibility, except for warranties ends after the goods have been delivered to the County.

### **Purchasing of Services**

The purchasing of things that could be considered tasks, as opposed to supplying goods. Usually labour is an essential component of what is being supplied. The supplier is contracted to complete a specific task on a once only, or a scheduled basis. While some supplies can be included in this type of purchase, the fact that a representative from the supplier is using the supplies to perform the required task would create a service.

Examples of Purchases of Service would be:

- A Company, contracted to clear snow from a parking lot;
- A Company requested to fix a faulty light fixture;
- A Consultant contracted to perform a given study and issue a report.

### **Construction Contracts**

Construction contracts differ from the purchase of services in many ways. Usually, construction contracts are agreements to perform a specific job for the construction, restoration or renovation of a County asset such as a building, road or other facility. A construction contract will normally involve more than one construction trade, coordinated by the "Contractor". A construction contract requires more management and consideration of additional legislation and regulations. Therefore, it is important to determine when a task is a construction contract, as opposed to a purchase of service.

Examples of construction contracts would include:

- A contract to build a new structure;
- A contract to re-pave a road;
- A contract to replace shingles on a roof.

### **Common Items**

Any item, which is required by more than one Department, is classified as a common item and the Purchasing Coordinator shall coordinate the purchase. Common items shall include similar items in a product group, which could reasonably be bundled, in order to reduce the burden of multiple requests for pricing and/or ordering.

Note: Coordination may be via the Purchasing Coordinator empowering one Department to request pricing on behalf of all Departments or the Purchasing Coordinator issuing a request for the requirements of all County's needs.

### **Items Unique to a Department**

The using Department shall purchase items that are unique to one Department only and are not part of a common item group, up to a value of \$50,000. The Purchasing Coordinator shall coordinate the purchase of any goods or services with an annual dollar value over \$50,000.

### **Dollar Thresholds and Approvals**

In all cases, purchases shall be subject to the dollar thresholds and the associated directions, as indicated within this manual.

### **Group Purchasing Contracts**

Whenever possible, the County of Lambton will attempt to utilize cooperative purchasing agreements with any legitimate public partner to leverage buying power and reduce workload in contract issuance and administration. The combining of purchasing volumes into a group request for quotation can provide savings through a reduced unit price per item and/or reduced workload required in the issuance of a request for pricing. The Purchasing Coordinator will be responsible for investigating all prospective Group purchasing opportunities, evaluating the initiative and recommending participation or non-participation based upon the evaluation. Further, the Purchasing Coordinator will be responsible for ensuring that any Group purchasing initiative entered into, uses policies and procedures consistent with those used by the County.

### **Mandatory Participation**

Upon recommendation from the Purchasing Coordinator that the County should enter into a group buying process, Department participation will be mandatory unless a specific exemption is granted by the Purchasing Coordinator. When advised by the Purchasing Coordinator of a signed Group buying agreement, then the Department shall ensure that the total requirements of that specific commodity or service are purchased from the selected vendor.

Whenever advised by the Purchasing Coordinator, Departments shall purchase supplies and services from the vendor so identified. The Purchasing Coordinator shall be responsible for delivering information to all Department Heads regarding all mandatory cooperative-purchasing contracts.

**Standardization**

When similar items are used by various Departments, using a single common item can produce savings in expenditure. This creates a standard, which then becomes the “recommended” item. The Purchasing Coordinator shall be responsible for ensuring that all possible savings are obtained through product standardization.

**Standardization Committee**

Where requested by the Purchasing Coordinator, using Departments shall assist the Purchasing Coordinator to study a given commodity or service which the County of Lambton is presently using. Such Committees are empowered to look at all presently used and available alternatives, and identify a common item of the correct quality, size or construction that is deemed to be the most suitable for all users.

**Role of the Purchasing Coordinator**

The Purchasing Coordinator is responsible for ensuring that the Purchasing Policies and Procedures approved by Council are understood and used consistently by all County Departments. The Purchasing Coordinator shall also, according to the aforementioned policies, direct the purchasing function and act as a resource during all aspects of purchasing decision making including contract management.

