

**POLICY NO:** 303 **TITLE:** Purchasing  
**SECTION:** Finance  
**APPROVAL DATE:** May 5, 2004 **REVISION DATE:** September 18, 2024  
**AUTHORITY:** Board of Directors **REFERENCE:**  
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## PURPOSE

The purpose of this policy is to set guidelines for Aquatera Utilities Inc.'s (Aquatera's) purchasing activities, and to assure objectivity and fairness of purchasing practices for all Aquatera personnel involved either directly or indirectly in the purchasing function.

## POLICY STATEMENT

Aquatera shall conduct its purchasing with integrity and in accordance with Article 14 of the New West Partnership Trade Agreement (NWPTA) Agreement. Except where otherwise permitted in this policy, Aquatera will, wherever possible, endeavor to purchase all goods and services through an open, competitive procurement process.

## RELATED INFORMATION

1. By Resolution of the Board of Directors, purchasing authority has been delegated to the C.E.O. and the C.E.O. has further delegated purchasing authority to the Procurement Manager.
2. Aquatera will conduct all purchases in a manner that results in the acquisition of products and services of acceptable quality at the most cost-effective price available in consideration of availability, urgency of demand, and required service level.
3. Procurement of computer systems and related software is included in this policy. Aquatera strives to use standard packaged software and vendor support wherever possible. Acquisition of information technology related goods and services are to be approved by the IT Manager.
4. Purchasing exceptions which this policy does not regulate, include real estate transactions, investment or borrowing, utility contracts, credit card purchases, entertainer/performer fees, foreign currency purchases, postage purchases, membership and subscription fees, payroll withholding remittances, advertising, training fund disbursements and Employee related expenses as well as professional consulting contracts including legal, accounting, financial, business and engineering services.
5. All purchasing transactions shall ensure equal opportunity, due process, and fairness to actual and potential suppliers. The methods by which decisions are made must ensure not only fairness, but the appearance of fairness.
6. Purchasing agreements are documented on standard Aquatera forms. This documentation which communicates the purchase approval and commercial terms to the vendor must be completed

before the purchase occurs, except in emergency situations.

7. Aquatera Employees shall disclose any Pecuniary Interest, direct or indirect, in any contract with Aquatera. No Employee of any work group shall make any recommendations about the awarding of any proposal or quotation when that Employee is a member of the Immediate Family or any individual who is:
  - a) a member or Employee of any partnership submitting the proposal or quotation;
  - b) a shareholder or Employee of a company submitting the proposal or quotation; or
  - c) submitting a proposal or quotation.
8. Any company, partnership, firm or person bidding on Aquatera work shall disclose any reasonably known shareholder, director, officer, principal, partner, proprietor or Employee with a Pecuniary Interest in Aquatera.
9. In order to protect Aquatera's overall interests and minimize long-term financial losses, Aquatera reserves the right not to consider award of any contracts to a party that is engaged in litigation or arbitration with Aquatera Utilities Inc., an organization in partnership with Aquatera Utilities Inc., or an Aquatera Shareholder
10. When any Request for Proposal or Quotation process is used, the lowest evaluated bid, which is the bid evaluated as being the most advantageous to Aquatera, shall be accepted subject to the right of Aquatera to refuse any or all tenders. In cases where two or more bids are identical and/or it is difficult to determine the lowest evaluated bid, preference shall be given to suppliers using access to service and/or support as a criterion.
11. When evaluating Requests for Proposals, the highest evaluated score based upon a set of predetermined criteria, which is the proposal evaluated as being the most advantageous to Aquatera, shall be accepted subject to the right of Aquatera to refuse any or all proposals. When evaluating a Request for Proposal, the cost criteria should be no more than 49%. Percentages for cost criteria shall be determined by the Procurement Manager and the Department Manager making the request.
12. When there are exceptions and sole source procurement is required to expedite the purchasing process, the NWPTA agreement states under Part V A.1(b) that "Water, and services and investments pertaining to water;" are exempt. Under Part V H.1 it is stated that "Measures adopted or maintained relating to the management and disposal of hazardous and waste materials." are also exempt. Aquatera reserves the right to sole source equipment and/or supplies in order to standardize for ease of maintenance and Employee training, provided that approval from the Procurement Manager is obtained.
13. Aquatera may offer for bid vendor service and/or maintenance contracts (see section 11 for details) to simplify and standardize the purchasing process. Contracts may consist of terms for up to five (5) years.
14. Board financial authority is required for approval of major transactions, including, but not limited to, purchase or sale of real estate, contracts for terms in excess of five (5) years, and purchases of equipment/supplies/services for a consideration greater than \$1 million which has not been budgeted. The C.E.O. is to advise the Board regarding unbudgeted expenditures in excess of \$500,000 for a single project or purchase. For capital projects, notification to the Board should occur when the budget is expected to be exceeded by either \$250,000 or 5% of the budgeted spend. Board approval is required for overages greater than \$1 million.
15. When deemed necessary, allowances are to be made at the discretion of the C.E.O. to re-allocate funds within the budgeted total for Capital, Fleet, & Major Maintenance Projects and operating

