

# Administrative Policy



## Procurement

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**Program:** Financial Management  
*The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.*

Formerly *Procurement of Goods, Goods, Services and Construction* 03/12/1990  
02/11/2010  
01/22/2009  
07/27/2004

**Next Scheduled Review:** 04/16/2023

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### **Policy Statement**

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 and the public.

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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,

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or intellectual property rights. If an active contract exists, the business area purchaser should work with the contract manager to 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 and including \$25,000, the business area purchaser should use the Self Service Procurement Procedure.
- 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 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 from \$75,000 up to \$500,000 for goods, services and intellectual property rights (from \$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 legal purposes, 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 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 optional terms, 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 the 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;
- providing guidance to business area purchasers regarding the appropriate procedure for a procurement;

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- ensuring that sourcing events issued by the City are compliant with the City's Conflict of Interest procedures; and
- supporting business area purchasers to complete a procurement.

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

- a) Conflict of Interest After City Employment Procedure, outlining responsibilities regarding a former employee's involvement in a procurement;
- b) Conflict of Interest of Employees Participating in City Procurements Procedure, outlining the responsibilities regarding 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 regarding a member of a Civic Agency or Administrative Advisory Committee 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 a sourcing event;
- **“business area purchaser”** means an employee responsible for completing a procurement on behalf of the City;
- **“contract”** has the same meaning as “procurement agreement” in the City Administration Bylaw, Bylaw 16620;
- **“contract request”** means the SAP Ariba request that is created when a procurement need is identified that will be fulfilled using a non-competitive procurement process;
- **“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;
- **“evaluation committee”** means a committee of individuals, which may include both employees

and non-employees, established to evaluate bidder submissions in a competitive or invitational procurement process;

- **“evaluation plan”** means a document that specifies all sourcing event evaluation criteria, the respective weighting and importance factors, the method that will be used to determine which bid(s) meet the requirements and the scoring definitions against which the evaluation criteria will be scored to determine the preferred or shortlisted bidders;
- **“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 within the last twelve months;
- **“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, at the request of the Branch Manager, Corporate Procurement and Supply Services, responsible for reviewing and advising on conflict of interest matters that may arise in the City’s procurement processes;
- **“purchase order”** means a contractual record that summarizes the details of a contract and facilitates payment to a supplier;
- **“sourcing event”** means the electronic document in SAP Ariba used to obtain bids from bidders; the sourcing event enables the communication of procurement needs, issuance of addenda, receipt of information and bids, and electronic evaluation scoring, when required;
- **“sourcing request”** means the SAP Ariba request that is created when a procurement need is identified that will be sourced using a competitive or invitational procurement process;
- **“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:

- fairness, openness and transparency, 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;
- compliance with all applicable trade agreements;
- use of competitive procurement processes wherever possible and appropriate;

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- appropriately justifying all non-competitive procurement processes;
- leveraging 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 Procurement Policy C556A.

### **References:**

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