

FP8
Category: FINANCE

PURCHASING AND PROCUREMENT POLICY

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 terms of less than or equal to 12 months, which the CEO shall timely report to the Board;
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 council; 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;
4. In the event of an emergency 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.

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 "emergency 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 Internal Operations (DIO)

The DIO 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 the expenditures authorized by these agreements are consistent with the approved budget.

Purchasing and Procurement Procedures

This set of procedures is intended to put in place checks and balances independent of the party with approval authority. The objects 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.

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.

Split Purchases

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

Quotation Exemptions

1. Contract purchases > \$100,000 (MBCP's board approval would apply);
2. Banking, insurance, valuation and financial services;
3. Business travel (FP9 Travel and Meeting Expense Reimbursements for Employees would apply);
4. Utilities: electricity, water, gas that are government mandated or controlled monopolies;
5. 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;
6. Employee professional development expenses such as seminars, training, professional body license renewal, etc.;
7. Employee wellness expenses such as refreshments, sport activities, occasional in-house celebration (i.e. birthdays, open house), etc.;
8. Office administrative expenses such as stationaries, etc.; and
9. Any other items or services as the CEO may deem appropriate on a case-by-case basis.

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; and
 - Purchase Requisition Form ("PRF") to be approved by the department heads and the Director of Internal Operations.

2. Medium Value Purchase

- For all purchases with estimated engagement or contract value **from \$1,001 to \$5,000**:
 - **3** competitive bids should be solicited with **at least 1** written quote, including price, availability, delivery, and any relevant purchase terms and conditions; and
 - PRF to be approved by the department head, and the Director of Internal Operations.

3. High Value Purchase

- For all purchases with estimated engagement or contract value **from \$5,001 to \$99,999**:
 - **3** competitive bids should be solicited with **3** written quotes, including price, availability, delivery, and any relevant purchase terms and conditions; and
 - PRF to be approved by the department head, the Director of Internal Operations, and the **CEO**.

For all PRF's user should fill out the expected "goods delivery date or service start date" and the "completion date" for cashflow forecast preparation purposes.

Attachment:

1. Purchase Requisition Form