

**POLICY COMMITTEE  
MEETING AGENDA**

**March 5, 2015**

**10:00 a.m.**

**Cariboo Regional District Board Room**

**Suite D - 180 Third Avenue North**

**Williams Lake, B.C.**

**Pages**

**1. CALL TO ORDER (The meeting is scheduled to commence at 10:00 a.m.)**

**1.1 Adoption of Agenda**

That the agenda items be adopted as presented.

**2. REPORTS AND CORRESPONDENCE**

**2.1 Investment Policy**

1

That the Investment Policy be received. *Further action at the discretion of the Committee.*

**2.2 Procurement Policy**

6

That the Procurement Policy be received. *Further action at the discretion of the Committee.*

**2.3 Procurement Card Policy**

11

That the Procurement Policy be received. *Further action at the discretion of the Committee.*

**3. ADJOURNMENT**

That the meeting of the Policy Committee be adjourned at (TIME), March 5, 2015.

# Cariboo Regional District

## Investment Policy

### 1. Purpose

The purpose of the investment policy of the Cariboo Regional District (CRD) is to provide the framework for investment portfolio management. It is the policy of the CRD to invest CRD funds in a manner that will provide the optimal blend of investment security and return while meeting the short and long term cash flow demands and comply with the statutory requirements of the *Local Government Act*.

### 2. Scope

The investment policy applies to all cash operating funds, capital funds and reserve funds.

### 3. Objectives

The investment of funds must reflect a conservative management philosophy based on three fundamental objectives, in the following order of priority:

#### 3.1 Safety of Principal

Investments shall be made to ensure preservation of capital within the portfolio. Preservation of capital is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on individual securities and to maximize the yield from a blend of financial products.

#### 3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.

#### 3.3 Return on Investment

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints and liquidity requirements of the CRD.

### 4. Standard of Care

#### 4.1 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of

reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

#### **4.2 Ethics and Conflict of Interest**

Staff responsible for investing shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

#### **4.3 Delegation of Authority**

Authority to manage the CRD investment program is granted to the Chief Financial Officer and is derived from Section 199 of the *Local Government Act* as follows:

Section 199: One of the officer positions established under section 196 must be assigned the responsibility of financial administration, which includes the following powers, duties and functions investing funds, until required, in investments referred to in section 183 of the *Community Charter* (investment of municipal funds).

### **5. Credit Risk Monitoring**

In addition to in-house monitoring, the CRD may make use of the credit analysis of the Dominion Bond Rating Service. It must be recognized that the use of any credit analysis is an assessment and not a guarantee for safety of principal.

### **6. Authorized and Suitable Investments**

Money held by the Cariboo Regional District may be invested or reinvested according to section 183 of the *Community Charter* subject to the following additional conditions:

#### **6.1 Investments in securities of a chartered bank or savings institution or any province must:**

- i) Have a Dominion Bond Rating Service (DBRS) rating of R-1 mid or higher for Short term debt and a rating of AA for Long-term debt or Bonds or comparable ratings of another rating organization, indicating superior credit quality (See Appendix 1 of the policy).
- ii) Be purchased directly from the chartered bank, savings institution or province or from an investment dealer who is a member of the Investment Dealers Association who will act as an agent for the institutions with the approved DBRS rating.

#### **6.2 Investments in credit union deposits must be covered by the *Financial Institution Act* of the Province of British Columbia which provides unlimited deposit insurance protection on all deposits in British Columbia credit unions.**

#### **6.3 Investments shall be held in the name of the CRD by approved institutions.**

#### **6.4 Investments in any one security issue shall not exceed 10% of that security issue.**

- 6.5** Investments with any one financial institution shall not exceed 20% of the District's maximum annual investment portfolio.
- 6.6** The percentage limits specified in items 6.4 and 6.5 do not apply to investments made in securities of Canada, the Province, the Municipal Finance Authority of British Columbia (MFA) or pooled investment funds under section 16 of the *Municipal Finance Authority Act*.

## **7. Investment Parameters**

### **7.1 Diversification**

The CRD will diversify its cash reserve investments by security type and institution, taking into consideration the impact on return on investment.

### **7.2 Maturity**

To the extent possible the CRD shall attempt to match its investments with anticipated cash flow requirements. However, because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in readily available funds to meet ongoing obligations. Long term investments may be acquired if the maturity is related to a specific program, and is made to coincide as nearly as practicable with the expected use of the funds attached to that program.

## **8. Competitive Bids**

The CRD shall solicit competitive verbal quotations for the purchase and sale of securities when it is prudent to do so. This policy recognizes that, from time to time, offerings of value may require immediate action. Under such circumstances competitive bids may not be sought provided that value can be substantiated by market data information services.

