



City of St. John's Corporate and Operational Policy

Policy: 04-06-01 Procurement Policy

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Index: 04 Finance and Accounting

Section: 06 Purchasing

Title: 01 Procurement Policy

Purpose

This policy provides direction to Employees for the requirements of various Procurement processes.

Policy Statement

Through this policy, the City of St. John's is committed to the Procurement principles of:

- i. Ensuring that the City's requirements for Commodities provide Best Value to the City;
- ii. Ensuring Suppliers have reasonable notice and opportunity to respond to any Calls for Bids;
- iii. Being accountable for Procurement decisions;
- iv. Maintaining the City's standards for integrity and ethics in business dealings; and
- v. Adhering to all applicable legislation and trade agreements.

3.1 Strategic Role of Supply Chain

The Supply Chain Division shall lead Procurement activities on behalf of all

departments, with final decision-making power at the discretion of the Deputy City Manager (DCM), Finance and Administration, as the delegated head of Procurement for the City in accordance with [Section 29](#) of the Public Procurement Regulations under the Public Procurement Act. All Open Calls for Bids for Commodities shall be administered by Supply Chain.

More specifically, Supply Chain shall have the authority to:

- a) determine operational aspects of the Procurement Strategy;
- b) create and maintain a Category Management approach for priority spending areas; and
- c) create and maintain various Procurement approaches and processes.

3.2 Strategic Sourcing and Procurement Strategy

- a) Strategic sourcing proactively focuses on providing value over the long term within the context of the overarching organization goals and objectives. The sourcing strategy shall determine when, how, and what Commodities shall be procured.
- b) Departments shall engage Supply Chain at an early stage of requirements definition in order to develop the appropriate Procurement Strategy, as detailed in the **Procurement Procedures**.
- c) If circumstances or events result in a significant change in the Procurement Strategy, a revised Procurement Strategy shall be implemented before completion of the Procurement.

3.3 Procurement

Supply Chain shall have the authority to decide and direct whether a contract or standing offer is more appropriate for Procurement of a particular Commodity.

3.3.1 Contracts

Contracts for Commodities shall be used to meet unique, well-defined Procurement requirements for single or multiple departments with a defined scope as detailed in the **Procurement Procedures**.

3.3.2 Standing Offers

- a) Standing offers shall be established by Supply Chain in cooperation

with departments through the Open Call for Bids process.

b) When available, the use of existing standing offers shall be mandatory for all departments, regardless of the intended Procurement value. Employees shall comply with the procedures for use of standing offers outlined in the **Procurement Procedures**.

3.4 Competitive Procurement Processes

3.4.1 Procurement Led by Departments

a) Departments may procure Commodities valued below the thresholds detailed in the **Procurement Procedures**.

b) If an existing standing offer is available, departments shall use this method to satisfy their requirement irrespective of the intended Procurement value.

3.4.2 Procurement Led by Supply Chain

a) Departments shall contact Supply Chain for all Procurement requirements that meet or exceed the thresholds detailed in the **Procurement Procedures**.

b) Departments shall follow the **Procurement Procedures** detailing the required actions for this process. See Section 3.6 for possible exemptions to these requirements.

3.5 Low Value Purchase Orders (LVPO) and Cheque Requisitions

a) Departments shall follow the requirements of the **Procurement Procedures** when using LVPOs and/or cheque requisitions.

b) Employees with LVPOs under their control shall be responsible and accountable for their security and use (personally and financially).

3.6 Exemptions

In exceptional, specialized, or urgent cases, an exemption process (contract award without an Open Call for Bids) may be used that complies with the Framework and as detailed in the **Procurement Procedures**.

3.7 Bid Requirements

a) Departments shall obtain the appropriate organizational authority to

commence the Procurement process prior to soliciting proposals or awarding contracts.

b) Requirements shall be defined in a manner that allows competition and ensures Best Value.

c) Bid documents shall be prepared as detailed in the **Procurement Procedures**.

d) All Open Calls for Bids for Commodities administered by Supply Chain shall use one of the types of competitive Procurement detailed in the **Procurement Procedures**.

e) Departments and/or Supply Chain shall ensure that all evaluation criteria requirements detailed in the **Procurement Procedures** are met.

3.8 Conflict of Interest

a) All Employees participating in the Procurement process shall identify any potential or Perceived Conflict of Interest that may prevent them from performing the duties of the City.

b) Both Suppliers and Employees shall disclose, to the Bid document contacts, any potential or Perceived Conflict of Interest issues prior to the Bid closing date and time.

