

**VILLAGE OF LUMBY  
POLICIES AND PROCEDURES  
FINANCE AND ADMINISTRATION**



<b>POLICY TITLE:</b>	<b>PURCHASING POLICY</b>
<b>DATE ADOPTED BY COUNCIL:</b>	<b>DRAFT</b>
<b>REPLACES</b>	<b>JULY 31, 2008 PURCHASING POLICY</b>

**POLICY STATEMENT**

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The Village of Lumby will procure all goods, services and construction of assets in accordance with this policy.

The purpose of this policy is to establish procedures and provide direction to Village of Lumby staff as they engage in purchasing activities. The policy seeks to balance employee empowerment with appropriate internal controls and ensure that the municipality receives the best value for taxpayer dollars.

The Village will seek to obtain goods and services of required quantity and quality from reliable suppliers at the proper time and place consistent with the needs of the municipality.

**POLICY OBJECTIVES**

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1. Establish purchasing authority levels
2. Identify thresholds for the different purchasing processes
3. Provide guidance to staff for all situations that require the procurement of goods or services

**DEFINITIONS**

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**Best value:** refers to the lowest cost with consideration provided for factors such as: cost of acquisition, quality, availability and delivery timelines, maintenance costs, performance, cost of training, warranty and impact on environment.

**Department heads:** refers to the Chief Administrative Officer, Director of Finance or Superintendent of Public Works, Parks and Recreation.

**Public Procurement Process:** refers to Tenders, Calls for Proposals or similar processes whereby the public is given notice and opportunity to respond without obstacles, impediments or geographic discrimination.

**GENERAL**

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1. Council must approve any amendment(s) to this policy.

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PURCHASING POLICY (REVISED JUNE 2016)**

2. Council may waive, though resolution, any or all of the processes and restrictions of this policy, unless such an action would contravene any applicable legislation or trade agreement such as the New West Partnership Trade Agreement (NWTPA).
3. Department heads are to ensure sufficient funds are available as per the current Council adopted Financial Plan prior to the acquisition of any goods and/or services.
4. Employees having any personal interest that may encroach or may be reasonably deemed by others to encroach or affect the impartiality of a purchasing decision, shall declare any such interests to a department head.
5. Any employee who willfully acquires goods or services in contravention of this policy may be subject to disciplinary action.
6. It is prohibited to divide or separate purchases or contracts in order to avoid or circumvent the procedures outlined in this policy.
7. The Director of Finance is responsible for the oversight of the purchasing function.

**APPROVAL AUTHORIZATION**

<b>Table 1: Approval Authorization</b>	
<b>Staff</b>	<b>Purchasing Authority</b>
All Other Staff	\$ 300
Public Works Staff	\$ 500
Superintendent	\$ 10,000
Director of Finance	\$ Unlimited *
Chief Administrative Officer	\$ Unlimited *

\*Unlimited purchasing authority requires that purchases are included in the Council adopted current Financial Plan; excludes land purchases, which must be authorized by Council in each and every instance.

**PURCHASING PROCESS**

<b>Table 2: Purchasing Process Thresholds</b>		
\$ -	\$ 10,000	Multiple verbal quotes; three (3) preferred
\$ 10,001	\$ 50,000	Multiple written quotes; three (3) preferred
\$ 50,001 +		Public procurement process
Purchase order requirement:		For purchases between \$5,000 and \$10,000

**Verbal Quotes**

No documentation or record will be maintained. The employee, acting within their authority as specified in this policy, will make all reasonable efforts to obtain the quotes and other applicable information to determine best value for the municipality.

**Written Quotes**

The employee will obtain quotes and retain the records in accordance with the Villages *Municipal Records and Retention Bylaw*. A written quote may be in paper format (typed/printed letter, fax, etc.) or an electronic record (email) from the potential vendor.

**Public Procurement Process**

Common and/or best practices should be followed when a purchase is to proceed through a public procurement process. The common and/or best practice refers to:

- (1) the planning and design of the procurement document;
- (2) advertisement and notice of the planned purchase;
- (3) the receipt of responses;
- (4) the opening of responses; and
- (5) the assessment and award of the goods or services

**MULTI-YEAR CONTRACTS**

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Multi-year contracts should be treated in accordance with this policy as if all payments over the duration of the contract were made at one time. For example, a 36 month contract for services that has a monthly cost of \$100.00 (including taxes not recovered by the municipality) should be treated the same as a one-time purchase of \$3,600.00.

**EXCEPTIONS**

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For certain types of purchases, due to their nature or those that regularly reoccur that when considered in total for a given year would normally require the approval procedures described in this policy, it would be impractical to follow the default procedures and so the following will only require the approval of the Director of Finance or Chief Administrative Officer:

- Bank fees;
- Communications, such as telephone, internet and cell phones;
- Cooperative purchasing done in conjunction with other local governments, the Provincial or Federal governments;
- Debt services payments;
- Grants and donations;
- Legal fees;
- Payroll, related remittances and payments related to employee benefits;
- Payment of taxes collected on behalf of other governments and agencies;
- Postage charges;
- Utility charges.

**PETTY CASH**

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Purchases of up to \$50.00 may be purchased through the use of petty cash. A signed record (such as a signed receipt) must accompany the petty cash withdrawal. A brief description of the expense should be included with the record where practical.

**EMERGENCY PURCHASES**

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Situations may arise where delays in purchasing actions result in imminent danger to persons or property. In these situations employees should attempt to contact their department head for verbal authorization, however in instances where a department head cannot be contacted or the situation necessitates immediate response then the employee is permitted to deviate from the procedures outlined in this policy.

In such instances employees are required to follow up with a report to their direct supervisor and attempt to obtain the purchasing documentation in a reasonable timeframe following the conclusion of the emergency.

**ENVIRONMENTAL CONSIDERATIONS**

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In an effort to reduce Greenhouse Gas (GHG) emissions priority consideration will be provided to products and services that have recognized energy efficiency certifications, are made from recycled materials, minimize the use of energy and/or material in the manufacturing process, or in the case of vehicles and equipment have better fuel efficiency.