



**A Guide to Purchasing**  
**by**  
**Durham Region**

**The Regional Municipality of Durham Finance**  
**Department Purchasing Section**

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## **1.0 Forward**

The Regional Municipality of Durham spends approximately \$200 million annually on construction, goods and services. This booklet is designed to acquaint suppliers with the way in which Durham Region conducts its purchasing activities. The information contained in this booklet is intended as a guide only. It is not intended to supersede any formal by-laws or procedures but is intended solely as a summary for easy reference and understanding. Copies of formal policies or procedures are available upon request. The Purchasing Section Vision and Mission Statements are noted below:

### **Purchasing Vision**

The Purchasing Section of the Region of Durham will proactively and continually strive to maximize value to the Regional Corporation, our customers and the community through service excellence with the highest of procurement standards and ethics.

### **Purchasing Mission**

Our mission is to promote efficient, effective procurement practices through a fair, transparent, open competitive process on behalf of the Regional Corporation and the Finance Department and in support of their vision and mission statements by:

- Maximizing best value for the dollars expended through responsible and accountable procurement of Regional goods and services.
- Providing exceptional customer service.
- Demonstrating leadership and participation in co-operative purchasing.
- Promotion of education and training of procurement staff, internal customers and the vendor community.
- Proactively pursuing leading edge purchasing standards and practices.

## **2.0 Important Points to Remember**

### **2.1 Purchasing and Bidding Inquiries**

By-Law 68-2000 (as Amended) defines and delegates the authority and responsibility for the procurement of goods and services. In general, only the Purchasing Section has the authority to contract on behalf of Durham Region without obtaining specific approval from Council. Information about the Purchasing Section and bidding opportunities may be obtained through the Region's website or directed to the Region's Purchasing Section located at:

605 Rossland Road East, 4th Floor

Whitby, Ontario L1N 6A3

Phone: 905-668-7711

Fax: 905-666-6210

The Region of Durham's bidding opportunities are posted on the Region's website. The bid documents are downloadable in Adobe Acrobat at no cost.

### **2.2 Bidding Procedures**

Formal bidding procedures are required to ensure that all suppliers are treated fairly and equally. This Guide contains a summary of bidding guidelines from the Purchasing By-Law as well as those typically found in formal bid documents (i.e., requests for tenders, quotations and proposals). Specific bidding instructions are identified in each bid document issued by Durham Region and should be carefully reviewed before submitting a bid.

### **2.3 Tender/Quotation/Request for Proposals Closing Date**

Formal requests for tenders, quotations, proposals, qualifications and expressions of interest must be received by the specified dates and times. Late bids will not be considered.

## **3.0 Purchasing Policies**

### **3.1 Purchasing By-Law**

The procurement function is usually accomplished by using open competitive bidding based on pre-determined specifications. [By-Law 68-2000](#) establishes the policies and procedures that are to be followed in carrying out the procurement activity. Policy 2.1 of the By-Law states that:

"The Regional Municipality of Durham will acquire its goods, services and works without favouritism through the application of the highest standards of business ethics."

By-Law 68-2000 also designates the Finance Department the responsibility for operating a centralized purchasing section and the Purchasing Manager as its "Purchasing Agent". In effect, the Purchasing Manager is authorized by Council to enter into contracts with third parties for the acquisition of goods and services providing the requirements of the Purchasing By-Law are followed. Other contracts require the approval of Regional Council and may be signed by the Regional Chair and Clerk or Commissioner of Finance.

### **3.2 Occupational Health and Safety Act**

The Occupational Health and Safety Act requires organizations such as Durham Region to comply with many health and safety regulations. Some of these requirements relate to the hiring of contractors and the ordering of certain goods. In general, Durham Region has a responsibility to hire qualified contractors and to ensure that they follow the regulations of the Act as well as any of Durham Region's own Health and Safety policies.

### **3.3 Region of Durham Standard Purchase Order Terms and Conditions**

The Region of Durham's [Standard Purchase Order Terms and Conditions](#) apply to all purchase orders. Note that these terms take precedence over the supplier's standard terms of sale.

## **4.0 Types of Purchases**

### **4.1 Single Requirement**

Durham Region acquires many items on an "as needed" basis. Where these requirements are specific in nature, a firm price is usually requested for fixed quantities with deliveries to one or more Regional locations. A purchase order is issued to the successful bidder. The value of each purchase generally determines the method used to obtain prices, i.e. informal quotations, tenders, etc.

### **4.2 Standing Agreements**

Durham Region's various departments have an ongoing need for various goods and services. These commodities are generally acquired through the use of Standing Agreements, which specify the required terms and conditions, delivery locations, prices, etc.

Standing Agreements are established by the Purchasing Section, either as a result of formal tenders, quotations or proposals, or through informal quotations or direct negotiations. Departments order their requirements directly as needed from the supplier awarded the Standing Agreement. The terms and conditions of Standing Agreements will each vary to suit those particular requirements.