### Common Items and Services

The following list identifies goods and services, that have been identified as common items. This is a guide only and should not be considered as a definitive or complete list. Using Departments must always ensure that an item is not common to another department prior to requesting individual pricing.

Computer Hardware
Computer Service
Computer Software
Construction Equipment
Electrical Service
Elevator Service
Fire Alarm Service
Forms
Garbage Bags
HVAC Service
Janitorial Supplies
Kitchen Equipment
Landscaping Service
Laser Printer Cartridges
Motor Vehicles
Office Equipment
Office Equipment Service
Office Furniture
Office Supplies
Pest Control Service
Photocopiers
Plumbing Service
Printing
Roofing Service
Security Alarm Monitoring
Snow Clearing Service
Telephone Service

## Purchasing Ethics

### INTRODUCTION

1. It is of extreme importance that the purchasing of all goods and services for the County, be conducted in a manner that withstand the most rigorous scrutiny. All persons purchasing on behalf of the County of Lambton are required to uphold the following Code of Ethics to the best of their abilities.

### Precepts

- 2 **Individuals shall not use their authority or office for personal gain**, and shall seek to uphold and enhance the standing of the County of Lambton by:
  - a) **Maintaining an unimpeachable standard of integrity** in all their business relationships both inside and outside the organization;
  - b) **Fostering the highest standards of professional competence** amongst those for whom they are responsible;
  - c) **Optimizing the use of resources** for which they are responsible so as to provide the maximum benefit to the County of Lambton;
  - d) **Complying with the letter and spirit of:**
    - The laws of the Province of Ontario and of Canada;
    - The Purchasing Management Association's "Principles and Standards of Purchasing Practice," and any other such guidance on professional practice as may be issued by the County from time to time;
    - Contractual obligations.
  - e) **Rejecting and denouncing any business practice that is improper.**

### Guidance

3. In applying these precepts, individuals will follow the guidance set out below:
  - a) **Declaration of Interest:** Any personal interest which may impinge or might reasonably be deemed by others to impinge on an individual's impartiality in any matter relevant to their duties should be declared to the individual's supervisor.
  - b) **Confidentiality and accuracy of information:** The confidentiality of information received in the course of duty must be respected and can not be used for personal gain. Information given in the course of duty must be true and fair and not designed to mislead.

- c) **Competition:** While considering the advantages to the County Of Lambton of maintaining a continuing relationship with a supplier, any arrangement which might, in the long term, prevent the effective operation of fair competition, must be avoided.
- d) **Business Gifts:** To preserve the image and integrity of both the individual and the employer, business gifts should be discouraged. Gifts, other than items of very small intrinsic value such as business diaries or calendars should not be accepted.
- e) **Hospitality:** Moderate hospitality is an accepted courtesy of a business relationship. However, the recipients should not allow themselves to reach a position whereby they might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the County could in good faith reciprocate.
- f) **When in doubt of what is acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the individual's Supervisor.**

### **Obtaining 3 Competitive Bids**

In accordance with the procurement method selection chart, items or services valued at between \$5,000.01 and \$15,000.00 require the securement of a minimum of three written competitive bids. The following procedures should be adhered to in the collection of the bids process:

1. **Maintain a bidders list** for all categories of goods and services usually required.
2. **Prepare a request for quotation or tender document**, using the standard templates in this manual. State a "Closing date" up to which bids will be received.
3. **Endeavor to advise as many bidders as possible** of the request for pricing. Try not to rely on three bidders only, as one or more bidder may not be able to supply pricing in the appropriate time.
4. **Ensure that the requirement is as generic as possible** so as not to limit competition, yet specific enough so that the bid comparison is on equivalent supplies.
5. Make certain that **all bids are on County forms** and do not include any terms, conditions or qualifications, which conflict with the request document.
6. **When issuing a purchase order**, always refer to the request for pricing document or "the attached quotation".
7. **Maintain the competitive bids on file** in case questions arise and for audit purposes.