budgets. The C.E.O. is to advise the Board of these changes in allocation of funds.

16. As per the New West Partnership Trade Agreement (NWPTA) Article 14 1 (c), there will be no public call for purchases of \$75,000 (\$200,000 for Construction) or less. All public calls for purchases over \$75,000 (\$200,000 for Construction) must be posted on the Alberta Purchasing Connection website ([www.purchasingconnection.ca](http://www.purchasingconnection.ca)).
17. The Procurement Manager shall be responsible for the sale/disposal of all surplus equipment and salvage materials, declared as such by Aquatera. The Procurement Manager in association with the Controller shall determine the fair market value of surplus equipment and salvage materials. A determination of the best disposal method should be approved by the C.F.O. upon recommendation by the Controller & Procurement Manager. Disposal methods shall include staff blind bids, auction, trade-in allowance on new equipment, scrap or public sale. In the event of an Employee blind bid, surplus equipment for sale will be posted via email, company website and bulletin boards. All employee sales will be awarded on the completion of the 10-day period to allow all interested staff full opportunity. A minimum bid may be required for the sale to be completed. If no staff interest is shown by the completion of the 10-day period the sale/disposal to others at fair market value will occur through the Purchasing Manager.
18. Aquatera shall maintain impartiality and arm's length distance in all dealings with potential suppliers of goods and services.
19. Purchases may be made without prior approval in emergencies when the lack of immediate action to supply would disrupt critical services to the public or involve the safety of personnel. These purchases will be reviewed after the fact by the appropriate manager.
20. Assuring proper performance by Vendors requires cooperation and communication between Aquatera and the Procurement Manager. Timely action on the part of Aquatera and Purchasing is a pre-requisite for enforcing the terms of Purchase Orders and Contracts.
21. When a payment is made to an Aquatera Employee, the cheque requisition must be requested by the Employee, and approved by the Employee's supervisor, or another manager/supervisor. Any cheque requisitions requested by the C.E.O., for the C.E.O., must be approved by the C.F.O.

## **DEFINITIONS**

**Aquatera Employee** is any person whose name appears on the payroll records of Aquatera Utilities Inc. and whose manner of work is controlled by Aquatera.

**Immediate Family** includes the spouse, common-law spouse, parents, children, and brother and sisters of an Employee.

**C.E.O.** is the Chief Executive Officer as appointed by the Board of Directors.

**C.F.O.** is the Chief Financial Officer as appointed by the C.E.O.

**Owner** is an organization who is a voting Shareholder of Aquatera Utilities Inc.

**Pecuniary Interest** is defined as an interest in a contract that could monetarily affect:

- a) the Employee;
- b) a corporation, other than a distributing corporation, in which the Employee is a Shareholder, Director, or Officer;
- c) a distributing corporation in which the Employee beneficially owns more than 1% of the issued shares, or of which the Employee is a Director or Officer;
- d) a partnership or firm of which the Employee is a member; or
- e) a corporation, partnership, firm, or person that employs the Employee;

and includes the Pecuniary Interests of the Employee's spouse, parents, children, brothers, and sisters that are known to him/her or of which he reasonably should know.

**Sole-Source Procurement** occurs when a source is pre-determined to be the only source capable of performing the service or supplying the material.

## **RESPONSIBILITIES**

**Purchasing** to establish and maintain purchasing procedures and ensure the guidelines for Aquatera's purchasing function are followed and accurately documented and reported.

**C.E.O.** to approve the procedures for the purchasing function and to ensure the procedures are in accordance with the authority set by the Board of Directors.

**Aquatera Board of Directors** to establish Purchasing Authority (see Board resolution February 6, 2003).

**Managers** to identify purchasing needs, budget, specifications and timelines. Evaluate options and criteria: Obtain value for money: Minimize liability risks: Provide technical direction.

## **DISCLAIMER**

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