3.9 Bid Solicitation

a) Supply Chain and/or departments shall ensure they follow the **Procurement Procedures** related to Bid solicitation, including processes for advertising and communications (including responding to questions received).

b) Supply Chain may modify the terms of the Bid document at any time prior to closing, at its sole discretion, unless otherwise stated in the Bid document, as detailed in the **Procurement Procedures**.

3.10 Cancelling and/or Reissuing a Bid Document

a) Any Bid document issued by Supply Chain shall not imply any obligation to accept any Bids.

b) Supply Chain may cancel and/or reissue a Bid document as detailed in the **Procurement Procedures**.

3.11 Bid Evaluation

- a) Before starting the technical and financial evaluation of proposals, Supply Chain shall ensure that all the information required at closing is available and ready to be transmitted to the evaluation committee. Supply Chain shall determine whether the Bids received are complete as specified in the Bid document.
- b) Supply Chain shall ensure the **Procurement Procedures** related to Bid evaluation are followed.

3.12 Award of Contract or Standing Offer

Contract award shall be done on the basis of the information set forth in the Bid document and as directed in the **Procurement Procedures**.

3.13 Supplier Debriefing

- a) If requested by bidders, Supply Chain shall offer Supplier debriefing information within legislated requirements. The debriefing shall comply with the process detailed in the **Procurement Procedures**.

3.14 Contract Management

- a) Supply Chain shall be involved during the pre-contractual (planning) phase of the contract management process as detailed in the **Procurement Procedures**.
- b) Supply Chain shall have the authority to approve and sign Procurement documents on behalf of departments.
- c) Supply Chain shall have primary responsibility for the contracting phase (bidding and awarding of contract), with Supply Chain and departments sharing responsibilities as detailed in the **Procurement Procedures**.
- d) The financial limits of signing authorities delegated to particular individuals or positions shall be as directed by the DCM, Finance and Administration as detailed in the **Procurement Procedures**.
- e) Department Heads shall be responsible for recommending individual signing authority changes if they differ from the Signing Authority Schedule noted in the **Procurement Procedures**. Any changes shall be approved at the discretion of the DCM, Finance and Administration.
- f) Supply Chain shall be responsible for the termination or renewal of all contracts at or above the thresholds detailed in the **Procurement Procedures**.

3.15 Disposal of Assets

All materials, equipment (with the exception of Fleet equipment) and supplies identified by Departments as being of no further use shall be reported to the Manager, Supply Chain, who shall dispose of the assets as detailed in the **Procurement Procedures**.

3.16 Compliance Requirements

- a) **Recording:** Departments shall ensure that all Procurement transactions are authorized, properly recorded in the appropriate financial management system, and supported by the appropriate documentation.
- b) **Audit:** All Procurement activities may be subject to audit by the Department of Finance and Administration, the Office of the City Internal Auditor, and/or the Government of Newfoundland and Labrador.
- c) **Procurement Compliance Testing:** Procurement activities may be subject to compliance testing by Supply Chain.
- d) **Reporting:** The DCM, Finance and Administration, as they deem necessary, shall report instances of non-compliance to the Senior Executive Committee. For any non-compliance suspected to involve fraud, the DCM, Finance and Administration shall advise the Office of the City Internal Auditor, who shall act in accordance with the requirements of the Fraud Policy. Where non-compliance involves actions of an Employee, the DCM shall advise the Department of Human Resources and/or the Office of the City Solicitor.

Application

The policy applies to all departments for all Procurement activities requiring an Open Call for Bids. For all other Procurement activities, the policy applies to all City departments with the exception of the St. John's Transportation Commission (Metrobus).

Responsibilities

5.1 The DCM, Finance and Administration is responsible for:

- a) the overall implementation of the policy and procedures;
- b) ensuring management oversight processes and controls exist to ensure Procurement complies with the requirements of the Framework

5.2 The Manager, Supply Chain is responsible for:

- a) ensuring that the City's requirements for Commodities are met through an open, fair, and transparent process that maximizes competition and value for money;
- b) consistently applying strategic Procurement practices;
- c) supporting departments with their Procurement requirements, as required; and
- d) monitoring compliance with the policy and procedures.

5.3 Department Heads are responsible for:

- a) all Procurement activity of their departments; and
- b) ensuring their Employees comply with the policy and procedures.

5.4 Managers with Procurement responsibility are responsible for:

- a) identifying, defining, and estimating the cost of their Procurement needs;
- b) ensuring standing offers are used, if applicable;
- c) ensuring Commodities are obtained from Central Stores, if applicable;
- d) involving Supply Chain in the Procurement process, where applicable; and
- e) ensuring appropriate approvals are obtained prior to proceeding with Procurement.