## **Request for Quotation, Tender or Proposal**

When soliciting bids, three processes are available to us:

Request for Quotation (RFQ)  
Request for Tender (RFT)  
Request for Proposal (RFP)

While there are always exceptions to the selection method, these general rules apply:

### **Request for Quotation**

An RFQ is usually used to solicit prices for items of lower dollar value. It is generally more effective where the goods or services required are common and abundant. It is also useful to guarantee a fixed price for the supply of a product that will be required, yet an exact fixed quantity can not be determined.

### **Request for Tender**

The request for tender process is more applicable for higher dollar value items. Generally, it includes an exact specification, defined requirements and quantities. The request for tender is a more formal process than an RFQ. It will frequently be used in soliciting prices for construction projects or purchases of specialized equipment where the specifications can be stated exactly with little or no variability. As a tender is an offer to provide goods or services in accordance with a strict specification, it is usually legally not feasible to reject a low bid unless it clearly does not meet the specification provided.

### **Request for Proposal**

The request for proposal process is most effective for goods or services which are difficult to specify, (e.g. if a need can be defined, and the availability of more than one specific solution may be identified). Alternatively, if the solution requires the vendor to supply the specification, then an RFP process is also warranted. Where consultants or other professional services are required, an RFP is the preferred method. Generally, an RFP process allows for the selection of a vendor based on facts other than, or in addition to cost. In an area where creativity or specific design knowledge or experience is required, then an RFP (use in conjunction with a valid set of criteria) is the most appropriate request method.

### **Pre-Qualification**

In certain circumstances, it is advantageous to conduct a pre-qualification process. In this process, Vendors respond to a request or an advertisement and submit an application to pre-qualify for the right to bid on a future project. The pre-qualification process removes a large step from the bidding process. It addresses many questions about the vendors abilities and past performance. Therefore, after a pre-qualification process, only the pre-qualified bidders are eligible to bid on the project.



## Advertising of Request for Tender, Quotation or Proposal

Advertising of required products and services provides several functions. It fulfills a legal obligation to ensure that reputable individuals and companies have the opportunity to compete for the supplies and services required by the County of Lambton. In addition it potentially increases the number of bidders and ensures that, the best possible value to the taxpayer is obtained. Finally, advertisements advise the public of the various areas in which tax dollars are being expended.

In accordance with the procurement method selection chart, items or services valued at over \$15,000.00 require advertising to the general public. The following procedures should be maintained in the advertising of requests for pricing:

1. Decide by the value of the product or service, the magnitude of where to advertise and the frequency. Also, determine the location of the potential bidders. (e.g., if it is known that no bidders have offices in Lambton County, then a regional form of advertising should be considered).
2. Information on construction projects shall be supplied to the Sarnia Construction Association, Sarnia Lambton Builders Exchange and London and District Construction Association in order that their members can be made aware of the project.
3. Newspaper advertisements shall at minimum, appear as follows:

<b>Value of Contract</b>	<b>Local Bidders Available</b>	<b>Construction Project</b>	<b>Advertising Source</b>
Over \$15,000 Up to \$25,000	Yes	Yes or No	Local Newspaper Internet
Over \$15,000 Up to \$25,000	No	Yes or No	Regional Newspaper, Internet
Up to \$100,000	Yes	No	Local Newspaper Internet
Up to \$100,000	No	No	Regional Newspaper Internet
Up to \$100,000	Yes or No	Yes	Local, Regional Newspaper, Internet
Over \$100,000	Yes or No	No	Local, Regional Newspaper, Internet
Over \$100,000	Yes or No	Yes	Local, Regional, Daily Commercial News, Internet

**The above list is intended as a minimum guide only.** Discretion should be used to ensure that advertising is sufficient for the project at hand.

4. Newspaper advertising should remain as consistent as possible in appearance and in location. Ads should be modest in size, yet proportionate to the importance of the item being advertised. Advertisements must contain all pertinent details such as:
  - County Of Lambton Logo;
  - Title of project or requirement;
  - Location of work (if necessary);
  - Closing time and date;
  - Contact person including telephone number and extension;
  - Address for return of Bids;
  - Statement regarding the Counties right to accept or reject bids received.
5. Use the attached template on page for formatting all advertisements. Always insert the ad under the Legal Heading in any newspaper.
  - Local advertising shall always be placed in the Sarnia Observer;
  - Regional advertising shall always be placed in the London Free Press;
  - Construction projects should be listed in the Daily Commercial News.

