

## 5. PURCHASING

### POLICY

#### Policy Statement

It is Council's policy to establish a process around the purchase of goods and services that demonstrates due diligence, transparency, fairness, quality, and value for money.

#### Purpose

The purpose of this policy is to provide guidance to the Lower Nicola Indian Band on how purchases will be planned, managed, approved and paid. Having clear rules around purchasing makes sure that the goods and services meet the Lower Nicola Indian Band's quality and cost expectations.

#### Scope

This policy applies to the Council, Officers and any other Lower Nicola Indian Band employees involved in purchasing goods, services and assets on behalf of the Lower Nicola Indian Band.

#### Responsibilities

##### The Council is responsible for:

- ensuring effective control of purchasing of goods, services and assets through documented policies and procedures

##### The Executive Director is responsible for:

- communicating the policies and procedures to all parties who are affected

##### The Director of Finance is responsible for:

- developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets
- assisting in the selection, evaluation, and monitoring of contractors and suppliers
- managing and monitoring expenditures and identifying and reporting on budget variances

### ADMINISTRATIVE PROCEDURES

#### Procedures

##### 5.1 Purchasing of Goods and Services

All employees will comply with the Delegation and Authorization Table in the relevant policy as it relates to potential expenditure limits.

Where practical, informal quotes will be obtained through advertisements, direct solicitations to suppliers and other methods to compare prices and select the best option for the Lower Nicola Indian Band.

When appropriate, the Lower Nicola Indian Band will promote the use of local content in the procurement of goods and services in accordance with the attachment.

When Council approval is required per the Delegation and Authorization Table, a competitive purchasing process must occur.

## **5.2 Competitive Purchasing Process**

Under a competitive purchasing process, Council will decide, in consultation with external legal counsel as needed, whether specific suppliers as part of a Request for Proposal (RFP) process will be invited to submit proposals or an open invitation as part of a formal open tender process will be issued.

The Officer responsible for managing an RFP will include the following:

- background and context
- scope of work
- period of contract
- qualifications (e.g. experience, skills, education, and certifications)
- criteria and weighting (if applicable) by which proposals will be assessed
- proposal due date
- planned contract award date
- Lower Nicola Indian Band contact person and information
- disclaimer(s) limiting liability of the Lower Nicola Indian Band in the RFP process; (e.g. This Request for Proposal does not represent a call for tender. Except as expressly and specifically permitted in this RFP, no contractor shall have any claim for compensation of any kind whatsoever as a result of participating in this RFP, and by submitting a proposal, each contractor shall be deemed that it has agreed it has no claim")

The relevant Officer(s), representatives from Council, and any relevant employees will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP as outlined in the attachment. The review panel will provide Council with a recommended course of action.

## **5.3 Exceptions to the Competitive Purchasing Process**

Under rare and limited circumstances and only upon approval from Council, a sole source contract may be awarded to a supplier in the following situations:

- if there were no bids received during the RFP process
- when the good or service is available only through a sole source
- in an emergency where a delay in purchasing the good or service would result in severe loss or damage to the Lower Nicola Indian Band

Any exceptions to the purchasing process outlined above will be documented to demonstrate the rationale and approval.

## **5.4 Approval, Initiation and Monitoring**

On a monthly basis, the Director of Finance will review the contract progress, noting and communicating budget variances to the Executive Director exceeding the materiality threshold as approved by Council and outlined in the Delegation and Authorization Table.

## **5.5 Documentation Requirements**

All purchasing documents (including but not limited to requisitions, invoices, purchase orders, RFPs) will clearly indicate the details of the goods and services requested.

Approvals and budget appropriations and accounts from which certain goods or services may or must be purchased will be documented on relevant internal purchasing documentation.

A file will be created for each competitive purchasing process that contains the results of each supplier evaluation.

## **5.6 Monitoring of Suppliers**

On an ongoing basis, the Executive Director will monitor the quality of the work and the working relationship with the supplier. Issues noted will be documented in the supplier file and resolved by the Executive Director.

Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria and applying weight factors established at the time of award.

## **5.7 Encouraging new suppliers**

Contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Executive Director for the nature and complexity of the goods or services in question) and a request for other suppliers initiated.

## **References and Related Authorities**

FMB's Financial Management System Standards

- Standard 19 – Financial Management and Controls
- Standard 25 – Tangible Capital Assets

FMB's Financial Administration Law Standards

- Standard 8.0 – Lower Nicola Indian Band Council
- Standard 18.0 – Financial Management and Controls
- Standard 27.0 – Contracts and Tendering

## **Attachments**

1. Local Content
2. Contractor/Supplier Evaluation Template

### **LOCAL CONTENT REQUIREMENTS**

The Lower Nicola Indian Band should promote the use of local content when appropriate in the procurement of goods and services. For construction contracts on reserve lands, the Lower Nicola Indian Band may include a clause that requires the contractor to employ local labour and resources. Another option is to add a training component to the contract that requires the contractor to train local labourers. Where applicable, the RFP package should also require bidders to stipulate the extent to which they will use local materials, local equipment, and provide a formal training program for local labour employed by the contractor.

#### **Pre-RFP Considerations for Local Content**

Before developing the tender documents, the Lower Nicola Indian Band should establish:

- extent of labour and trades available locally
- quantities and firm prices of locally available materials
- local equipment available and firm rental rates
- training requirements and trade apprenticeships

Once the contract has been awarded, special clauses reflecting the agreed upon local content requirements will be incorporated in the contract with the successful vendor.

## CONTRACTOR/SUPPLIER EVALUATION TEMPLATE

SUPPLIER EVALUATION				
<b>Organization name:</b>				
<b>Service/goods to be provided:</b>				
<b>RFP reference #:</b>				
<b>Value of contract:</b>				
	Criteria	Details / Comments	Value	Score
1.	RFP or other requirements [list here] [xxxx] [xxxx] [xxxx]	<i>Describe any areas of concern or where requirements were not met....</i>	[#]	[#]
2.	Qualifications and experience	<i>Do they have the appropriate qualifications and experience to perform the work?</i>	[#]	[#]
3.	Terms and conditions	<i>Are their terms and conditions acceptable to the Lower Nicola Indian Band?</i>	[#]	[#]
4.	Has the organization worked previously with the Lower Nicola Indian Band? Provide details and an evaluation of the work.	<i>Evaluate the Lower Nicola Indian Band's previous experience with this supplier</i>		
5.	[xxxx]			
6.	[xxxx]			
7.	[xxxx]			
8.	[xxxx]			
9.	[xxxx]			
10.	[xxxx]			
11.	Price	<i>Evaluation of the price, results of previous criteria.</i>		
12.	Other considerations?	<i>Anything not covered above that should be included in evaluation the supplier i.e. inclusion of local content</i>		
<b>Evaluation</b>			<b>Score:</b>	[XX/XX]
Overall comments / recommendation:				%

**Attachments:**

1. Contractor/Supplier response to RFP
2. Results of any previous contractor/supplier evaluations
3. Other supporting information as required