

Town of Portugal Cove-St. Philip's

**Expenditure and Purchasing Policy**

As a publicly funded institution, the Town of Portugal Cove-St. Philip's has a duty to ensure that purchases are made in a responsible manner. The Town is required under Government of Newfoundland and Labrador legislation to adhere to the Public Procurement Act, as well as set spending limits for administration and staff as per the Municipalities Act, 1999 – Part II, Section 58.

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**1.0 TITLE**

- 1.1 This document shall be known and cited as the *Expenditure and Purchasing Policy*.

**2.0 DEFINITIONS**

- 2.1. "**Town**" – Means the Town of Portugal Cove-St. Philip's.
- 2.2. "**Council**" – Refers to the elected Town Council of the Town of Portugal Cove-St. Philip's. The Council's powers and responsibilities originate in the Municipalities Act, 1999, SNL 1999, C M-24.
- 2.3. "**CAO**" – Refers to the Chief Administrative Officer of the Town of Portugal Cove-St. Philip's.
- 2.4. "**Emergency**" - A situation, or the threat of an impending situation, which may affect the environment, the life, safety, health and/or welfare of the general public, or the property of the Town or the residents of the Town, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level.
- 2.5. "**Public Work**" – The construction, re-construction, extension, enlargement, repair, maintenance, improvement and demolition of real property, including improvements to leased property.
- 2.6. "**Real Property**" – Land, buildings, structures, improvements and fixtures erected or placed upon, in, over or under land or affixed to land, and includes an interest in any of them.
- 2.7. "**Services**" – Includes but is not limited to:
- a) All services incidental to the supply of goods including the provision of transportation of all kinds,
  - b) Printing and reproduction services,
  - c) Accounting, land survey and voice telephone services,
  - d) Engineering services,
  - e) Architectural services,
  - f) Banking services not captured under professional services,
  - g) Insurance services,

- h) Services that require the giving of an opinion, creativity, the preparation of a design, or technical expertise except those services defined under professional services,
  - i) All other services not considered to be professional services.
- 2.8. **“Professional Services”** – Legal services and financial services relating to the provision of credit and instruments of monetary policy.
- 2.9. **“Open call for bids”** - A publicly advertised invitation to suppliers to submit a bid.
- 2.10. **“Limited call for Bids”** – An invitation to specific suppliers to submit a bid.

### **3.0 POLICY STATEMENT**

3.1 The Town encourages an open and competitive bidding process for the acquisition of goods, services, public work, and lease of space with the equitable treatment of all vendors. The purpose of this policy is to ensure that goods and services are acquired by the Town of Portugal Cove-St. Philip’s in an efficient and cost-effective manner, while maintaining the controls necessary for a public agency, in accordance with Provincial and Federal legislation

### **4.0 APPLICATION**

- 4.1 This policy shall apply to goods and services acquired by the Town.
- 4.2 This Policy applies to all Town employees delegated with purchasing authority.

### **5.0 POLICY PROCEDURE/CLAUSES:**

#### **5.1. APPROVAL AUTHORITY**

In accordance with the Municipalities Act, 1999 – Part II, Section 58, Council will adopt, by resolution, a maximum amount by which Town Staff may approve purchases for the purpose of carrying out business on behalf of council.

All purchases shall be approved prior to the purchase being made.

Any person delegated approval authority pursuant to this policy shall ensure that an approved budget exists for the proposed procurement.

The following body and persons shall have the respective Approval Authority as set out below. All limits are exclusive of HST:

- a) Director of Financial Operations; Director of Recreation & Community Services; Director of Planning & Development; Director of Economic Development, Marketing & Communication; Fire Chief and Town Clerk – are authorized to approve procurements of a value up to \$1,500 within their respective approved departmental budgets.

- b) Director of Public Works – may approve procurements of a value up to \$3,000, within the approved departmental budget.
- c) CAO – may approve procurements of a value up to \$10,000, where there are sufficient funds allocated in the approved budget.
- d) Council – prior approval must be obtained for all purchases greater than \$10,000; any amounts that exceed budgeted figures; and all change orders. These purchases will be approved at Council on the accounts for payment. This process will not be applicable to invoices for which a motion of Council has already been approved, or for routine expenditures involving payroll, telephone and hydro charges, standing orders or contracts.
- e) Prior to payment of invoices, the CAO will review the payment register to ensure compliance with the above noted authorities and approve the release of payment.

#### **5.1.1. Delegation of Approval Authority**

To cover for vacation and other forms of leave, Approval Authority may be delegated. Delegation of approval must be in writing and communicated to departmental staff, Director of Financial Operations and Accounts Payable, prior to the commencement of leave.

#### **5.1.2. Emergency**

In the case of emergency, the CAO may authorize any amount without the prior approval of council and shall report such expenditures at its next meeting.

### **5.2. ACQUISITION PROCESS**

The method used for acquisition will be dependent on the type and value of the goods and/or services being acquired. Purchases shall not be split to avoid the conditions of the policy.

The Town encourages quotes be obtained for all purchases of goods and or services whenever possible and reasonable, regardless of the value to ensure a competitive process.

All departments will directly purchase all goods and services for their departments. This includes coordinating open call and limited call for bids.

#### **5.2.1. Requests for Quotation**

Where purchases do not require an open call or limited call for bids, a minimum of three (3) quotes must be obtained for all purchases over \$2,000, exclusive of HST. Where 3 quotes cannot be obtained, staff are required to provide evidence that:

- a) 3 quotes were pursued; or
- b) There are limited suppliers for the good or service; or
- c) The good or service meets the definition of sole source as per section 7.2 of the Public Procurement Policy.

Competitive quotes can be used for a period of six (6) months for repetitive purchases, provided the vendor is willing to honor the original quoted price.