Internet advertising should also be used consistently, using the same sites whenever possible. All Requests For Pricing should be submitted to the Purchasing Coordinator to be listed on the **Ontario Public Buyers Web Site**. In addition, construction projects should be listed on the **London and District Construction Association Web Site**.

6. Newspaper and Internet advertising are to be used in conjunction with bidders lists and direct calling of suppliers, in order to ensure that as many potential bidders as possible are made aware of the request for pricing.
7. **Important:** Make certain that on the day that the advertisement is scheduled to be released, that sufficient copies of the bid package are available for those responding to the request.
8. Whenever possible, advertisements should be placed two to three weeks in advance of the closing date for accepting bids. This period has proven to be most suitable. It gives the bidders ample time to respond, yet requires that bidders work on the request immediately and thus reduce the potential of it being forgotten.

## **Issuing of Request for Pricing Packages**

When bid packages have been prepared it is important that:

- The bid packages are checked for completeness and accuracy;
- A detailed record is maintained of who receives the package;
- Sufficient packages are prepared to meet the demand;
- Department staff are advised of the project being issued;
- The respective industry is advised of the request through a combination of advertising (see section on advertising) and direct mail of the package to the companies on the approved vendors list.

### **Maintaining a List of Bidders**

It is important to maintain a list of all parties that receive the bid package. This is required to ensure that all interested parties can be informed, if there is a change or addendum issued to the request. In addition, depending upon the complexity of the work, it may be necessary to provide a list of bidders to sub-contractors or other interested parties.

The bidders list must contain the name of the company, address, telephone, fax number and contact person. A sample bid package takers list is included in this section.

### **Vendors Lists**

Where appropriate, the Purchasing Coordinator shall maintain a list of vendors who are expert in certain types of work often required by the County. The lists should be kept current and used by anyone issuing a request for quotation, tender or proposal.

### **Issuing of Bid Packages**

Bid packages should be directly mailed to those companies on the vendors' list. Where time is important, or where it cost dictates, it may be issued by courier. Telephone requests for documents should be forwarded by mail. If the individual requests, they may be sent via courier, collect.

### **Pre-qualification**

If a pre-qualification process has been undertaken, then only those companies that were approved as qualified bidders will be allowed to receive the bid package documents.

## Receiving of Sealed Bids

As in many aspects of purchasing, consistency is of the utmost importance. Receiving of sealed bids is probably the most important example of where consistency is vital to ensuring that the bidding process is fair and equitable for all vendors while limiting exposure of risk to the Municipality.

The following guidelines shall be observed:

1. Bids shall always close at 3:00 PM Local Time Monday, \_\_\_\_\_. Should an alternate time be needed, specific permission to do so must be obtained from the Purchasing Coordinator. This reduces the risk of contractors missing a closing time. If an alternate time is used, try to avoid *difficult* closing times. (e.g. 12 Noon is always a poor time to close as people are leaving for lunch and the designated person might not be available to accept a last minute submission).
2. Always close bids at the same location and designate a single person (and a back up person) to supervise the receiving of bids. Create a safe storage area for the bids and use the Bid Receipt Form included in this section to record the receipt of all bids. Also, stamp or write on the envelope the exact time of receipt of the bid and initial as the person receiving.
3. Never accept a bid after the stated closing time for any reason. If a sealed bid arrives by courier or mail after the stated closing time, it must be returned unopened by registered mail with a covering letter advising of the reason it was returned.
4. As soon as possible after the closing time, all the received bids, along with the bid receipt form, should be delivered to the individual responsible for opening the bids.
5. If any irregularities occur, notify the person responsible for opening the bids, or the Purchasing Coordinator as soon as possible.

