



Approval Report/By-law Number: ES-009-25
Appendix C

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Policy Statement: The [Procurement and Disposal Policy](#) is an important part of the framework that promotes achieving value for money in the delivery of municipal services to the public. In conjunction with the Town of Milton’s Purchasing By-law, this policy serves as a guide for staff involved in the acquisition or disposal of goods and services.

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1. Policy Purpose

The Town of Milton (“the Town”) acknowledges its responsibility for the effective utilization of resources and is desirous of codifying sound policies related to the procurement and disposition of goods and services in a manner that fulfils its mandate to provide effective, responsible government and efficiently deliver services to the residents of the Town.



2. Guiding Principles & Objectives

- i. The purpose of this policy is to establish sound policies for the procurement of Goods and Services by the Town in a manner that is efficient, ethical, professional, accountable, and of Best Value. The Town, the public, and the business community should have confidence in the integrity of the procurement process and the Town's staff involved in that process. For further clarity, the purpose is to ensure:
 - objectivity and integrity in the procurement process;
 - fair treatment of all Bidders;
 - openness, accountability, transparency, and non-discriminatory access in all business transactions;
 - responsible management of public funds and Town finances and assets;
 - Best Value is achieved for the Town; and
 - Consideration is given to the administrative capacity available to support the procurement process, as well as the timeliness of the resulting Awards relative to program demands.
- ii. In view of the complexity and volume of Town activities, it is recognized that professional skills are required to ensure that the required quality and quantity of goods and services are procured in an efficient and economical manner.
- iii. The Town follows the guidelines set out in the codes of ethics established by the Purchasing Management Association of Canada and the National Institute of Government Purchasers.

3. Scope

This Policy applies to the Town, the Milton Public Library ("MPL") and the Downtown Milton Business Improvement Area ("BIA").

4. Policy

4.1 Purchasing By-law

- i. The Town shall adopt and maintain a by-law to establish policies for the procurement of goods and services, and for the disposal of surplus goods and services by the Town (henceforth referred to as the 'Purchasing By-law').
- ii. Section 270 of the Municipal Act requires local boards of the municipality to also maintain their own policies with respect to purchasing. For clarity, local boards of the Town of Milton include the Milton Public Library (MPL) and the Downtown Milton Business Improvement Area (BIA). Such local board policies shall take precedence over the Town's purchasing by-law with respect to the purchasing activity of the respective local board. The local boards are encouraged to incorporate elements of this Town policy in their own policy framework.

4.2 Commodity Price Hedging

- i. Section 6(1) of O. Reg. 653/05 of the Municipal Act, 2001 requires the adoption of a statement of commodity price hedging policies and goals relating to the use of financial agreements before the municipality may enter into commodity price hedging agreements.



- ii. The Town will consider commodity price hedging agreements as a means of fixing, directly or indirectly, or enabling the Town to fix, the price or range of prices to be paid by the Town for the future delivery of some or all of the commodity or the future cost to the municipality of an equivalent quantity of the commodity, where it is advantageous for the Town to do so.
- iii. In determining whether a particular commodity price hedging agreement is advantageous for the Town, the following considerations will be taken into account:
 - a. Actual and expected commodity purchases (volumes and prices);
 - b. a detailed estimate of the expected result of using such an agreement;
 - c. If, at the time, it is the opinion of the Treasurer that the future price or cost to the Town of the applicable commodity will be lower or more stable than it would be without the agreement;
 - d. If, at the time, it is the opinion of the Treasurer that the financial and other risks to the municipality that would exist with the use of such an agreement will be lower than the financial and other risks to the municipality that would exist without such an agreement;
 - e. If, at the time, it is the opinion of the Treasurer that the agreement contains adequate risk control measures relating to such an agreement, such as:
 - limited credit exposure based on credit ratings and/or on the degree of regulatory oversight and/or on the regulatory capital of the other party to the agreement,
 - a standard agreement,
 - on-going monitoring with respect to the agreement.
 - f. If, at the time, it is the opinion of the Treasurer that fixed costs and estimated costs of the Town will be reduced by virtue of the use of such an agreement.