## **9. Safekeeping and Custody**

All security transactions entered into by the CRD shall be conducted on a delivery versus payment basis. The Chief Financial Officer must be satisfied that physical possession of the security is in possession or held by a custodial service.

## **10. Policy Review**

This policy shall be reviewed periodically by the Chief Financial Officer to ensure congruence with changing activities of the CRD, market conditions, technology, evolving regulatory standards and private industry best practices.

## **11. Reporting**

The Chief Financial Officer must report to the Finance / Audit Committee annually. The report must identify investment holdings and any deviations from policy.

**Appendix 1**

**COMMUNITY CHARTER  
[SBC 2003] CHAPTER 26**

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**Part 6 – Financial Management**

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**Division 3 – Expenditures, Liabilities and Investments**

Investment of municipal funds

- 183 Money held by a municipality that is not immediately required may only be invested or reinvested in one or more of the following:
- a) Securities of the Municipal Finance Authority;
  - b) Pooled investment funds under section 16 of the *Municipal Finance Authority Act*;
  - c) Securities of Canada or of a province;
  - d) Securities guaranteed for principal and interest by Canada or by a province;
  - e) Securities of a municipality, regional district or greater board;
  - f) Investments guaranteed by a chartered bank;
  - g) Deposits in a savings institution, or non-equity or membership shares of a credit union;
  - h) Other investments specifically authorized under this or another Act.

## Appendix 2

### Dominion Bond Rating Service (DBRS) ratings on credit quality

<b>Commercial Paper and Short Term Debt</b>	<b>Commercial Paper and Short Term Debt</b>	<b>Bond and Long Term Debt</b>	<b>Bond and Long Term Debt</b>
<b>DBRS Symbol</b>	<b>Credit Quality</b>	<b>DBRS Symbol</b>	<b>Credit Quality</b>
R-1 (high)	Highest	AAA	Highest
R-1 (mid)	Superior	AA	Superior
R-1 (low)	Satisfactory	A	Satisfactory
R-2 (high)	Adequate	BBB	Adequate
R-2 (mid)	Adequate	BB	Speculative
R-2 (low)	Adequate	B	Highly Speculative
R-3 (high)	Speculative	CCC	Very Highly Speculative
R-3 (mid)	Speculative	CC	Very Highly Speculative
R-3 (low)	Speculative	C	Very Highly Speculative
D	In Arrears	D	In Arrears
NR	Not Rated		

# **Procurement Policy**

## **Purpose**

The purpose of this Policy is to achieve the best overall value for the Cariboo Regional District, its customers, and taxpayers in its acquisition of goods and services. The overriding objective of this Policy is to select qualified suppliers in a way that is open, fair, transparent and non-discriminatory. The policy will also ensure we meet our obligations under Canada's competitive bidding laws and be in compliance with the various trade agreements.

## **Scope**

This policy applies to all staff, volunteers, the Board and anyone else who may be involved in procurement activities on behalf of the Region. It identifies those who have the authority and the responsibility to acquire goods and services on behalf of the Region. It also sets out the principles to be followed throughout the procurement process.

This Policy applies to all purchases of goods and services, including capital expenditures and goods for resale.

## **Policy**

The acquisition of goods and services shall be by a competitive bidding process wherever possible.

Under the authority delegated by the CRD Board, the CAO is authorized to commit the Region to contracts, supply agreements, licences, purchase orders, leases or other legally enforceable documents.

The CAO may assign specific purchasing authority to other individuals or departments while retaining functional authority.

Only duly authorized individuals can commit the Region to contracts, supply agreements, licences, purchase orders, leases or other legally enforceable documents.

Where a commitment has been made on behalf of the Region by someone who does not have the authorization, the obligation will be with that individual and not the Region.

## **Responsibilities**

Individuals performing procurement activities on behalf of the Region must have authorization to do so. This authority has been delegated by the Board to the CAO, and then further to the CFO, Manager of Procurement and Function Managers through this Policy.

The Manager of Procurement and the CFO report directly to the CAO. They are authorized under this Policy to commit the Region to contracts, supply agreements, licences, purchase orders, leases and other legally enforceable documents; to implement this policy; and to ensure that the Policy's principles are understood and applied.

Function Managers are responsible for ensuring that the Policy is clearly understood and complied with, within their areas of responsibility.

**CRD Board to:**

- Determine the allocation of resources through an approved annual budget.
- Authorize unforeseen expenditures not originally budgeted for. This must be approved first by the appropriate Committee/Commission and ratified by the Cariboo Regional District Board, by way of a budget amendment bylaw, and registered with the Inspector of Municipalities before being undertaken, unless such expenditure is an emergency.