### Opening of Bids

Whenever sealed bids have been called for, the following procedures should be followed in opening the bids:

1. Always try to open the bids as soon as possible after the stated closing time for receipt of submissions. Never open any bid before the closing date/time.
2. The public shall normally be invited to view the opening. Exceptions to this rule would include bids that involve information of a sensitive or confidential nature, as directed by the C.A.O. If in doubt, an individual should seek guidance from their Supervisor, the Purchasing Coordinator or the C.A.O.
3. A minimum of **two** County representatives must be present before an opening can occur according to the following schedule:

Est. Contract Value	Minimum County Representatives to be Present
Up to \$100,000	Project Coordinator and Supervisor or Purchasing Coordinator
\$100,000-\$500,000	Corporate Managers and Purchasing Coordinator or GM
Over \$500,000	General Manager or Designated Corporate Manager and Purchasing Coordinator

In the event that two appropriate individuals are not available at the advertised opening time, then the opening will be postponed until an appropriate time. Should this occur, every effort should be made to give advance notice to all parties who wished to attend the opening, to allow them the option of attending the rescheduled bid opening.

4. Compare the bid receipt list with the actual number of envelopes, to ensure consistency prior to commencing.
5. Each bid opened must be signed (initialed) by the two or more County representatives conducting the opening.
6. Should a member of the public be present during an opening, the following information only should be stated:
  - The Name on the bid opened;
  - The total amount of the bid;
  - The inclusion of any accompanying document required. e.g. Bid Bond.
7. Questions posed by the public related to specifics of any bid received should be deferred, pending the thorough checking of the bids. Under no circumstances should additional components of any bid be discussed in this forum.

**01/02/03 Purchasing Policy Manual**

8. Individuals must avoid making any comments or exclamations regarding any of the bids or the vendors involved.
9. A list of the Vendors and the amounts bid should be immediately prepared and be available should inquiries be made by the public after the opening.
10. Safely store all of the bids including any deposit cheques and bid bonds in a secure holding place.

## Checking of Bids

All bids received must be completely scrutinized for errors, omissions or irregularities, as soon as possible after opening.

Things to check for:

- That bids are in ink;
- Extend all unit prices, to confirm mathematical accuracy. (note that in the case of an extension error, the unit price will prevail);
- Confirm all sub-totals and totals for mathematical accuracy;
- Confirm all sales tax calculations and additions;
- Confirm that the form of submission is completely filled out and contains no omissions, unauthorized additions or irregularities;
- Confirm that the documents are signed and dated in all appropriate places;
- Confirm that seals have been applied as necessary;
- Confirm that all additional information requested is attached. (e.g. Bid Bond, Insurance Certificate, Agreement to Bond, etc.).

Prepare a report detailing the results of the above review. List the actual confirmed totals of the bids and list any irregularities or omissions that were identified. (see sample in this section)

Refer to the bid documents as to how and when any unnecessary bid bonds or deposits should be returned and which should be retained.

## **Checking of References**

Where so required in the request, references shall be supplied by the bidders. It is normal that once a bid is checked and identified as being the lowest meeting specifications, or the best of any proposal submission, then the supplied references should be contacted.

It is appropriate to contact the supplied reference by telephone and ask questions, which are pertinent to the business relationship of the bidder and the reference. e.g.

- Length of relationship;
- Ability of the Bidder;
- Similarity of work involved;
- Problems that might have arisen and the bidders ability to resolve them;
- Would the person use the bidder again.

Continue to ask any other pertinent questions.

Remember that the comments of the person providing the reference check should be held in confidence.

Complete the reference check form (sample in this section) for your records.



### **Recommendation of Supplier**

When making a recommendation for the acceptance of any offer, it is beneficial if the recommendation is prepared in a consistent fashion. The recommendation should provide a concise description of the product or service, its intended use, location, and the amount budgeted. The recommendation should then go on to detail all the offers received and provide any pertinent details that influenced the selection. The recommendations should clearly indicate any trade-in equipment, the extent to which it was evaluated by all the bidders and clearly indicate its inclusion in the evaluation. Finally, the recommendation should be formal in construction so that it might not have to be re-written for presentation at a Committee or Council level.

The sample recommendation in the Standard Forms section (form P110.1) should provide a framework for the preparation of a recommendation.