4.3 Leasing - Facilities and Assets

- i. The Town may enter into a Lease Financing Agreement for the purpose of obtaining long-term financing of a capital undertaking for the municipality where it is deemed to provide benefit by way of any of the following:
 - a reduction in the overall cost
 - a reduction in the risk to the Municipality
 - an advantageous cash flow
 - synergies or efficiencies in service delivery
 - other benefits as determined by the Treasurer or Council

Prior to entering into a Lease Financing Agreement, there are financial and other risk considerations to the Town which must be identified and assessed.

- ii. Subject to the materiality clause, this policy applies to the acquisition of the following items acquired through a financial lease:
 - rolling stock
 - equipment
 - buildings
 - land
 - and any other physical asset



- iii. Materiality - the following Lease Financing Agreements are not subject to this policy as they are considered not to have a material impact on the finances of the Town in accordance with the materiality definition established in O.Reg 653/05.
 - Rental Agreements, which have a term of less than one year and the cancellation of which results in no financial penalty to the Town;
 - Commercial real property leases (e.g. office space) with a term of five years or less.
 - Leases which have a present value of \$500,000 or less using a capitalization rate of the 10 - year debenture rate in the year the lease is entered into.
- iv. With the exception of Rental Agreements (as described in 4.3.iii), no lease can be entered into by the Town unless it has been reviewed and approved by the Treasurer or designate, and for material leases - by Town Council.
- v. Where a Lease Financing Agreement is contemplated, the Treasurer or designate shall review the terms of the lease in order to assess and make a determination as to whether or not the lease is a material lease.
- vi. For material leases, the Treasurer or designate shall:
 - a. Compare the lease costs of the proposed lease to other methods of financing (debt, reserves, operating funds).
 - b. Calculate the effective rate(s) of interest for the lease financing.
 - c. Conduct a sensitivity analysis for leases with variable lease payments.
 - d. Determine any contingent payment options associated with termination, replacement, loss, guarantees and indemnity.
 - e. Prepare a report to Council on all material leases covered by this policy prior to the lease being entered into, in accordance with the *Municipal Act, 2011 (O.Reg 653/05)*.
- vii. The Town Solicitor will review all Lease Financing Agreements to ensure that they adequately protect the interest of the Town, that they are in compliance with the laws of Ontario and that all risks of the lease have been properly disclosed to the Treasurer and Town Council in accordance with this policy. Third party financial advice will also be obtained, where necessary, in order to satisfy the requirements of O.Reg. 653/05.

4.4 Town Issued Credit Card (TICC) Program

4.4.1 Program Overview

The Town uses TICC's for payment of goods and services where it is efficient, economical and operationally advantageous to do so. The intended benefits of the TICC's are:

- i. reduce the costs of procurement and supplier payment,
- ii. improve ease and expediency of purchasing,
- iii. improve the timeliness of supplier payments,
- iv. improve control over small dollar departmental purchasing,
- v. improve management reporting on departmental purchasing.

This policy applies to all employees authorized to use a TICC for Town business.

All procurement activity must be compliant with the current Purchasing Policy, the Purchasing By-law and any other related Town Policies and Procedures.

Delegation & Authority



The Manager, Procurement, in consultation with the respective Leadership Management Team (“LMT”) Member, has the authority to designate issuance of TICC’s and the associated spending limits.

Staff in receipt of a TICC have the delegated authority to purchase goods and services on behalf of the Town, in adherence with this policy. Employees are authorized to use the TICC to purchase goods and services, in support of sound business practices, with a cyclical upset limit defined through the cardholder agreement. In addition, the Treasurer or designate may use the TICC to pay for large purchases where the purchase exceeds the cardholder’s standard limit. The form of payment for these purchases is noted on the Purchasing Delegated Authority (PDA) report.

Staff may also receive Ghost Payment Cards issued in the suppliers’ names. These unique TICC’s are used by staff for payment purposes for individually named suppliers. These type of TICC’s have assigned card numbers, but the actual plastic cards do not exist. The purchase itself would still follow the Purchasing Policy and imposed quotation requirements but the payment is made through the TICC rather than any other form of payment. Payments may exceed the ten thousand dollars (\$10,000) limit per transaction.

4.4.2 Administration & Compliance

The Manager, Procurement and the Manager, Accounting and Payroll are jointly responsible for the administration of the TICC Program

Each TICC will have a unique number and will be issued in the name of the Town of Milton and the name of the employee who has been authorized to use that TICC. The TICC is not transferable to any other employee, even if that other employee is also authorized to use a TICC on behalf of the Town. Improper TICC use can result in the cancellation of the employee’s TICC and other measures in accordance with the Town’s Employee Code of Conduct and related policies.

