

THE CORPORATION OF  
THE MUNICIPALITY OF POWASSAN

BY-LAW NO. 2001-38

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BEING A BY-LAW TO PROVIDE FOR THE AUTHORIZATION OF PURCHASING AND TENDERING.

WHEREAS Section 102 of the Municipal Act, Chapter M.45,RSO 1990 provides that councils may pass by-laws:

AND WHEREAS the municipal council of the Corporation of the Municipality of Powassan deems it expedient to enact a by-law to govern the authorization of purchasing and tendering:

NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF POWASSAN HEREBY ENACTS AS FOLLOWS:

1. DEFINITIONS

Clerk-Treasurer - means the Clerk-Treasurer of the Corporation of the Municipality of Powassan

Council - means the Council of the Corporation of the Municipality of Powassan

Department Head - means the Fire Chief, Public Works Superintendent

Purchasing Agent - means the Clerk-Treasurer of the Corporation of the Municipality of Powassan

2. THAT the attached spending policies and procedures form part of this by-law.

3. THAT this by-law shall take effect and come into force on January 2<sup>nd</sup>, 2001.

Resolution Number 2001-06 Moved by Fred Busch

Seconded by Carole Dobbs

Be it resolved that the Council of the Corporation of the Municipality of Powassan approves the first and second reading of By-Law Number 2001-26 to By-Law Number 2001-42 with the exception of By-Law Number 2001-32 and approves the third reading and final passing of said by-laws.

Carried.

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Mayor

\_\_\_\_\_  
Clerk

## **CORPORATION OF THE MUNICIPALITY OF POWASSAN**

### **SPENDING POLICIES AND PROCEDURES**

#### **Principles**

In making purchases and awarding contracts the following principles will be adhered to:

1. The Municipality will follow fair and objective business practices in selecting contractors and suppliers;
2. The Municipality's purchasing agent will carry out price comparisons no less frequently than annual on routinely purchased supplies;
3. The Municipality must be able to support its choice of supplier or contractor to outsiders. That means there must be good reasons for choosing anyone other than the lowest bidder and these reasons must be discussed by Council and documented.

#### **Spending Authority**

Spending authority is primarily exercised when goods or services are ordered or contracted for, thus creating an obligation to pay on the part of the Municipality.

The Clerk-Treasurer will act as the Purchasing Agent for the corporation and will be responsible for the spending process. The following procedures will be followed

#### **(A) Mandatory Expenses:**

Mandatory expenses are those that are incurred by the Town routinely and are not the result of a specific purchase order or management decision. They include such things as municipal taxes, utilities (electricity, water and sewage and gas), insurance (if the coverage is not being changed), any contracted services once a contract has been signed, and employee salaries and payroll expenses once staff has been hired.

Before contracts, written or oral, are entered into, committing the corporation to ongoing routine expenditures (for example, staff salaries, maintenance contracts), the Clerk-Treasurer shall advise the Council as to the budgetary and cash flow implications and appropriate revisions to the budget if applicable. Such contracts or commitments need Council approval through such means as budget approval or resolution prior to implementation. The Clerk-Treasurer shall, on an annual basis, review the Municipality's insurance coverage and advise Council as to whether limits and deductibles continue to be adequate. The Clerk-Treasurer may approve any mandatory expenditure. If a mandatory expenditure goes over budget or is expected to go over budget, the Clerk-Treasurer shall advise the Council of this at its next regular meeting.

#### **(B) Discretionary Expenses:**

Discretionary expenses are those where the Municipality has an option as to when (of if) to incur them. They include such things as equipment purchases, maintenance supplies, office supplies, professional services, education, membership in other organizations, changes in insurance coverage and signing new contracts for any goods or services.

1. Where the expense is within the budget approved for that category and is up to \$500.00 a Purchase Order may be issued by a department head.

2. Where the specific expense is within the budget approved for that category and is over \$500.00 but less than \$3,000.00 three quotes shall be obtained either in writing or verbally.
3. For any financial commitment for a discretionary expense over \$3,000.00, the Purchasing Agent will hold a public tender or invitational qualification tender (minimum three (3) invitations). For the public or invitational qualification written specifications shall be prepared. Final approval will rest with Council on recommendation from the Clerk-Treasurer.

When carrying out a public or invitational tender, procedures outlined in the CCDC a guide to calling bids and awarding contracts will be followed. The following principles will apply:

once bids are accepted then a binding contract between the bidder and the Municipality arises, imposing obligations on both parties during the bid period

where bids are to be submitted according to bid depository rules, those rules must be strictly complied with, and both the person receiving and the person submitting the bid are bound by them

if the bid conditions specify that bids will be awarded subject to certain rules, then the Municipality will follow those rules, so as to reduce the possibility of a claim for damages from the bidder

the advertising for public or invitational tenders will state that there is no obligation on the part of the Municipality to accept the lowest or any bid submitted

if the Municipality has a preference for local suppliers, the advertising for public or invitational tenders will state this fact so as to limit the possibility of a suit for damages

conditions of the bid cannot be unilaterally altered by the Municipality after submission of the bids

two weeks will be allowed between advertising and the deadline for submissions of bids

4. In any situation where the purchasing agent does not think it is advisable to take the lowest bid, the reasons for this must be documented in writing and approval sought from Council prior to a commitment being made to the supplier/contractor.

#### **(C) Emergency Expenses**

Emergency expenses are those that have to be incurred immediately because a delay will endanger personal safety or risk property damage.

Notwithstanding procedures outlined in previous sections, an emergency expenditure may be approved by the Clerk-Treasurer where no other option exists.

All emergency expenditures must be reported to the next meeting of Council.

**Internal Control Procedures for Payables**

Step 1 - All invoices or bills shall be initialed indicating accuracy and approval by the Department Head responsible for the order and shall be accompanied by a completed copy of the purchase order. Each invoice or bill will be date stamped upon receipt (See Schedule A)

The Clerk-Treasurer or Department Head will assign the account code to each invoice or bill.

In the case where there is no invoice or bill; for example, refunds a cheque requisition form will be filled out with the necessary details. (See Schedule B)

Step 2 - All cheques will be prepared for signing by the signing officers.

Step 3 - The Clerk Treasurer is responsible for the release or transmittal of the signed cheques to the payees.

Step 4 - The Clerk-Treasurer will file all initialed and paid invoices.

Step 5 - The Clerk-Treasurer will prepare regular financial reports to Council