## Contract Formation and Signing

Whenever possible, a sample of the Contract document that is intended to be used, should be included in the request for bid material. After a vendor is selected, this contract document should then be completed with all the pertinent details, and copies made for signing. Only the sample contracts included in this section should be used. Further, any changes required to these contracts, should be approved by the Solicitor/Clerk prior to signing. If any doubt exists regarding the wording of the contract with respect to any specific requirement, the Solicitor/Clerk should be contacted immediately.

Under no circumstances should a contract supplied by the vendor be signed. Sales contracts usually contain wording that provides protection for the vendor, or removes protection from the County of Lambton. In addition, the signing of a sales contract can create a new offer and acceptance process, which might negate all wording in the original request for bid document.

For more simple purchases of less than \$5,000, a County Purchase Order will suffice. However, a reference must be made on the face of the purchase order. (e.g. “in accordance with your quotation dated Monday, April 9, 2002 and the terms and conditions thereof”). Attach a full copy of the bid to the purchase order.

### Name of Vendor

The name of the vendor on the contract must appear exactly as it did in the bid documents. This is important in order to relate the bid to the contract.

### Who should sign on behalf of the County?

Providing that all internal approvals that were required in the bidding process have been obtained, contracts must be signed in accordance with the following schedule:

<b>Schedule of County of Lambton Contract Signing Requirements</b>			
<b>Dollar Amount of Contract</b>	<b>General Manager *</b>	<b>Solicitor/Clerk</b>	<b>C.A.O</b>
Up to \$50,000	Yes	Yes	Yes
\$50,000.01 to \$250,000	No	Yes	Yes
Over \$250,000	No	No	Yes

\*For purposes of this policy, General Manager shall include all Corporate Managers (Finance, Human Resources, Information Technology, Legal services) and the Purchasing Coordinator.

Under no circumstances shall any other staff member bind the County of Lambton to any agreement.

## Approval of Accounts

When settling accounts, it is important to determine prior to payment that:

- The necessary approvals to purchase the item or service were obtained;
- That an order was placed for the item or service;
- That the goods or services received are consistent with what was ordered;
- That the invoice cost is consistent with the Quote or Tender;
- That any shipping costs incurred are reasonable and consistent with the terms of the Purchase Order;
- That any available early payment terms are identified and taken (if warranted);
- That a complete and accurate paper trail has been created to substantiate the payment and for any subsequent audit.

Prior to submitting an account to the Accounts Payable Clerk for payment, the Supervisor shall ensure that all of the above payable procedures have been followed. Paperwork flowing to the Accounts Payable Clerk must include a purchase order and packing slip. The documents should clearly show who initiated the order and who approved it. The packing slip should clearly confirm that the stated quantities were received and be signed by the receiver. The documents should clearly indicate the budget account numbers that the item or service will be expensed to.

The Accounts Payable Clerk will be responsible for matching the invoice with the purchase order and packing slip. Should the invoice amount not be consistent with the purchase order, then the individual who initiated the order should be advised so that the problem can be rectified. **Under no circumstances will an account be paid that does not include a complete paperwork trail.**

## Construction Projects

For construction projects, the account will usually be subject to certain hold backs. Should this be the case, the Project Supervisor and the General Manager will prepare a progress payment certificate for the submitted invoice. It shall be ensured that all necessary holdbacks are taken and that the invoice is an accurate statement of the work completed to date. Lien searches must be conducted in accordance with the Construction Lien Act. The County Solicitor should be consulted regarding any questions or concerns about any construction-related payment and the Construction Lien Act.

## Auditing of Accounts

In addition to the scrutiny of our independent Auditors, the Finance Department is empowered to complete an audit of any purchase transaction. Internal audits are designed to ensure that the purchasing policies are being upheld and that accounts are being paid in a timely and accurate fashion. The General Managers will ensure that all Departments co-operate when an audit is initiated.

## **Contract Management**

It is important to ensure that once a contract is signed, that the supplier provides the goods and services as promised. Contract management ensures that the County of Lambton receives the ordered goods and services, and the associated level of service, throughout the length of a contract.