5.5 Employees are responsible for:

- a) complying with this policy and associated procedures; and
- b) ensuring that any Procurement processes they are involved with are fair, open, and transparent.

Definitions

“Best Value” shall have the same meaning as Section 2(b) of the Public Procurement Act, that is “includes the best balance of cost, quality, performance and support, as achieved through a transparent, efficient and competitive procurement process using clear and fair evaluation and selection criteria.”

“Bid” shall have the same meaning as Section 2(c) of the Public

Procurement Act, that is “an offer from a supplier, submitted in response to a call for bids, to supply Commodities.”

“Category Management” means the business practice of procuring common goods and services at an organizational level to eliminate redundancies, increase efficiency, and deliver more value and savings.

“Commodities” shall have the same meaning as Section 2(d) of the Public Procurement Act, that is “goods, services, public works and lease of space.”

“Conflict of Interest” means:

- (i) the person has a pecuniary interest directly or indirectly in the matter;
 - (ii) a relative of the person has a pecuniary interest directly or indirectly in the matter; or
 - (iii) the person is an officer, employee, or agent of an incorporated or unincorporated company, or other association of persons, that has a pecuniary interest in the matter,
- and that interest is distinct from an interest held in common with other citizens.

“Department Head” means any Employee reporting directly to the City Manager and/or Council.

“Employee” means any person employed by the City of St. John’s as a permanent, term, part-time, casual, contract, seasonal, temporary, or student worker.

“Framework” shall have the same meaning as Section 2(g) of the Public Procurement Act, that is “the sum of this Act and its regulations, and the policies that govern Procurement of commodities.”

“Goods” shall have the same meaning as Section 2(h) of the Public Procurement Act, that is “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.”

“Open Call for Bids” shall have the same meaning as Section 2(n) of the Public Procurement Act, that is “a publicly-advertised invitation to suppliers to submit a bid.”

“Perceived Conflict of Interest” means a person has a non-pecuniary interest, or it could reasonably appear to others that they have a Conflict of Interest, in a decision that is being discussed in their presence and that interest is distinct from an interest held in common with other citizens.

“Procurement” shall have the same meaning as Section 2(o) of the Public Procurement Act, that is “the acquisition of commodities or professional services by public bodies by any means, including by purchase, rental or lease.”

“Procurement Strategy” means the general terms related to how a good, service, or construction will be procured.

“Services” shall have the same meaning as Section 2(t) of the Public Procurement Act, that is:

“(i) all services incidental to the supply of goods including the provision of transportation of all kinds,
(ii) printing and reproduction services,
(iii) accounting, land surveying and voice telephone services,
(iv) engineering services,
(v) architectural services,
(vi) banking services not captured by subparagraph (p)(ii) of the Public Procurement Act,
(vii) insurance services,
(viii) services that require the giving of an opinion, creativity, the preparation of a design, or technical expertise except those services defined in paragraph (p) of the Public Procurement Act, and
(ix) all other services not considered to be professional services.”

“Supplier” shall have the same meaning as Section 2(u) of the Public Procurement Act, that is “an individual, partnership, corporation, joint venture or other form of business organization engaged in the lawful supply of commodities.”

References/Appendix

- Government of Newfoundland and Labrador Public Procurement Framework ([Act/Regulations/Policy](#))
- [Canadian Free Trade Agreement](#)

- [Canada-European Union Comprehensive Economic and Trade Agreement \(CETA\)](#)
- [Access to Information and Protection of Privacy Act, 2015](#)
- [Code of Ethics Bylaw](#)
- [Conflict of Interest Bylaw](#)
- 04-06-01-01 Procurement Procedures
- [11-01-02 Environmentally Responsible Procurement Policy](#)



04-06-01 Procurement Policy.pdf

Monitoring and Contravention

The Supply Chain Division shall monitor the application of the policy.

Any contravention of this policy and/or associated procedures shall be reported to the Department of Finance and Administration, Department of Human Resources, the Office of the City Solicitor, and/or the City Manager for further investigation and appropriate action, which may include, but is not limited to legal action and/or discipline, up to and including dismissal.

Approvals

- Policy Sponsor: Deputy City Manager, Finance and Administration
- Policy Writer: Manager, Supply Chain; Policy Analyst
- Date of Approval from
 - Corporate Policy Committee: October 23, 2019
 - Senior Executive Committee: December 6, 2019
 - Committee of the Whole: December 11, 2019
- Date of Approval from Council: January 13, 2020

Review Period

Initial Review: 3 years; Subsequent Reviews: 5 years

Available to Public

- ☒ Yes
- ☐ No