## **5.0 Methods of Procurement**

### **5.1 Non-Contracted Purchases or “Field Purchase Orders” (up to \$5,000.00)**

The attached “**Notice to suppliers concerning purchases valued under \$5,000.00**” (Appendix IV) is intended to provide suppliers with general information concerning non-contracted purchases valued up to \$5,000.00 (including taxes) per order. Please follow these instructions to ensure you will be paid within 30 days of invoice date. An overview is provided below.

#### **5.1.1 Authority to Place Orders**

Orders valued up to \$5,000.00 may be placed directly by Regional Departments. (All orders exceeding \$5,000.00 must be authorized by a purchase order issued by the Region’s Purchasing Section.)

#### **5.1.2 General Instructions for Order Placement and Pricing Confirmation**

- When receiving orders by phone, the following information should be obtained from the requesting individual:
  - Purchase order number
  - Contact name, phone and email address
  - Complete shipping address
- When receiving orders in person, the requesting individual must show Region of Durham I.D. (in addition to the above information) and sign the packing slip before goods should be released. Suppliers should ensure the name and location on the I.D. agree with the information provided.
- Suppliers should provide net pricing at the time the order is placed. For “special order” goods, pricing should be provided to the requesting department by no later than three days following the delivery or pick up of the goods.

For repair or service orders, the following shall apply:



- Pricing must be based on time and materials estimates at the time of ordering. If minimum service charges apply, these should be identified as well.
- Upon completion of services, the supplier must provide a completed work order to the requesting department for authorization. A **priced copy** must identify the actual time and materials required to perform the work and should be emailed or delivered to the requesting department by no later than three days following the completion of the work. Payment will only be made for the time and material provided, not estimated. **Failure to provide the priced work order will result in delays in processing invoices for payment.**
- Backorders generally require a separate purchase order number to be issued to avoid holding up payment for the original shipment. Contact the requesting department in the event of a back order to obtain a separate purchase order number.

### **5.1.3 Work Orders that Exceed \$5,000.00**

Occasionally a service or repair order estimated to be less than \$5,000.00 will exceed that amount. In these instances, an authorizing purchase order should be requested since the original purchase order number is limited to a maximum value of \$5,000.00, including taxes.

## **5.2 Releases against Standing Agreements**

Authorized Regional staff may release goods and services against established Standing Agreements. The following procedures should be followed:

When receiving orders by phone, the following information should be obtained from the requesting individual:

- Purchase order number
- Contact name, phone and email address
- Complete shipping address
- Vendors must provide pricing in accordance with the contract prices at the time the order is placed.

- For repair or service orders, pricing must be based on time and materials actually used in performing the service. If minimum service charges apply, these should be identified at the time the order is placed.
- Upon completion of services, the supplier must provide a completed work order to the requesting department for authorization. A priced copy should be emailed or delivered to the requesting department by no later than three days following the completion of the work. Failure to provide the priced work order will result in delays in processing invoices for payment.

In addition, when receiving orders in person:

- The requesting individual must show Region of Durham I.D. and sign the packing slip before goods should be released. Suppliers should ensure the name and location on the I.D. agree with the information provided.

### **5.3 Informal Quotations**

For goods and services worth up to \$40,000 in value, quotations are generally obtained by the staff of the Purchasing Section by telephone or email.

### **5.4 Formal Quotations**

For goods and services estimated to be worth more than \$40,000 up to a maximum value \$125,000, a written request for quotations is issued by the Purchasing Section to known suppliers. Quotations are received by the Procurement Officer by a specified date and time and an award is made to the lowest compliant bidder, providing the amount bid does not exceed available approved funds.

### **5.5 Tenders**

For goods and services estimated to be worth more than \$125,000, tenders are solicited. Region's website. These bidding documents are posted on the Region's [bidding website](#).

The tender documents contain specifications, contractual terms and conditions, and bidding instructions. The total amount of each bid and the name of each bidder is publically posted on the Region's bidding website. The Tender is awarded to the lowest compliant bidder, providing the amount bid does not exceed available approved funds.

## **5.6 Requests for Proposal**

Competitive proposals may be requested if it is determined that the use of tenders is either not practical or advantageous to the Region. A Request for Proposal ("RFP") is issued, containing a description of the requirement, bidding instructions, and evaluation criteria. Proposals received are evaluated and scored based on the evaluation criteria, and awarded to the highest scoring compliant respondent, providing the amount bid does not exceed available approved funds.

## **5.7 Negotiation**

There are certain situations where it is neither possible nor practical to obtain competition. In these cases a contract may be negotiated. Some examples would include tie bids, extension of an existing contract, one source of supply, etc. In these situations, the Purchasing Section is responsible for conducting the negotiations.

## **6.0 Bidding Procedures**

### **6.1 Invitation to Bid**

Invitations for formal and informal quotations are solicited by the Procurement Officer directly to known suppliers.

Public notifications for tenders and formal proposals for goods and services are posted on the Region's website. When appropriate, advertisements may also be placed in other publications.

It is the responsibility of the bidding company to comply with the terms and conditions of the bidding process outlined in the bid document, including any deadlines for submission.