Once the contract is initiated, a system must be put in place that:

- a) Regularly analyses the service level being provided;
- b) Allows end users an avenue to advise of good performance or non-compliance by a vendor;
- c) Provides regular dialogue with the vendor to maintain or enhance the level of service;
- d) In the case of a maintenance or construction contract, that Health and Safety Policies are being upheld.

### **Contract Administrator**

Whenever a contract is signed between the County and a vendor, a Contract Administrator will be appointed. The Contract Administrator will usually be the individual who was responsible for the formation of the request for pricing documents. Should this not be possible, the principle individual who places the bulk of the orders, or in the case of a service contract, supervises the work, should hold this responsibility. The Contract Administrator will be responsible for ensuring that the vendor provides the goods or services described in the contract, to the satisfaction of the County. In addition, this individual should be the designated contact person to liaise with the Vendor. This will reduce the possibility of the vendor receiving mixed messages. It will also provide the vendor with a sole contact within the Organization to troubleshoot anything, that from the vendors perspective, is not happening according to the contract. (e.g. orders being placed with other vendors, or payment not being provided in accordance with the contract.

### **Vendor Non-Performance**

Should a Vendor not be performing in accordance with the Contract or should issues arise regarding the quality, compatibility or delivery of the goods or service provided. Then the Contract Administrator should be advised of the issue. A log of all pertinent issues should be maintained in the file and the Vendor advised in writing of all issues, as soon as possible.

**Contract Review (Performance Appraisal)**

During the length of the contract, the Contract Administrator will perform a performance review of the Vendor. The number and frequency of the reviews shall depend on the length of the contract and the service level provided. However, at minimum, an annual review will be undertaken.

The Contract Administrator will collect information from other end users using the vendor performance appraisal sheet and other pertinent data from the Financial Information System. The accumulated data will be summarized on the Vendor Performance Report and shared with the Vendor and end users alike.

Where problems are identified, the Contract Administrator will work with the Vendor to resolve the issues as soon as possible and continue to monitor the situation through the end users to make certain that the situation has been fully corrected.

**Termination of a Contract**

Prior to considering terminating any contract, the Contract Administrator should:

- Determine that repeated efforts have been made to work with the Vendor to resolve the issues at hand;
- Ensure that the severity of the situation has been elevated in the Vendor's Organization to the Sales Supervisor or other key individual;
- Make certain that a complete documentation of the effort taken to identify and resolve the issue exists;
- Check the contract for the terms regarding contract termination;
- Identify that a secure and more reliable source for the product or service is available;
- Consider all outcomes of a contract termination, including the possibility of legal action;
- Seek advise from the Solicitor/Clerk.

If after this complete analysis, it is determined that it is prudent to terminate the contract, then a letter should be prepared advising the vendor of the termination of the Contract within the terms and conditions of the agreement. This letter should be sent by registered mail with copies to the Solicitor/Clerk.

## **County Obligations Concerning Health and Safety**

When contracting for construction or maintenance services, it is important that the health and safety of the public, County employees and contracted staff be of primary consideration.

Two separate pieces of legislation govern workplace safety:

- The Occupational Health and Safety Act 1990;
- Workplace Safety and Insurance Act 1997.

It is of extreme importance that the County is seen as not just upholding the law, but exceeding it whenever possible. Conversely, when dealing with outside contractors, it must be understood that other agencies (such as the Ministry of Labour) have primary responsibility in this area. Therefore, the County of Lambton role will be seen as “supervisory” and not enforcement.

In order to prevent injuries and reduce any potential liability on the part of the County of Lambton, the following must be followed:

### **Workplace Safety and Insurance Board**

Any and all contractors hired to complete a job must provide proof of coverage with WSIB. This is accomplished through a clearance certificate. The clearance certificate is dated and is only valid for 60 days. Therefore, the expiry date must be noted and a replacement certificate requested if the contract is not complete.

Should a contractor be working for the County and not have this coverage for their workers, then the law dictates that the contractor’s employees are deemed to be employed by the County. This can have extensive repercussions in the event of an injury and must be avoided.

All requests for pricing must include the following paragraph requiring contractors provide clearance certificates. In certain circumstances, a contractor who does not employ other workers must apply for an independent contractor status with WSIB. The Purchasing Coordinator can supply information on this process.

