

# Administrative Directive

## Procurement

**Number:** A1465B

**Date of Approval:** January 16, 2019

**Department:** Financial and Corporate Services

**Next Scheduled Review:** January 16, 2022

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### **Statement of Directive:**

The City of Edmonton spends approximately \$1 billion annually on a wide range of goods, services, construction, and intellectual property rights. The City expects that procurements will be conducted in an open, fair and transparent manner that achieves the best value for the City and which supports Council's environmental, social, and economic objectives.

The City takes accountability for ensuring the efficiency and effectiveness of the procurement process and its responsibilities to all stakeholders, including suppliers and the public. Procurement processes protect the interests of the City, public, and suppliers participating therein.

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### **Purpose:**

The purpose of this directive is to:

- Ensure the City acquires goods, services, construction and intellectual property in an open, fair and transparent manner;
- Outline the minimum requirements by which the City conducts Procurement activities; and
- Implement a consistent approach to Procurement processes across the City.

### **Application:**

This directive applies to any person who reports to the City Manager or City Auditor and provides services to the City of Edmonton under a contract of employment, contract for the provision of personal services, or in the capacity of agent, student or volunteer.

### **Accountability:**

When procuring goods, services, construction or intellectual property rights on behalf of the City, a business area purchaser must determine if an active contract exists for the goods, services, construction, or intellectual property rights. If an active contract exists, the business area purchaser must procure using that contract.

If no active contract exists, or the supplier is unable to provide the required goods or services, the business area purchaser must conduct the procurement using the Competitive Procurement Procedure, unless the procurement falls within one of the following exceptions:

- For one-time procurements with a value of up to \$25,000, the business area purchaser should use the Self Service Procurement Procedure, unless the goods, services, construction, or intellectual

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property rights being procured appear on the Restricted and Controlled Items List.

- Goods, services, construction or intellectual property rights on the Restricted and Controlled Items List must be procured using the processes prescribed in that document.
- For procurements with a value between \$25,000 and \$75,000 for goods, services and intellectual property rights (or between \$25,000 and \$200,000 for construction) where more than one supplier is available, the business area purchaser should use the the Invitational Procurement Procedure.
  - If only one supplier is available, the business area purchaser may use the Non-Competitive Procurement Procedure.
- For procurements with a value between \$75,000 up to \$500,000 for goods, services and intellectual property rights (between \$200,000 up to \$500,000 for construction), where a trade agreement exception applies and more than one supplier is available, the business area purchaser should use the Invitational Procurement Procedure
  - If only one supplier is available, the business area purchaser may use the Non-Competitive Procurement Procedure.
- For procurements of lawyers and experts for assistance with legal matters, and experts for potential or ongoing litigation, the Law Branch should use the Retainer of Lawyers and Experts for Legal Purposes Procedure.

When calculating the value of a procurement for the purpose of the determining if one of the exceptions above applies, business area purchasers must include all amounts to be paid by the City over the term of the contract, including options, and must not separate procurements for the purpose of reducing the total value. If the same good or service has been procured from a supplier within the past 12 months, the total amount paid to the supplier in the past 12 months must be included in determining the value of a procurement.

Any employee that receives an unsolicited proposal must review it using Review of Unsolicited Proposals Procedure.

The Branch Manager, Corporate Procurement and Supply Services, is responsible for:

- approving and maintaining the list of Restricted and Controlled Items;
- ensuring that RFX issued by the City require suppliers to identify and disclose the involvement of any former City employees in their submission;
- ensuring that RFX issued by the City stipulate that, in the event that a contract is awarded to a supplier who failed to disclose the involvement of a former City employee, the contract may be terminated at any time by the City, at its discretion, without damages or penalties to the City;
- providing guidance to business area purchasers regarding the appropriate procedure for a procurement; and
- supporting business area purchasers to complete a procurement.

Any employee that becomes aware of the following conflicts of interest must disclose that information in accordance with the following administrative procedures, where appropriate:

- a) Conflict of Interest After City Employment Procedure, outlining responsibilities regarding a former employee's involvement in a procurement,

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- b) Conflict of Interest of Employees Participating in City Procurements Procedure, outlining the responsibilities of an employee participating in a City procurement evaluation or the decision to award a contract and who has or had a personal relationship, a financial or controlling interest, or a former employment relationship with a bidder, or
- c) Conflict of Interest Related to Members of Civic Agencies Procedure, outlining the responsibilities of a member of a Civic Agency participating in a procurement process as a bidder or a member of the bidder's proposed team.