## **6.2 Submission of Formal Bids**

Tender, quotation or proposal submissions must follow the instructions contained in the bid document.

Bid submissions must be received at the location specified, prior to the closing time and date indicated in the bid document. Bids will not be accepted after the closing time specified. Care should be taken to ensure that all requirements of the invitation to bid are met in the submission. Failure to comply may be cause for rejection of the bid.

## **6.3 Bid Deposit**

A bid deposit in the form of a bid bond, certified cheque, bank draft or money order is sometimes required for formal bids. This ensures that the successful bidder will accept the contract and perform the work for the price quoted.

Failure to provide this bid deposit with the bid submission in the amount and form specified will result in disqualification of the bid.

## **6.4 Public Bid Opening Meeting**

All formal tender and proposal submissions are publically posted on the Region's website. In the case of tenders, the total bid amount is published. In the case of proposals, only the names of the bidders are published.

## **6.5 Surety**

For certain requirements, the bid documents will specify that the successful bidder will be required to provide a surety such as a performance bond, a labour and materials payment bond or a financial instrument (certified cheque, irrevocable letter of credit, etc.) as a guarantee of performance. In these instances, the successful bidder will be required to provide the surety prior to contract award. Failure to comply will result in the bid being disqualified.

## **6.6 Award**

In the case of formal quotations and tenders for goods and services, award can be made by the Purchasing Section if the lowest overall bid meeting specifications is being accepted, and the recommended bid does not exceed the budgeted funds available for the requirement. All other circumstances require that a report be submitted to Regional Council for authorization.

In the case of formal Requests for Proposals exceeding \$125,000 in value, a report must be submitted to Regional Council for authorization of the recommended proposal. Note that Proposals are evaluated in relation to a number of evaluation criteria identified in the bid document.

## **7.0 Invoicing Instructions<sup>1</sup>**

To ensure prompt payment, all invoices are to be delivered directly to Region of Durham Expenditure Management. Invoices can be delivered via the following channels:

1. **By mail:**      Region of Durham  
                         Expenditure Management  
                         P.O. Box 710,

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<sup>1</sup> Revised March 15, 2016

Whitby, ON L1N 0A9

2. **By E-mail:** EM\_Invoices@durham.ca

All invoices must include the following information:

- The Region's Purchase Order number
- Complete description of the goods/services supplied
- HST/GST registration number
- Date(s) the goods/services were delivered or picked up
- Contact name and location of requesting department
- Complete pricing and quantity information
- Applicable payment terms

For service orders, a copy of the authorized work order should accompany the invoice. The invoice date must not pre-date the actual delivery or completion date.

Payment inquiries should be directed to Expenditure Management at 905-668-7711 extension 2237. In accordance with the Region's Standard Purchase Order Terms and Conditions, please allow a minimum of 30 days from the date of invoice submission for payment.

## **8.0 Terms of Payment <sup>2</sup>**

The Region will endeavour to make payment 30 days after receipt of an invoice, provided all contract requirements have been completed and the invoice includes all required information.

Contact Expenditure Management to complete an application for Electronic Funds Transfer (EFT); otherwise all invoices will be paid by cheque with delivery by mail.

## **9.0 Credit Applications**

The Region of Durham does not complete supplier credit application. If you are concerned about the authority of a requesting location, you should contact the Purchasing Section at 905-668-7711, Ext. 2352 for verification.

## **10.0 Commonly asked Questions**

### **1. Why is it necessary for the Purchasing Section to solicit formal quotations or tenders rather than by the Region of Durham's Departments?**

There is nothing wrong with obtaining budget estimates; however, there are quite a few issues that must be addressed in the quotation before a contract can be established. This would include items such as insurance, Workplace Safety & Insurance Board status, FOB point, health and safety requirements, taxes, as well as other standard contract requirements. Purchasing Section staff are trained in dealing with these matters.

### **2. Why is it necessary to publicly advertise to obtain goods and services worth more than \$100,000?**

A municipal government exists to provide services to the residents of the community who also provide the funds for the community. It is, therefore, necessary to ensure that public funds are spent to maximize the value obtained for money and to ensure that it is accomplished in an open and competitive environment. There is also a need to ensure that all suppliers wishing to do business with the Region are treated fairly and equally. The Region of Durham must also comply with various trade treaties, including the Canadian Free Trade Agreement (CFTA) and Comprehensive Economic and Trade Agreement (CETA), and this process accomplishes these objectives.

### **3. What is the purpose of a bid deposit?**

A bid deposit is usually used on larger service contracts or construction contracts. This deposit is submitted by the bidders with their tender. There are two purposes for this deposit:

- the bid deposit ensures that only serious suppliers bid on the project
- the bid deposit also ensures that the successful bidder signs the contract and provides any securities such as performance bonds

### **4. Why are the rules so strict with regards to the calling, receiving and evaluating of tenders?**

The calling and awarding of tenders is governed by strict legal principles. There also is a need to treat all situations in a consistent and fair manner. The bidders must understand that they cannot manipulate the system but at the same time everyone must be confident that Regional staff will treat all situations fairly and without favouritism.