

6.5.iii. Procedure

PURCHASING PROCEDURE

Trust Council: March 25, 1996

Amended: March 29, 2007; December 9, 2009;

September 16, 2010; September 11, 2013; March 5, 2014

PURPOSE

In accordance with the *Islands Trust Act*.

1. To set out purchasing procedures that support the costs of operations which the Islands Trust is authorized to recover through property tax requisition under *Section 47(2)* of the *Islands Trust Act*;
2. To set out the responsibilities and accountability associated with the efficient, economical and transparent acquisition of goods and services;
3. To ensure that the most appropriate method of procurement is used to acquire goods and services at the best value including consideration of environment and local economy;
4. To ensure properly delegated purchasing authority is maintained; and
5. To ensure consistency with relevant financial policies, procedures and controls, and to provide linkage to the current operating and capital budgets.

RELATED POLICY

Islands Trust Act

BC Government Purchasing Handbook

Islands Trust Policy 5.1.ii, Staff Training and Conference Attendance

Islands Trust Policy 6.12.i Trustee Training/Conference Attendance

Islands Trust Policy 7.2.iii Trustee Travel Guidelines

DETAILS

1. Delegation of Authority

The Treasurer is accountable for the management of the acquisition of goods and services for the Islands Trust and the implementation of the day-to-day administration of the purchasing policies. To meet this objective, the Treasurer will establish such processes and procedures as are determined appropriate to the efficient and effective operation of purchasing services.

It is the intention of the policy to provide internal control measures through the separation of duties and responsibilities relating to the acquisition of goods and/or services. The table in Appendix B establishes the signing authority delegation for procurement processes.

Trustees do not have authority to make commitments or indications of preference to a supplier of good or services, to avoid any real or perceived perception that trustees are improperly influencing a decision of staff to select contractors in accordance with this policy.

Staff with purchasing authority have the following responsibilities:

- Ensure that appropriate approvals have been obtained and are adequately documented.
- Communicate with Administrative Services on anticipated purchasing commitments and creation of service contracts.
- Ensure that no expenditure exceeds approved budgets.
- Ensure that no expenditure is made that is not included in the annual budget.
- Ensure that expenditures are consistent with the required or permitted operations of Islands Trust bodies, as identified in the *Islands Trust Act*.

2. Creation of Purchase Orders and Service Contracts

Purchase orders can be created by any employee authorized by the Director, Administrative Services.

Service Contracts will be created by the Finance Clerk based on information provided by staff.

3. Regular Disbursements

Expenditures occurring on a monthly or recurring basis and disbursed in the same, or similar, amounts do not require an approved purchase order or service contract. These expenditures will be approved by the Director, Administrative Services as required. Example expenditures of this type would be rent, telephone charges and BC Mail.

4. Legal Services

The Chief Administrative Officer (or designate) will manage all legal matters through an organizational process. The process involves on-going monitoring of legal costs, monitoring of legal services quality, and regular reporting to Trust Council.

5. Financial Assistance to Community Organizations and Other Groups or Individuals

Financial assistance to community organizations or other groups or individuals is only permitted if made by the Islands Trust Council, its delegate, or the Executive Committee acting on its behalf, pursuant to Section 8(2)(h) of the *Islands Trust Act* which states that Trust Council may:

- “(f) *engage in activities to gain knowledge about the history and heritage of the trust area and to increase public awareness, understanding and appreciation of its unique amenities and environment,*
- (g) *conserve heritage property”.*

Local Trust Committees may not provide financial assistance to community organizations or other groups or individuals unless Trust Council has, by bylaw, delegated its authority under Section 8(2)(h) of the *Islands Trust Act*.

6. Disclosure of Contracts

If a trustee (or a person who has been a trustee in the previous six months) has a direct or indirect pecuniary interest in a contract with the Islands Trust, their conduct is governed by Section 107 of the *Community Charter*.

If a staff member has a direct or indirect pecuniary interest in a contract with the Islands Trust, their conduct is governed by the Code of Conduct of the Public Service Agency of BC.

