

Rural Municipality of McKillop No. 220

Policy # ADM-001

Policy Title: **PURCHASING AUTHORITY AND AUTHORIZATION OF EXPENDITURES**

Policy Objective	To ensure that all expenditures made by the Municipality are properly authorized and payment is properly transacted
Authority	Resolution #113/2016
Supporting Bylaw	Bylaw No. 283/2015
Related Policy	Policy #

Legislative Authority:

The Municipalities Act

Duties of administrator

111(2) The administrator shall ensure that:

- (j) the funds of the municipality are disbursed only in the manner and to those persons that are directed by law or by the bylaws or resolutions of the council;

Expenditure of money

159 A municipality may only make an expenditure that is:

- (a) included in its budget or otherwise authorized by its council;
- (b) for an emergency; or
- (c) legally required to be paid.

Purchasing policy

184(1) Subject to the regulations, a council may establish a purchasing policy setting out the manner in which it is authorized to make purchases.

- (2) Subject to subsection (2.1), if a municipality establishes a purchasing policy, the municipality may only make purchases in the manner authorized by its purchasing policy, unless the council authorizes a departure from that policy.

- (2.1) The council shall ensure that its purchasing policy and all purchases made by the municipality are consistent with any provincial, national or international trade agreements related to municipal procurement in Saskatchewan.

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Date Approved: **March 14, 2016**

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- (3) The Lieutenant Governor in Council may make regulations respecting the required contents of any municipality purchasing policy to be established pursuant to this section.

Civil liability of members of council

- 192(1)** A member of council who knowingly makes an expenditure that is not authorized pursuant to section 159, or who knowingly makes an investment that is not authorized pursuant to section 160, is liable to the municipality for the expenditure, investment or amount spent, as the case may be.

Policy:

Authorization of Accounts and Payment of Accounts

1. The details of all municipal expenditures to be made by cheque shall be presented at each regular meeting of Council for review and approval, with the details including, at minimum:
 - a) The payee;
 - b) The invoice date;
 - c) The amount of the payment to be made;
 - d) A description of what is being paid for; and
 - e) The transaction date.
2. All payments must be approved by Council at a regular meeting prior to release of the payment.
3. Notwithstanding the requirements of Section 1, the particulars of any expenditure for which disclosure would be restricted under *The Local Authority Freedom of Information and Protection of Privacy Act* shall not be disclosed in any verbal or written form.
4. Notwithstanding the requirements of Section 1 and Section 2, any expenditure authorized by Bylaw 283/2015, being "A bylaw to authorize certain expenditures", may have payment released prior to the presentation of the details required in Section 1 and these expenditures shall be reviewed and approved at the regular meeting of Council immediately following the release of the payment.
5. The Administrative Financial Officer, together with either the Reeve or Deputy Reeve, as designated individuals authorized to sign cheques on behalf of the Municipality, is authorized to pay by cheque the following budgeted expenditures or previously approved expenditures in a timely fashion without prior approval by Council:
 - a) All expenditures authorized by Bylaw 283/2015;
 - b) Payments to suppliers of bulk fuel;
 - c) Amounts required to be paid by contract or agreement, as previously authorized by bylaw or resolution; and
 - d) Any approved budgeted operating expenditure in an amount less than \$ 25,000.00.All of the expenditures described above shall be reviewed and approved at the next regular meeting of Council, as described in Section 1.
6. The Administrative Financial Officer and/or Maintenance Foreman, at his/her discretion, is authorized to issue purchase orders and/or to make expenditures not specifically

budgeted to a maximum value of \$ 5,000.00. Such expenditures are to be reviewed and approved at the next regular meeting of Council as set out in Section 1.

Purchase Orders

7. The Administrative Financial Officer and/or the Maintenance Foreman are authorized to issue a purchase order without prior approval of Council for any approved budgeted operating expenditure to a maximum of \$ 5,000.00.
8. Purchase orders are to be issued in triplicate and distributed as follows:
 - a) Original copy provided to purchase supplier;
 - b) Copy 2 filed with the Administrative Financial Officer; and
 - c) Copy 3 retained by the staff member making the purchase.

