

## Procurement Procedure

All City of Mount Pearl employees making any purchase must follow the Procurement Policy. This companion Procurement Procedure provides an overview of the steps required depending on the type of purchase and the total cost of the purchase. As public funds are being spent, this policy and procedure will ensure that there is an open public process and that a fair /reasonable price has been paid.

### 1.0 Definitions

In accordance with the *Public Procurement Act, 2018*, the following definitions shall apply to the City's procurement processes:

- **Change Order** – means an amendment within the requirements of an existing contract, or an extension of a contract, that is accessory to and does not change the nature of the contract.
- **Contractor** – means a supplier that has been awarded a contract by a public body.
- **Commodities** – means goods, services public works and lease of space.
- **Goods** – means goods, chattels, material, personal property, movable property and other physical objects of every kind, including items required to be manufactured or on which a labour or skill is required to be expended before, upon or after delivery to a public body.
- **Procurement** – means the acquisition of commodities or professional services by public bodies by any means, including by purchase, rental or lease.

### 2.0 Procurement Procedure

As outlined in the Procurement Policy, there are three possible categories of purchases:

- Purchases Under \$2,000 – Reasonable Price.
- Purchases Between \$2,000 and legislated thresholds – Three Quotes.
- Purchases Over legislated thresholds – Open Call for Bids

All purchases in excess of \$2,000 will require a Purchase Order (except those made by P-card); employees and/or managers cannot sign off on authorization of their own purchase. Purchases made on a City P-card or approved invoice do not require a PO – the P-Card statement or approved invoice will act as the PO and the control is the approval of the supervisor. Supervisors must review and sign P-card reports and approved invoices to verify that the

purchase was in keeping with the Procurement Policy. Change orders shall be processed by the Procurement Administrator to ensure ongoing compliance and communication with the Public Procurement Agency as required under provincial legislation.

Supervisors must completely understand the thresholds, their responsibility, and the legislation. All Purchase Orders must be checked by the supervisor as the PO is the authorization for the purchase. Finance staff will check to see if the PO matches the invoice – if so, the invoice will be paid, if not the invoice and PO will be sent back to the purchaser.

The City of Mount Pearl has a listing of Standing Purchase Agreements (SPA). Employees must check this listing to see if the item being purchased is on this list. If the City has signed on to a Standing Purchase Agreement, the City must buy from that vendor.

For any questions or clarifications on how to proceed, employees shall contact the Procurement Administrator or the Manager of Finance before proceeding with the purchase.

### **3.0 Purchases under \$2,000 – Reasonable Price**

For purchases of goods or services less than \$2,000, exclusive of HST, obtain a minimum of one (1) quote from legitimate dealers, suppliers, or contractors by direct quotations, or by reference to trade catalogues, or price lists, and select *Reasonable Price* on the purchase order.

Separating purchases into several smaller purchases to remain within the \$2,000 purchase threshold is not permitted.

A PO must be obtained for any purchase over \$2,000 that will lead to an invoice to be paid by the City. Purchases made on a City P-card or approved invoice do not require a PO – the P-Card statement or approved invoice will act as the PO and the control is the approval of the supervisor. Supervisors must review P-card reports and approved invoices to verify that the purchase was in keeping with the Procurement Policy.

The City of Mount Pearl has a listing of Standing Purchase Agreements (SPA). You must check this listing to see if the item you are purchasing is on this list. If the City has signed on to a Standing Purchase Agreement, the City must buy from that vendor.

**Important Note:** It is up to the employee to determine a fair reasonable price. Factors that may affect the purchase include local availability, one-time sale price, etc.

### **4.0 Purchases between \$2,000 and legislated thresholds – Three Quotes**

The City of Mount Pearl has established a fair price process for purchases between \$2,000 and legislated thresholds– this process requires three quotes.

For purchases of goods or services less than legislated thresholds, exclusive of HST quotations shall be obtained from at least three (3) legitimate dealers, suppliers, or contractors by direct quotations.

Separating purchases into several smaller purchases to remain below the legislated threshold is not permitted.

A PO must be obtained for any purchase that will lead to an invoice to be paid by the City. Purchases made on a City P-card or approved invoice do not require a PO – the P-Card statement or approved invoice will act as the PO and the control is the approval of the supervisor. Supervisors must review P-card reports and approved invoices to verify that the purchase was in keeping with the Procurement Policy.

#### **A.) Provincial Government Standing Purchase Agreement**

Prior to proceeding with a “Request for Quotations” purchasers should check to verify whether the City is a participant in a Standing Purchase Agreement (SPA) issued by the Government Procurement Agency (PPA) for specific goods or services.

If the City is a registered participant in the SPA the City is required to purchase the good or service from the supplier participating in the SPA at the indicated price.

#### **B.) City of Mount Pearl Standing Purchase Agreement**

Where the City identifies a high volume of specific goods or services with a cost less than legislated threshold the City can issue a SPA covering a specific time-period to avoid having to obtain quotations each time a purchase of the specific good or service is required.

For goods and services for which the City has issued a SPA the City can execute a purchase of the specific good or service from the supplier participating in the SPA at the indicated price.

## **5.0 Purchases over the legislated threshold – Follow Process Outlined in Public Procurement Act, 2018 and Regulations**

For purchases over the legislated thresholds an open call for bids shall be required in accordance with the thresholds and guidelines specified by the *Public Procurement Act 2018* and the *Public Procurement Regulations*. For purchases over legislated thresholds there are four possibilities:

- **Tender** – complete the detailed specification and send to the Procurement Administrator
- **PPA Standing Offer** – check to see if there is a Standing Purchase Agreement on the provincial PPA website. If one meets your requirement, purchase it.
- **RFP** – for purchases where price is not the only consideration, prepare the detailed specification and evaluation criteria and then forward to the Procurement Administrator
- **Sole Sourced** – prepare justification for choosing sole source and send to the CAO for approval. If you select Sole Sourced you must have approval from the CAO.

**For questions or clarifications on how to proceed, please contact the Procurement Administrator or the Manager of Finance before proceeding with the purchase.**

**6.0 Purchase Order Selection**

**Categories for Selection on the City’s Purchase Order – Select One Only**

**Over legislated thresholds**

- Tender (not exempt)
- PPA Standing Offer
- RFP
- Sole Sourced

**Between \$2,000 and legislated thresholds**

- Three (3) Quotes
- PPA Standing Offer
- City Standing Offer
- Sole Sourced

**Under \$2,000**

- Reasonable Price

**7.0 Approvals**

*Mona Lewis*

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**Mona Lewis, City Clerk**

*February 19, 2020*

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**Date**