**Exception**

Request for quotes does not apply to the following expenses:

- a) Utilities including: electricity, postal services, water, telephone, and fuel;
- b) Employee disbursements such as advances and attendance at seminars, conventions, workshops etc.;
- c) Payroll related expenses, insurance claims, licenses, memberships, subscriptions, media and advertising, and
- d) Professional services such as legal services and financial services relating to the provision of credit and instruments of monetary policy.
- e) Services relating to the sale of capital assets.
- f) The Town has an:
  - a. Existing pre-qualified suppliers list established through a Request for Qualifications
  - b. Existing Standing Offer Agreement in place
  - c. Delegated its authority to a Standing Offer Agreement with another public body.
- g) An emergency as defined in this policy.

**5.2.2. Open Call for Bids**

An open call for bids is required for goods and/or services over the threshold as defined in the Public Procurement Act. Thresholds are exclusive of HST.

|   |                      |
|---|----------------------|
| Goods   | \$105,700 or greater |
| Services (including engineering and architectural services) | \$105,700 or greater |
| Public Works  | \$264,200 or greater |
| Lease of Space (Contract Value)                             | \$100,000 or greater |

Services do not include legal services or financial services relating to the provision of credit and instruments of monetary policy.

Exceptions to the Open Call process are per section 7.1 and 7.2 of the Public Procurement Policy.

**5.2.3. Limited Call for Bids**

Where goods or services do not require an Open Call for Bids but are of a complex nature or require specific expertise, Departments should seek a formalized quote process through a Limited Call for Bids.

#### 5.2.4. Reporting Requirements

All reporting shall be done Per the Public Procurement Policy, the Town is required to report all open calls to the Public Procurement Agency, as well as limited calls for bids within the following thresholds:

|   |                     |
|---|---------------------|
| Goods   | \$10,000 and above  |
| Services (including engineering and architectural services) | \$50,000 and above  |
| Public Works  | \$100,000 and above |

### 5.3. PURCHASING PROCEDURES

#### 5.3.1. Purchase Orders

Purchase orders are required for all purchases, with the exception of the expenditures identified below. Purchase orders will be approved according to section 2.0 of this policy. Department Heads, Clark, or CAO will action purchase orders for acquisitions approved by Council. These purchase orders shall state the motion number of the Council approval. Purchase orders must be completed prior to making the commitment for the expenditure.

It is the responsibility of the person approving the purchase order to ensure that there are funds available for the expenditure as per the departments approved budget and that the code distribution is in accordance with the approved.

Each Department is responsible for all purchase orders generated within their department.

Under no circumstances shall purchases be split to avoid the approval authority limits as set out in this policy.

Purchase orders are not required for the following recurring and non-competitive expenditures:

- a) Utilities including electricity, postal services, water, telecommunications, and fuel.
- b) Employee disbursements such as advances and attendance at seminars, workshops, conferences etc., which are covered under the travel policy.
- c) Employers general expenses such as payroll expenses, insurance claims, licenses and memberships.
- d) Professional services including legal, and banking
- e) Progress claims for Engineering or architectural services or construction work on major contracts.
- f) Town Credit Card purchases.

Only one purchase order is required for Town issued Standing Offer's.

### **5.3.2. Supplier Invoices**

Suppliers must be provided with a copy of the Purchase Order and must clearly identify the PO number on their invoices for goods and services.

All invoices should be forwarded to the following billing address:

E-mail: ap@pcsp.ca

Mail: Accounts Payable  
Town of Portugal Cove-St. Philip's  
1119 Thorburn Road,  
Portugal Cove-St. Philip's, NL  
A1M 1T6

### **5.4. PAYMENT METHODS**

All payments are to be processed through accounts payable.

### **5.5. PROCUREMENT CARD**

All purchases using a Town credit card must adhere to this policy. The use of a credit card to purchase goods and or services should not be used in any way to circumvent this policy. Purchase Orders are not required for credit card purchases.

#### **5.5.1. Restrictions**

- a) Shall not be used for personal purchases of any nature;
- b) Shall not be used when the costs of goods or services would be significantly increased as a result of using the card and an alternate method of payment is available;
- c) Cash advances/withdrawals are prohibited; and
- d) Credit card transactions should not exceed the approval authority of the individual cardholder's supervisor.
- e) Cards shall only be used by staff members with the approval of the cardholder.

#### **5.5.2. Cardholder Responsibilities**

- a) Safekeeping of the procurement card;
- b) Immediately notify the Director of Financial Operations of lost or stolen cards;
- c) Retaining all procurement card receipts and identifying the purpose of the purchase;
- d) Reviewing the monthly statement (online) for accuracy of charges;
- e) Complete the log form to indicate the account distribution and description for each purchase; and
- f) Forwarding the statement along with the log form, all receipts and any other supporting documentation to Accounting for payment within one (1) working week of the receipt of the statement.

**5.5.3. Approval**

All statements and logs must be approved by the CAO.

**5.5.4. Termination of Employment**

The credit card must be surrendered to the Director of Financial Operations immediately upon termination of employment.

**5.6. COMPLIANCE**

An employee who fails to act in accordance with the provisions of the Purchasing Policy and its accompanying procedures will be subject to appropriate disciplinary action. Council, the public, and the business community must have confidence in the integrity of the Town employees.

**6.0 REPEALS**

6.1 This policy rescinds all previous policies on this subject matter.

**7.0 AMENDMENTS**

7.1 December 15, 2009, Motion #09-362  
September 12, 2012, Motion #2012-301  
April 18, 2023, Motion #2023-102

**8.0 DATE EFFECTIVE/RESOLUTION**

8.1 Date effective: June 16, 2009 Motion #:09-150

  
Mayor

  
Town Clerk