7. Local Trust Committee Expenses

- a) Disbursements must only be made as authorized by Part 4 of the *Islands Trust Act* and typically include the following:
 - i) Advisory Planning Commission expenses (meeting and secretarial costs)
 - ii) LTC meeting costs including hall rental, external facilitation costs, and secretarial costs
 - iii) Local mail-outs and/or trustee newsletters
 - iv) Open house costs
 - v) Purchases of goods or services that support the land use planning and regulatory operations of the LTC.
- b) Disbursements must be made in accordance with the budget allocation, be processed via the Trust’s financial system, and comply with all financial policies and procedures, including use of purchase orders or service contracts where required, and appropriate approvals by the Treasurer and/or designate;
- c) Any disbursement over \$200 which is to be charged against the local trust committee expense budget, with the exception of those items noted in Section 7.a)i) through 7.a)iv) above, should be approved by resolution of the local trust committee;
- d) Expenditures cannot exceed the annual budget allocation provided to each local trust committee by Trust Council. However, if a local trust committee anticipates extraordinary costs they should approach the Executive Committee to request a budget adjustment;
- e) Trustee travel and other expenditures must comply with Islands Trust Policy 7.2.iii Trustee Travel Guidelines; and

- f) Trustee expenses related to attendance at training and/or conferences must comply with Islands Trust Policy 6.12.i Trustee Training/Conference Attendance.

8. Competitive Process

The table in Appendix A establishes the dollar limits for different types of competitive processes.

A competitive process can be held at the discretion of the Manager with budget authority even if the estimated value of the goods or services falls below the dollar thresholds in Appendix A.

All competitive processes must be coordinated by Administrative Services to ensure that best competitive practices are followed.

When a direct award is made, staff are still expected to obtain goods and services at the best available price while taking into consideration the quality and followup service available (if applicable) for the goods and services. To expedite routine or regular purchases, a qualified vendors' list may be established. Vendors on the qualified vendors' list will be selected in accordance with established procedures.

A competitive process for a particular business service can be delayed for up to one year at the discretion of the Chief Administrative Officer if high quality service is being provided at a reasonable price by the current service provider.

9. Direct Awards

If one or more of the following circumstances exist, the Chief Administrative Officer, in conjunction with the Director of Administrative Services, determines whether to approve a purchase by direct award:

- The requirement is valued at less than \$25,000.
- An emergency exists and requirements cannot be satisfied in time by means of a competitive process.
- A process delay would interfere with Islands Trust's ability to maintain security or order, or to protect human, animal, or plant life or health.
- The required service is confidential.
- It can be proven that only one supplier or contractor is qualified to provide the service.
- Where the competitive process is impractical because of the need to obtain unique third party skills, there is a requirement for contractor continuity, or there is a strong case for the cost effectiveness of maintaining a current contractor for a specific task.
- For work to be performed on or about a leased building that may be performed only by the lessor of the lessor's approved suppliers.
- The Islands Trust receives grant funding on behalf of a third party who initiated the project or funding request and is named in the funding

proposal. In this circumstance, the Director of Administrative Services may, at his or her discretion, directly award a contract to the third party, a contractor or community group after confirming the chosen contractor or community group demonstrates the capability and qualifications to complete the work funded by the grant. If the work is being conducted on behalf of a local trust committee, the proposed work must be within the legislated role of the local trust committee (*Islands Trust Act, Section 24*).

- For projects covered under a partnership agreement, where the Islands Trust is not the only source of funds and the other funding source(s) has already selected the contractor. In this circumstance, the Director of Administrative Services may, at his or her discretion, directly award a contract to the selected contractor after confirming the contractor demonstrates the capability and qualifications to complete the work.

10. Vendor Selection

In a competitive process, vendor selection criteria shall be established before vendors are notified that a competitive process is taking place. The selection criteria should consider all the relevant factors in a purchasing decision including, price, quality (or qualifications), delivery time, quality of the response, and any other factors as determined by the Manager with budget authority for the purchase.

All details of the vendor selection process shall be retained by the Finance Clerk.

11. Contract Renewals

Once a competitive process is held (where required) and a vendor selected, contracts may be signed with the selected vendor to allow for renewal periods of up to five years provided that satisfactory service continues to be received. At the completion of the renewal period, a new competitive process should be held, if required by the Purchasing Policy in place at the time.

