

**FP8**  
**Category: FINANCE**

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**PURCHASING AND PROCUREMENT POLICY**

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**PURPOSE:**

This set of procedures is intended to put in place checks and balances independent of the party with approval authority. The objectives and principles governing these procedures are as follows:

- Standard procedures in selecting and engaging vendors;
- Best yield for dollar spent in terms of price, quality, timeliness, and reliability;
- Accountable and transparent decision-making process;
- Prevention of fraud or corruption;
- Fair competition; and
- Maintenance of adequate controls.

**DELEGATIONS:**

Delegation to the Chief Executive Officer (CEO)

The CEO shall have all necessary and proper authority to approve and execute:

1. Agreements for Energy Procurement for dollar amounts, volumes and durations as set out in the approved MBCP Energy Risk Management Policy;
2. Agreements up to \$100,000 per vendor for a given scope of work, per fiscal year, provided that (a) the expenditures authorized by these agreements are consistent with the approved budget; (b) the agreements are approved as to form by MBCP's General Counsel; and (c) agreements are reported at the next Board meeting;
3. Amendments or addenda to existing agreements, regardless of the existing agreement's price or total amount, which improves the terms of the agreement to

MBCP's benefit without increasing the agreement's not-to-exceed maximum dollar amount; and

4. In the event of an emergent situation, agreements with a not-to-exceed maximum dollar amount of:
  - a. \$150,000 in the aggregate; or
  - b. \$500,000 in the aggregate with the prior written consent of three (3) Operations Board members chosen by the Operations Board Chair.

In order to avert or alleviate damage to property, to protect the health, safety and welfare of the community and MBCP's employees, or to repair or restore damaged or destroyed property of MBCP.

An "emergent situation" for purposes hereof is a situation creating an imminent danger to life or property or other material financial loss that calls for immediate action with inadequate time for prior Board approval. The CEO shall within thirty (30) days of the emergency, deliver a report to the Operations Board explaining the necessity for the action, a listing of expenditures made under these emergency powers and any recommended future actions.

#### Delegation to the Director of Finance & Administrative Services

The Director of Finance & Administrative Services shall have all necessary and proper authority to approve and execute:

1. Agreements up to \$10,000 per vendor for a given scope of work, per fiscal year, provided that (a) the expenditures authorized by these agreements are consistent with the approved budget; (b) the agreements are approved as to form by MBCP's General Counsel; and (c) agreements are reported at the next Board meeting;
2. Purchases exempt from the purchasing and procurement procedures as detailed below.

#### **PURCHASING AND PROCUREMENT PROCEDURES:**

##### Estimated Engagement or Contract Value

Use the Estimated Engagement or Contract Value to determine required procedures.

Estimated Engagement or Contract Value shall consider factors including but not limited to:

- Price of previous purchases;
- Current price lists;
- Total cost for period of contract;
- Similar items or services in related industries; and
- Opinion of specialists.

The Estimated Engagement or Contract Value shall include all forms of remuneration related to the purchase including any premiums, fees, commissions, interest, applicable taxation, insurance, and freight.

#### Sole Source

Sole source expenses such as items or services that are available only from a single source and additional deliveries of existing products or services by the original vendors due to competition is not feasible should state sole source as the justification for selection of vendor. Procurement by sole source requires submission, and approval, of a Sole Source Justification form. Final approval of a sole source procurement is decided by the approver of the appropriate process.

#### Split Purchases

User shall not split the total purchases required into smaller quantities or amounts to avoid complying with the procedures.

#### Procedure Exemptions

1. Banking, insurance, valuation and financial services;
2. Business travel (FP9 Travel and Meeting Expense Reimbursements for Employees would apply);
3. Utilities: electricity, water, gas that are government mandated or controlled monopolies;
4. Employee professional development expenses such as seminars, training, professional body license renewal, etc.

## **PURCHASE REQUISITIONS (PR):**

A PR is an approval process and form used to approve all non-exempt small, medium, and high value purchases prior to expenditure.

### PR Exemptions

1. Refreshments, meals for meetings and events held for the purpose of conducting MBCP business;
2. Office administrative expenses such as stationaries, office supplies etc.;
3. Any other items or services as the CEO may deem appropriate on a case-by-case basis.

### PR Purchase Procedure by Value

User should adopt procurement procedures based on the following value categories:

1. Small Value Purchase:
  - For all purchases with estimated engagement or contract value **≤ \$1,000**:
    - Evidence of competition is encouraged but **not** required.
    - Purchase Requisition Form (“PRF”) to be approved by the department heads and the Director of Finance & Administrative Services.
2. Medium Value Purchase
  - For all purchases with estimated engagement or contract value **> \$1,000 up to \$5,000**:
    - **3** competitive bids (in a form of written or oral quote) must be solicited with **at least 1** written quote, including price, availability, delivery, and any relevant purchase terms and conditions.
    - PRF to be approved by the department head, and the Director of Finance & Administrative Services.
3. High Value Purchase
  - For all purchases with estimated engagement or contract value **> \$5,000 and < \$100,000**:
    - **3** competitive bids must be solicited with **3** written quotes, including price, availability, delivery, and any relevant purchase terms and conditions.
    - Competitive bids \$35,000 or greater are to be obtained using the RFP process, see below Request for Proposal (RFP) section for details.

- PRF to be approved by the department head, the Director of Finance & Administrative Services, and the **CEO**.

All PRF users should fill out the expected “goods delivery date or service start date” and the “completion date” for cashflow forecast preparation purposes.

### **REQUEST FOR PROPOSALS (RFP):**

An RFP invites a bid response in the form of a proposal and generally specifies the bidder's own solution and presents the bidder's method, pricing, delivery, etc. **An RFP is to be used for any purchase or contract valued at \$35,000 or greater. If valued at \$100,000 or greater the purchase or contract must be taken to the Board for approval prior to execution of the contract. All purchases, with the exception of capital expenditure, go to the Operations Board for approval. Capital expenditure goes to the Policy Board for approval.**

#### **RFP Elements**

Recommended RFP to include the following basic elements and evaluation criteria:

1. Intent of proposal – project description, requirements, and objectives
2. Timeline for submission of application, notification of selected applications, date when bidders are expected to be invited, tender period, etc.
3. Bidder evaluation:
  - a. Business license or business registration certificate;
  - b. Corporate or organizational structure – to determine whether there are any related party or connected transactions;
  - c. Experience on other contracts, including brief description, contract sum, and client including permission for us to approach for reference at our discretion;
  - d. Details of proposed key staff titles, names, years of experience, education, and relevant experience for involvement in the engagement;
  - e. Safety records, accident records and records of convictions, violations and suspensions from regulating actions, history of litigations and claims;
  - f. Details of financial status, including copies of financial reports of the bidder for the last 3 years;
  - g. Insurance policy of bidders; and
  - h. Any other questions specific to the engagement.
4. Design and use
5. Proposal format and content – list of information to be submitted by the bidder including fees and proposal

6. Evaluation and award criteria – evaluation should be conducted fairly, focusing on the technical ability, financial and commercial capacity of a bidder in carrying out the engagement. Reasons for passing or failing each bidder should be recorded in writing.
7. Minimum insurance/bonding requirements
8. Milestones and deadlines
9. Contact information and deadline for submissions
10. Award process
11. Basic terms of contract

**RFP Process**

1. Develop set of specifications
2. Write the RFP with legal review
3. Issue the RFP
4. Evaluate perspective bidder's responses
5. Select preferred vendor
6. Negotiate Contract with legal and finance review

**Attachment:**

1. Purchase Requisition Forms
2. Sole Source Justification form