Compliance

All TICC activities/purchases will be monitored by the Supervisors/Managers/ Directors/ Commissioners (or equivalent in the case of the MPL and BIA) of the end departments as well as the Manager, Procurement and Manager, Accounting and Payroll, to ensure that the use of the TICC is in compliance with any related Town Policies and Procedures, including the employee Code of Conduct.

Non-compliance activities include, but are not limited to:

- a) Purchases over the designated card limits or over the single transaction limit that has been established;
- b) Splitting a transaction into two or more transactions to bypass the single transaction dollar limit;
- c) Personal purchases;
- d) Unauthorized purchases;



“Unauthorized purchase” means a purchase that did not benefit the Town and/or was made by someone other than the cardholder. The Town is not liable for any unauthorized purchase of the TICC which occurs after notification of loss, theft or cancellation has been received by the Town’s credit card provider. However, if the loss or theft of the TICC is not reported immediately, the Town may be liable for all unauthorized purchases charged to the account.

- e) Cash advances;
- f) Alcoholic beverages (unless there is prior approval from an LMT Member);
- g) Loan/transfer of the TICC to another employee;
- h) Use of a junior employee’s TICC when senior staff are requesting the good or service;
- i) Failure to submit the appropriate supporting paper documentation for the reconciliation (i.e. invoices, transaction slips, register receipts, credit vouchers);
- j) Not reporting a lost or stolen TICC by the cardholder to the Town’s credit card provider and to the Manager, Procurement;
- k) Non-compliance to the Town’s TICC Policy and other related Town policies as it relates to the TICC Policy;

Cardholders will be held liable for any misuse or willful disregard of policies or operating procedures that result in a loss of money, fraud or collusion;

- l) Acceptance of cash or a cheque (other than as described below) from a supplier who is making a refund for a transaction previously charged to a purchasing carTICC;

Refunds or credits should be issued against the same TICC that the original transaction was charged to. Should that not be an option, a cheque must be issued to the Corporation of the Town of Milton.

- m) No authorization approval signature on the cyclical reconciliation.

TICCs will not be used:

- a) when the cost of the goods or services would be significantly increased as a result of using the TICC and an alternative method of payment is available (i.e., a discount is provided by the supplier as a result of not using the TICC),
- b) when the supplier does not take a credit card as a means of payment.

The Manager, Procurement shall establish procedures to address incidents of non-compliance with the terms of the TICC Program and related policies and by-laws.

4.4.3 Statement Cycle

The statement cycle period is set up at the discretion of the Manager, Procurement and the Manager, Accounting and Payroll (example: semi-monthly). A schedule of reconciliation due dates will be posted annually for staff. The balance on each card is reset to zero on the next business day following the last day of the TICC cycle.

4.4.4 Procedures



The Manager, Procurement and the Manager, Accounting and Payroll shall establish procedures to be followed for each statement cycle with consideration for the required:

- Approvals and signatures
- Timelines
- Supporting documentation
- Record retention

5 Roles and Responsibilities

Individual(s)	Responsibilities
Town Council	The Town Council is responsible for: <ol style="list-style-type: none"> Approving and maintaining a Purchasing By-law and policies related to Commodity Price Hedging and Financial Lease Agreements in accordance with the <i>Municipal Act, 2001</i>; Approving purchases, agreements and disposal in accordance with the thresholds outlined in this policy and the Purchasing by-law; Reviewing reports submitted in accordance with this policy.
Town Staff	All Town staff are responsible for: <ol style="list-style-type: none"> Ensuring strict adherence to this policy and the purchasing by-law; Identifying purchasing needs to the Manager, Procurement or designate in accordance with Town procedures.
TICC Holders	The cardholder is responsible for: <ol style="list-style-type: none"> Adhering to all conditions and restrictions imposed on the TICC by the Town and the Town’s credit card provider Satisfying all of the procedural requirements related to the TICC that are established by the Manager, Procurement and/or the Manager, Accounting and Payroll
LMT Members	LMT Members or their designates are responsible for: <ol style="list-style-type: none"> Assessing the need for TICC’s, in conjunction with the Manager of Procurement, based on operational requirements and making resulting recommendations; Informing or recommending to the Manager, Procurement of the need for the issuance or cancellation of cards, increases or decreases to credit limits, changes in department or area of responsibility, changes to merchants; Monitoring the utilization, approvals and reporting of TICC’s within their division or area of responsibility; Acting and reporting on non-compliance issues.
Manager, Accounting and Payroll	The Manager, Accounting and Payroll or designate is responsible for: <ol style="list-style-type: none"> Developing corporate policies and procedures for TICC’s related to the reconciliation submission packages to ensure timeliness, appropriate accounting and sales tax treatment, record keeping, and reconciliation of credit card related GL accounts (payables, inventory, credit receivable, clearing, etc.) as well as bank accounts/transaction;