12. Environmental Considerations

When making purchases every effort will be made to select suppliers whose environmental practices are consistent with those of the Islands Trust. In addition, purchases of equipment and supplies should have Canadian content and be manufactured from recycled or recyclable materials wherever possible, practical and economical.

13. Local Purchasing

When making purchases every effort will be made to purchase local goods and services including:

- Local food procurement – Islands Trust staff engaged in the purchase of food for operational needs will ensure that when practical, both operationally and

economically, at least 40% of purchases will be local. Suppliers will be made aware of this policy and will be encouraged, again where practical, to increase the availability and variety of local foods. "Local" is defined as food that is produced within British Columbia with preference given to items produced in the Islands Trust Area or on Vancouver Island.

- Community Stewardship Awards – Islands Trust staff engaged in procuring Community Stewardship Awards, or other awards that from time to time may be required, will ensure that awards represent the unique nature of the Islands Trust Area and, where practical, are constituted from products distinct to the Islands Trust Area.
- Contractors and service providers with a presence in the Islands Trust Area and/or whose employees reside in the Islands Trust Area, will be encouraged to participate in Islands Trusts' procurement activities through local advertising and communication.

14. Staff Travel and Training

Travel expenses are submitted via Islands Trust Expense Claim. All those claiming expenses are expected to ensure that the most cost effective method of travel is provided. Approved Expense Claims are considered equivalent to an approved purchase order or service contract.

Training requests are approved via an authorized "Training/Conference Request Form" (see Policy 5.1.ii, Staff Training and Conference Attendance). All staff travel and training requests must be approved by the appropriate Manager.

Managers have the responsibility to ensure all Employee Expense Claims are in accordance with established processes (ie. BCGEU travel allowance chart).

APPENDIX A – METHOD OF PURCHASING

Spending Level (per fiscal year)	Commitment Type	Method of Purchase	Commitment Method
Under \$500	Goods and Services	Petty Cash Corporate Credit Card Employee Expense Claim	Purchases should be approved verbally or by email from the manager with relevant budget approval authority.
\$500 - \$2,000	Goods and Services	Purchase Order	Purchases should be approved verbally or by email from the manager with relevant budget approval authority.
\$2000 - \$10,000	Goods and Services	Service Contract	Submit Request for Service Contract to Finance.
Any	Travel and Training	Expense Claim Corporate Credit Card	See Section 13 for required approval process.
\$10,000 - \$25,000	Goods and Services	Service Contract	Invitation to Quote to at least three (3) qualified vendors or selection from a Qualified Vendors list.
Over \$25,000*	Goods and Services	Service Contract	Request for Proposals process required.
Any	Legal Services	Legal Services Requisition	
Long term Commitments	Capital Assets or Facilities	Lease or Legal Contract	
Any regular recurring payments	Regular disbursements (see definition in Section 3)	Invoice	Approval by Director of Administrative Services

*An individual project with a total value greater than \$25,000 that will be completed over two fiscal years will also require a formal competitive process with a Request for Proposal.

Note: See Section 8 for circumstances where a Direct Award is permitted.

APPENDIX B – PURCHASING AUTHORITY

Method of Purchase	Purchasing Authority	Special Conditions
Petty Cash	Delegated to Staff	Quarterly petty cash reconciliations provided to Finance.
Corporate Credit Card Employee Expense Claim Trustee Expense Claim	Delegated to Staff and Trustees with Managerial Approval and/or Finance Approval	Monthly reconciliations submitted to Manager/Finance for approval.
Purchase Order	Director of Admin Services or other Manager with departmental budget approval	Purchase order and proof of receipt required prior to invoice payment.
Service Contract	Director of Administrative Services	Finance Clerk tracks all spending against approved service contracts. Any costs incurred over the established commitment level will require further approvals and contract amendment.
Lease or Legal Contract	Director of Administrative Services in conjunction with Chief Administrative Officer	If necessary, the Chief Administrative Officer will discuss with the Executive Committee and/or Trust Council.