Emergency and/or Urgent Situation Expenditures

9. Emergency and/or urgent situations are defined for purposes of this policy to be situations where:
 - a) There is substantial risk of injury to an individual; or
 - b) There is potential for substantial economic loss to the Municipality or to a resident of the Municipality;and the situation requires immediate action and resolution.
10. Notwithstanding Section 2, in the case of an emergency and/or urgent situation:
 - a) All purchase authorities defined in this policy are doubled; and
 - b) Members of Council are authorized to make expenditures of an amount totalling the amount authorized by Bylaw 283/2015 plus an additional \$ 5,000.00.
11. In the event of an emergency and/or urgent situation caused by a natural disaster, all necessary and reasonable steps may be taken to secure the damages resulting from the natural disaster at any expense. In the case of a natural disaster, the verbal approval of a minimum of four (4) Council members shall be deemed to be authorization and approval to expend any funds required. Approval of expenditures necessitated by an emergency and/or urgent situation caused by a natural disaster shall be reviewed and approved at the next regular meeting of Council as set out in Section 1.

Purchase of Goods and Services - Operating Expenditures

12. All purchases must be made with the best long-term interest of the Municipality in mind. This does not necessarily mean that the lowest price will be accepted in any particular case. Economy in purchase price must be balanced against the quality of the product and all ongoing costs that might be associated with the use of the product.
13. Any purchase of goods and services to a total value of \$ 5,000.00 may be made by the Administrative Financial Officer and/or Maintenance Foreman based on any of the following:
 - a) Verbal quotes followed by receipt of a written quote within five (5) days of the verbal quote;

- b) Past experience with suppliers; and/or
 - c) Knowledge of the market.
14. Any purchase of goods and services for a value between \$ 5,000.00 and \$ 7,500.00 shall be based on a formal invitational tender process that includes, at minimum:
- a) Distribution of the tender call to a minimum of three (3) suppliers or contractors as identified by Council;
 - b) Posting of the tender call on the Municipality's website; and
 - c) Posting of the tender call on the bulletin board in the Municipality's administration office.
15. Any purchase of goods and services for a value greater than \$ 7,500.00 shall be based on a formal tender process that includes, at minimum:
- a) Advertisement of the tender call in the local newspapers published in Nokomis, Saskatchewan, and Lumsden, Saskatchewan for a minimum of two (2) weeks prior to the close of the tender;
 - b) Posting of the tender call on the Municipality's website;
 - c) Posting of the tender call on the bulletin board in the Municipality's administration office; and
 - d) Posting of the tender call on the SaskTenders website.
16. All tender calls for an amount greater than \$ 5,000.00, which is the threshold applicable to purchases authorized to be made by the Administrative Financial Officer and/or Maintenance Foreman as set out in Section 12, must be initiated by way of resolution of Council.
17. All tender call documents and formal tender documents shall be approved by the Administrative Financial Officer prior to the tender being publicly posted.
18. All tender calls shall be distributed and/or advertised a minimum of ninety (90) days prior to the anticipated start date of the work and all tenders shall be opened a minimum of sixty (60) days prior to the anticipated start date of the work.
19. All tenders shall be required to be provided to the Municipality in a properly sealed envelope. Tenders shall be accepted by way of postal mail or personal delivery only. Tenders shall not be accepted by way of fax or email.
20. All tenders received shall be opened publicly at the regular meeting of Council immediately following the closing date for the tender. No tenders shall be reviewed prior to the public opening at a regular meeting of Council.

Purchase of Goods and Services – Capital Expenditures

21. Purchases of operating equipment and/or heavy equipment shall be specifically budgeted on an annual basis.
22. In the event the purchase of operating equipment and/or heavy equipment that has not been specifically budgeted becomes necessary, Council shall provide approval by resolution for the purchase of operating equipment and/or heavy equipment. The approving resolution must identify the specific amount of the purchase price or, in the event the specific amount is unavailable, the maximum amount that Council will authorize for the purchase of the operating equipment and/or heavy equipment.

23. Purchases of buildings and/or structures shall be specifically budgeted on an annual basis.
24. If a building and/or structure is to be constructed, a formal invitational tender process shall be undertaken that includes, at minimum:
 - a) Distribution of the tender call to a minimum of three (3) general contractors as identified by Council;
 - b) Posting of the tender call on the Municipality's website; and
 - c) Posting of the tender call on the bulletin board in the Municipality's administration office.
25. All invitational tenders for building and/or structure construction shall be called and received in the manner set out in Section 17, Section 18, Section 19, and Section 20.
26. If an existed building and/or structure is to be purchased, Council shall provide direction as to the maximum amount that Council will authorize for the purchase by way of resolution made at a regular meeting of Council or a special meeting of Council. The Administrative Financial Officer is then authorized to make an offer on the existing building and/or structure in the amount authorized by resolution. If the offer is accepted by the vendor, the purchase of the existing building and/or structure shall proceed to be finalized immediately without the need for further meetings of Council to approve the purchase.