The City Manager, or designate, may conduct reviews, audits or checks at any time without notice to ensure compliance with this directive, including its accompanying procedures.

Failure to comply with the provisions of this directive and its accompanying procedures could lead to appropriate corrective action, which may include discipline up to and including termination of employment.

### **Definitions:**

Unless otherwise specified, words used in this directive and its accompanying procedures have the same meaning as defined in the City Administration Bylaw, Bylaw 16620.

In addition:

- **“bidder”** means a Supplier who submits a bid to be considered by the City in response to an RFX or an Invitation to Tender;
- **“business area purchaser”** means an employee responsible for completing a procurement on behalf of the City;
- **“civic agency”** or **“civic agencies”** means the agencies, boards, committees, commissions, and task forces to which City Council makes an appointment of citizens-at-large, council members, or representatives of external organizations. A list of civic agencies can be found at this [City site](#);
- **“contract”** has the same meaning as “procurement agreement” in the City Administration Bylaw, Bylaw 16620;
- **“contract scope”** means the description of the goods, services, construction, or intellectual property rights the City is acquiring from a supplier through a procurement, including any City requirements relating thereto;
- **“delegated authority”** means an employee with the appropriate power, duty, or function delegated to him or her by the City Manager through the City's Delegation of Authority Order;
- **“expenditure officer”** means the employee who is authorized to approve an expenditure pursuant to the Expenditure Accountability Framework;
- **“former employee”** means an employee that was formerly employed by the City;
- **“former employment relationship”** means a City employee's former role as an employee, a contractor, or subcontractor with a bidder.
- **“participant”** means a person or entity (in the case of a joint venture, the persons or entities) participating in a City sourcing event; includes the term bidder.
- **“procurement”** means the acquisition of goods, services, construction, or intellectual property rights from a supplier, but does not include the acquisition or disposition of interests in land;
- **“Procurement Conflict of Interest Advisory Group”** is responsible for reviewing and advising on conflict of interest matters that may arise in the City's procurement process.

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- **“purchase order”** means a non-contractual record that summarizes the details of a contract and facilitates payment to a supplier;
- **“Request for X (RFx)”** means a document used to obtain written proposals from suppliers, including Request for Pre-Qualification (RFPQ), Request for Proposal (RFP), Invitation to Tender (ITT), Request for Quotation (RFQ), Request for Expression of Interest (RFEI), and Request for Information (RFI);
- **“sourcing request”** means the SAP Ariba request that is created when a Procurement need is identified.
- **“sourcing event”** means the electronic tool in SAP Ariba used to complete an RFx; the Sourcing Event enables the communication of RFx needs, issuance of addenda, receipt of information or bids, and electronic evaluation scoring, when required.
- **“supplier”** means a provider of goods, services, construction, or intellectual property rights by purchase, rental, lease, conditional sale, or any other means, and includes the terms vendor, consultant, contractor, and lessor; and
- **“unsolicited proposal”** means a written proposal not requested by the City that is submitted by a supplier proposing to provide goods, services, construction or intellectual property rights to the City .

### **Guiding Principles:**

In carrying out their duties under the procedures accompanying this directive, or when acting in situations not explicitly addressed by an existing procedure, employees will be guided by the following principles:

- Fair, open and transparent ensuring that the City’s practices and processes are easily accessible and understandable by the marketplace;
- achievement of best value for money for the City;
- compliance with all relevant City policies, directives, procedures, and trade agreements;
- use of competitive procurement processes wherever possible and appropriate;
- appropriately justifying all non-competitive procurement processes;
- leverage buying power through corporate contracts or strategic sourcing;
- thoroughly assessing risks, supplier qualifications, and full life cycle costs;
- integrity and ethics in all procurement activities; and
- active support of the City’s Sustainable Purchasing Policy C556.

### **References:**

- [New West Partnership Trade Agreement \(NWPTA\)](#);
- [Comprehensive Economic and Trade Agreement \(CETA\)](#);
- [Canadian Free Trade Agreement \(CFTA\)](#)

### **History:**

- A1465A: Procurement - Approved May 7, 2018.
- A1465: Procurement - Approved April 21, 2017.
- A1439C: Procurement of Goods, Services and Construction - Approved March 31, 2014.
- A1439B: Procurement of Goods, Services and Construction - Approved February 11, 2010.
- A1439A: Purchasing of Goods, Services and Construction - Approved January 22, 2009.
- A1439: Purchasing of Goods, Services and Construction - Approved July 27, 2004.