	b) Ongoing credit card training related to credit card reconciliation.
Manager, Procurement	<p>The Manager, Procurement or designate will act as the primary controller for the Town's TICC Program and shall be responsible for:</p> <ul style="list-style-type: none"> a) Strategic planning for the card program; b) Negotiating the program with the Halton Cooperative Purchasing Group (HCPG) and the Town's credit card provider; c) Developing corporate policies and procedures on TICC procurement for goods and services; d) Administering TICC compliance as outlined in the Purchasing policies; e) Ensuring that each cardholder is informed of his or her responsibilities regarding the use of the TICC, f) Approving and processing requests for new TICC, card changes (increases or decreases to credit limits) and cancellation of cards; g) Maintaining a log of all card numbers, cardholder's names and signatures and any spending categories; h) Ensuring that purchases are in compliance with all policies and procedures, following up on discrepancies and acting and reporting on non-compliance issues. i) Filing of all statements and receipts for audit purposes; j) Ongoing administrative and cardholder training.

6 Policy Management

The Treasurer is delegated the authority to make administrative changes to this policy that may be required from time to time due to legislative changes, Council decisions, and if, in the opinion of the Treasurer, the amendments do not change the intent of the policy. Any changes made under this delegated authority shall be reported to Council on an annual basis.

7 Reporting

- i. In accordance with O.Reg. 653/05, the Treasurer shall report to Council at least once each fiscal year with respect to any and all commodity price hedging agreements in place. The report must include at minimum:
 - A statement of expected to actual results;
 - A statement by the Treasurer as to whether the agreements entered during the period are consistent with the Town's policies and goals.
- ii. In accordance with O.Reg. 653/05, the Treasurer shall report to Council at least once each fiscal year with respect to any and all lease financing agreements. That report will include at minimum:
 - An estimate of the total financing arrangements using lease financing agreements to the long term debt of the municipality, including a description of change from prior year;
 - A statement of the Treasurer as to whether all lease financing agreements were made in accordance with the statement of leasing policies and goals as adopted by Town Council.
- iii. Other reporting as may be required in accordance with the Purchasing By-law;



- iv. Any changes made to this policy through the authority delgated under Section 6 shall be reported by the Treasurer to Council annually.

8 Related Policies, By-laws, Regulations, Legislation and Accounting Standards

- i. Municipal Act, 2001
- ii. Ontario Regulation 653/05
- iii. Town of Milton Policy 162 (Town Owned Land Disposition)
- iv. Public Libraries Act

9 Definitions

- i. **Commodity** - means, whether in the original or a processed state, an agricultural product, a forest product, a product of the sea, a mineral, a metal, a hydrocarbon fuel, electricity, a precious stone or other gem and other physical goods but does not include chattel paper, a document of title, an instrument, money or securities; (per O.Reg 653/05)
- ii. **Lease Financing Agreement** - for the purposes of this policy, is a financial arrangement whereby equipment or municipal capital facilities are provided to the Town by a third party in exchange for a series of payments that extend beyond the term of Council.
- iii. **Term** - a fixed or limited period for which something lasts or is intended to last. The term of the lease shall be the entire term of the lease including any possible extensions or renewals as stated in the lease.

10 History of the Policy

Last amended: This policy was most recently amended on March 17, 2025 (ES-009-25)

Previous Policies: This policy was originally approved on Juune 18, 2018 (CORS-041-18). This policy replaced the following former policies:

- Policy 65: Disposal of Surplus Goods (CS-49-04)
- Policy 154: Agreement - Commodity Price Hedging (CS-41-09)
- Policy 127: Leasing - Facilities and Assets (CS-26-04)