**CAO or designate to:**

- Support the promotion of sound procurement practices and appropriate education and training to those involved in procurement
- Authorize purchases that exceed the delegated authority of the Manager of Procurement & CFO
- Expenditures not originally specified in the budget have to be approved by the CAO or delegate before expenditures can be undertaken.

**Manager of Procurement to:**

- Advise the CAO on policies, regulations and legislation affecting procurement
- Ensure organizational compliance with all procurement policies, applicable laws, trade agreements and regulations
- Ensure procurement policy is readily accessible to Region employees, suppliers and the general public
- Report corporate procurement activity to CAO and CFO on a regular basis
- Provide appropriate orientation, training and tools to those involved in public procurement activities
- Advise Region staff on market conditions and strategies in developing budgets, planning projects, framing business cases and buying decisions
- Advise on the procurement of Major Projects
- Authorize purchases that exceed the delegated authority of the Function Unit Manager
- Advocate compliance with this policy and sound procurement practices
- Analyze on a continual basis, the Region's business requirements and identify opportunities for cost savings and strategic sourcing

**Emergencies**

When an emergency exists, purchase of goods, supplies and services may be made directly by the function manager. This provision shall apply only in the case where the procurement of such goods or services, in the opinion of the CAO, is essential to protect and prevent damage to property, life, health and welfare to the public.

This provision could also apply where the function would be seriously affected. If purchases are made under this provision:



- An emergency purchase occurs and sufficient funds are budgeted within the function budget the responsible manager shall prepare the necessary purchase order.
- Where sufficient funds are not available within the function budget then the function manager will notify the CFO. Further, the action shall be presented to the appropriate commission/committee where applicable and to the Board.

### **Approval Thresholds**

Where funding is allocated specifically within an approved budget the delegate responsible for the award of a competitive bid process shall be:

- \$0 - \$10,000 the Function Manager
- \$10,000 - \$50,000 the Manager of Procurement or CFO
- \$50,000+ the CAO or Delegate

Where funding is allocated specifically within an approved budget the delegate responsible for the award of a non-competitive bid process (direct award) shall be:

- \$0 - \$1,500 the Function Manager
- \$1,500 - \$15,000 CFO or Manager of Procurement
- \$15,000+ the CAO or Delegate

In the absence of the CAO, the acting CAO, in conjunction with the CFO or the Manager of Procurement, will be designated as the Delegate.

The award of a competitive bid process or direct award where funding is not specifically allocated within an approved budget shall be authorised by the Board.

### **Competitive Bidding Process**

The competitive bid process is essential for delivering the best overall value to the Region. The region will facilitate open as well as invitational competitions as per the following:

**Open Competition:** involves the public posting of a competition document to the Region's prescribed electronic tendering site (BC Bid). The New West Partnership Trade Agreement (NWPTA) states that an open competition must be employed when the procurement of goods or services exceeds \$75,000 or \$200,000 for construction projects. The Region will conduct an open competition for all contracts that are estimated to be over \$50,000 in value.

**Invitational Competition:** Where the estimated procurement value is less than the open competition thresholds the Region may choose to engage in an invitational competition subject to the following thresholds:

- \$1,500 - \$10,000 - A Function Manager shall conduct an invitational competition by requesting bids from at least 2 qualified suppliers.

- \$10,000 - \$50,000 – The Manager of Procurement shall conduct an invitational competition by requesting bids from at least 3 qualified suppliers. If market conditions or the complexity of the procurement warrant it, the Manager of Procurement will conduct an open competition.

**Direct Award:** A Direct Award process is one where a contract is awarded without using a competitive process. It may only be employed when in compliance with the Agreement on Internal Trade (AIT) and the NWPTA.

Items that are exempt from the trade agreements include emergencies, one-of-a-kind goods or services available from only one supplier, services provided by lawyers or notaries and replacement parts/items for a specific brand of existing equipment.

### **Payment Method**

- Where possible, all purchases under \$1,500 should be made via pcard.
- Purchases from \$1,500 to \$10,000 may be made by purchase order.
- Purchases over \$10,000 should be made by purchase order or other form of contract at the discretion of the Manager of Procurement.
- Purchases under \$50 may be made using petty cash where a Procurement Card is not accepted or we do not have an agreement in place with a supplier.

### **Conflict of Interest**

The Region's procurement activities must be conducted with integrity, so as to maintain the public's trust. Individuals involved in procurement activities must act, and be seen to act, with integrity and professionalism. Procurement activities must be open, fair, transparent and conducted with a view to obtaining the best overall value.