### **WORKPLACE SAFETY AND INSURANCE**

*It is the obligation of any successful bidder to comply with all requirements of the Workplace Safety and Insurance Act. Bidders must certify that all employees, officers, agents and sub contractors are covered under the Act. A WSIB certificate shall be supplied at the time of contract signing and updated every 60 days in compliance with*

*the Act. Failure to supply or update this certificate as required is cause for termination of the contract.*

**Workplace Health and Safety**

When obtaining pricing for any contract with any contractor, it is important that the following policies and procedures be followed:

- a) A safety policy manual will be supplied by the successful bidder.
- b) The contractor will be asked to present a plan, which indicates the steps that will be taken to keep the site safe and accident free.
- c) At all site meetings, safety will be a regular agenda item.
- d) The County's representative will complete and supply the Contractor with a workplace inspection checklist at regular intervals, depending on the length of the contract.
- e) In the event of a serious condition, a notice of non-compliance will be issued and documented. It is important that the notice is transmitted in a manner that will ensure fast and guaranteed delivery, usually by hand delivery.

Any such condition will be carefully monitored to ensure that corrective action is being taken. In the event that the condition persists or re-occurs, then the County representative will have the option of stopping work and/or contacting the Ministry of Labour to advise on the situation.

Any request for pricing will clearly indicate the County's expectations in the way of workplace health and safety.

**The following statement on Workplace Health and Safety must be included in all requests for pricing:**

**WORKPLACE HEALTH AND SAFETY**

*Both the County of Lambton and the Contractor have obligations under the Occupational Health and Safety Act to ensure that work sites are safe and that accidents are prevented.*

*The successful contractor shall provide upon signing of a contract, a copy of the company's safety policy manual. The successful contractor shall work with the County, to develop a safe work plan for the project. The contractor will be responsible for the ongoing safety and security of the job-site. The County of Lambton will*

*conduct workplace inspection reports at suitable intervals, depending on the length of the contract. A workplace inspection checklist will be completed and provided to the contractor. Every site meeting will devote some time to health and safety issues.*

*In the event of a serious or recurring problem, a notice of non-compliance will be issued. The contractor will be responsible for reacting immediately to any deficiency and correcting any potential health and safety risks. Disregard for any requirement of the Occupational Health and Safety Act could be cause for the issuance of a stop work order or even the termination of the contract.*



## **Insurance Requirements**

Liability insurance is becoming an ever-increasing burden. While the County carries its own liability insurance, it is extremely important that any company who performs work for the County:

- Carries a valid liability Insurance policy in the appropriate minimum amount;
- Names the County of Lambton as an additional insured party for all work related to the scope of the contract;
- Provides a valid certificate of insurance clearly indicating the level of coverage provided and the addition of the County as an additional insured party, prior to the signing of any contract.

### **Amount of Insurance**

#### Service Contracts

Any Company who provides a service to the County of any nature is required to provide proof of liability insurance of no less than \$2,000,000 (two million dollars)

#### Construction contracts

Any Company who is contracted to perform a construction project for the County is required to provide proof of liability insurance of no less than \$5,000,000 (five million dollars)

### **Deductible Amounts**

No deductible amount will be permitted.

### **Individuals Contracted to Provide Services**

An individual contracted to provide a service or complete a construction project exposes the County to the same liability risks as a Company. The individual must comply with all the aforementioned liability insurance requirements, with the same applicable minimums.

### **Non-Compliance**

In a case where the proposed supplier can not provide the required insurance, or if it is determined during the work that the suppliers insurance has lapsed or been terminate, then the supplier must immediately stop work on the project. Work must not recommence until a new valid certificate of insurance has been received. In the event that the supplier is unwilling, or unable to supply proof of valid insurance, then the County must move to disqualify the bidder. If the process is in the analysis stage, or in the event that a contract has been signed but a suppliers insurance is terminated, then the County must move to cancel the contract and issue the work or remainder thereof to another party. The Solicitor/Clerk should be consulted prior to any action to terminate a Contract.