Honesty, care and due diligence must be integral to all procurement activities within and between the Region, suppliers and other stakeholders. Participants should not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting favours, providing preferential treatment, or publicly endorsing suppliers or products.

All participants in the procurement process (including all staff and members of the evaluation team) must ensure that there are no internal conflicts of interest. Section 100-109 of the Community Charter (CC) and section 787.1 of the Local Government Act (LGA) regulate the manner in which current board members may engage in business with the Region where they have a pecuniary interest. It should also serve as a guideline for participants in procurement activities, for ethical conduct and situations in which a conflict of interest may arise.

Contracts will not be awarded to Directors or Managers of the Region for a period of 6 months following their resignation or termination if the supply, work or service being tendered for is a matter in which they had personal involvement and over which they exercised some control prior to their resignation or termination.

Suppliers are required to declare, as part of their bid in a procurement process, that there are no conflicts of interest, or provide details of any actual or apparent conflict of interest. All competition documents must include appropriate conflict of interest language and declarations.

### **Length of Contract**

Once a competitive bid process is completed and a winner selected, an initial contract cannot be awarded for more than a three year period. The contract may be extended for an additional 2 years if it is in the interest of the Region to do so.

# Procurement Card Policy

## **Purpose**

This Policy establishes the roles, responsibilities and parameters within the Region's procurement card program.

## **Scope**

This Policy applies to all staff, volunteers, board members and agents acting on behalf of the Region.

## **Policy**

It is the Region's policy to use Procurement Cards for procurement and payment of goods and services (within the parameters of the Region's Procurement Policy) where it is efficient, economical and operationally feasible to do so.

## **Responsibilities**

### ***Cardholder***

- Adhering to the Procurement Cardholder Agreement (Attachment A).
- Reporting lost or stolen cards to Card Company and to the Card Administrator as soon as possible
- Reconciling monthly statements and providing supporting documentation.
- Reporting disputed transactions immediately to the Card Administrator.

### ***Function Manager***

- Ensuring that Procurement Cardholder Agreement form (Attachment A) and Cardholder Application form are complete and forwarded to the Card Administrator.
- Reviewing monthly statement reconciliation.

### ***Card Administrator***

- Principal contact with the Bank
- Card management, ordering, issuing and deleting cards in accordance with hierarchical structures.
- Communicating to and replying to cardholder inquiries.
- Day to day operational issues.

### ***Procurement Manager***

- Establishing a credit limit and transaction limit for each cardholder. Transaction limit will conform to the limits established in the Procurement Policy
- Maintaining and distributing internal procedures and monitoring compliance.
- Setting restrictions of Merchant Category Codes for each cardholder.

## ***Usage***

The use of the Procurement Card is subject to the following restrictions:

- Only the person whose name appears on the card may use it.
- The card must be used only to make authorized official Regional District purchases within the parameters established in the Procurement Policy.

The Manager of Procurement, in conjunction with the CFO, will determine the credit limit for each Procurement Card issued, in accordance with existing procurement policies. The credit limit should take into consideration the forecasted usage. These limits and any other restrictions will be communicated to the cardholder. A written acknowledgement of responsibilities and obligations must be obtained from each cardholder prior to any use of the pcard.

Reconciliation for any expenditure made using the card will take place when the monthly individual billing report is received. Supporting documentation must be kept for each purchase made with the Procurement Card, to provide an audit trail and to facilitate reconciliation and matching of the packing slips, credit card vouchers, invoices and transaction logs to the cardholder statement.

To manage the cards properly, the cardholder should ensure that:

- The card is kept in a secure location when not in use.
- Upon request from the Manager of Procurement or Card Administrator, the Procurement Card is returned to the requester.
- Upon leaving or termination from the Region, the Procurement Card is returned to the Card Administrator for immediate cancellation and action to determine and pay the outstanding balance of the account.
- When quoting the Procurement Card number over the telephone or internet for a purchase, every precaution is taken to avoid the risk of unauthorized use of the card number.
- Items in dispute are settled promptly by notifying the Card Administrator and providing any information and assistance requested to settle the disputed item.
- Shipping and handling charges will be confirmed up front.

## **Monitoring**

The Manager of Procurement and the CFO will review the purchasing card program to determine whether the cards are being used in accordance with the Region's policies. If a cardholder misuses a card or is not in compliance with the Region's policies, the Manager of Procurement, in conjunction with the CFO, may cancel the card.

## **Obtaining a Card**

- ✓ Complete and sign the Procurement Card Application.
- ✓ Your Manager must approve the application.
- ✓ Your Manager may request any revision to the transaction limit for each card. This must be in writing.
- ✓ Forward all signed copies to Manager of Procurement.
- ✓ The Card Administrator will notify the cardholder's Manager when the card is available to be picked up. The Manager will direct the cardholder to pick up their procurement card from the Manager of Procurement. The cardholder must receive the procurement card in person and sign a Procurement Card Agreement.
- ✓ The cardholder must sign the back of the card upon receipt.

## **Card Cancellation and Non-Compliance**

To cancel a Procurement Card, the card should be cut in half and delivered to the Manager of Procurement along with a memo or email from the Manager requesting the cancellation.

The card will be cancelled for the following reasons:

- ◆ The cardholder's termination of employment.
- ◆ The cardholder's transfer to another position.
- ◆ Misuse by the cardholder.
- ◆ Non- compliance with this Policy or the Procurement Policy.

### **Card Renewal**

A renewal procurement card will be automatically mailed to the Region prior to expiry date. Cardholders will be notified when the cards are available for pick up.

### **Lost or Stolen Cards**

Lost or stolen cards must be reported immediately to the Card Company. The Card Administrator must also be notified immediately.

### **Disputed Transactions**

Disputed items, which are purchases that do not accurately reflect the transactions made by the cardholder (i.e. wrong amount, incorrect vendor, etc.), should be reported immediately to the Card Administrator for removal from your report until resolved. Problems with merchants, (i.e. late delivery, etc.) are not considered to be disputed items and must be settled directly with the merchant.

For disputed charges, the Region does not have to pay any amount in question for up to 60 days while the BANK investigates the situation. The card holder will be asked to send in a dispute form to the card administrator who will then initiate a request for supporting documentation for the charge from the merchant. Disputed items are automatically removed from your purchase expenses and placed in suspense by the BANK until resolved.

### **Billing Procedure**

At the end of each month the cardholder will receive a Monthly Statement. The cardholder will match, code and verify the transactions on your statement to your credit card vouchers, packing slips, invoices and transaction logs.

If there are no disputed items on your billing report, it should be approved immediately and forwarded, along with the backup material, to your Manager for payment. If there are disputed items on your billing report, do not delete them from your billing report. Instead report them to the Card Administrator who will follow up with the BANK. They will be adjusted on your next statement.

Please forward the billing report to your Manager as soon as possible after receipt. The reports and supporting material will be forwarded on to Accounts Payable as soon as possible.

### **Using the Card**

The card may be used in person, mail, fax, telephone or Internet. The transaction limit per purchase includes shipping, handling, foreign exchange and taxes.

Please note: telephone, fax and internet orders should be treated with care in giving out our card number. As a general rule, make sure you know who you are dealing with and NEVER place an order based on a telephone solicitation, where the firm initiates the contact. If you initiate the contact, and know whom you are dealing with, use of the card should pose no problem. Just beware of the “deal” that sounds too good to be true. It usually is.

The card is not to be used for the following:

- ❖ Cash advances
- ❖ Personal transactions

# Attachment A

## Cariboo Regional District Cardholder Agreement

Cardholder Name: \_\_\_\_\_ Manager: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_

The Cariboo Regional District is pleased to present you with a Procurement Card. This card represents the Region's trust in you to make certain purchases, and with this trust comes the responsibility to protect the Region's assets.

1. As an authorized cardholder, I agree to comply with the terms and conditions of this Agreement
2. I am the only person entitled to use the card and am responsible for all charges made against the card.
3. I accept responsibility for protection and proper use of the card as outlined in this agreement and the above procedures. I understand that the card may be used only for authorized Regional District business in accordance with the Region's policies and procedures, **and that no personal expenses are to be charged to the card.** Use for personal gain may result in termination.
4. I am expected to keep receipts, reconcile all charges on a monthly basis, resolve any discrepancies, and follow proper security measures.
5. Lost or stolen cards must be reported immediately to the Card Company and the Card Administrator.
6. **Non-adherence to any of the above procedures will result in revocation of the card.** Should the cardholder terminate employment with the Cariboo Regional District, the card must be forwarded to Card Administrator immediately.

I hereby acknowledge receipt of procurement card # \_\_\_\_\_

Expiry Date: \_\_\_\_\_

Cardholder Signature: \_\_\_\_\_

Date: \_\_\_\_\_

I hereby acknowledge return of procurement card # \_\_\_\_\_

Expiry Date: \_\_\_\_\_

Cardholder Signature: \_\_\_\_\_

Card Administrator Signature: \_\_\_\_\_

Date: \_\_\_\_\_