 <b>Lakefront Utility Services Inc.</b>	<b>ADMINISTRATIVE PRACTICES</b>	PRACTICE: ADM-4 APPROVED: EFFECTIVE: 9/20/2011 SUPERSEDES: 5/01/2000
<b>PROCUREMENT POLICY</b>		

#### **ADM 4.1.0 PURPOSE**

**4.1.1** To set forth the policy of the corporation regarding the approval procedure for purchasing capital and operational expenditures.

#### **ADM 4.2.0 POLICY STATEMENT**

**4.2.1** It is the policy of Lakefront Group of Companies represented by Lakefront Utility Services Inc. (LUSI) to set up procedures for the purchasing of supplies, materials and other services on behalf of LUSI and its affiliates.

#### **ADM 4.3.0 PURCHASE ORDER CREATION PROCESS**

**4.3.1** All requests for the purchase of goods or services must be submitted on a Purchasing Form, which when authorized and approved by the appropriate signing authorities and assigned a valid number, becomes an official Purchase Order.

**4.3.2** In an emergency, a Supervisor may place a verbal order which must be followed by a official Purchase Order as soon as practicable.


#### **ADM 4.4.0 RESPONSIBILITIES**

##### **4.4.1 Department Manager's Responsibility's**

The Department Manager is responsible for reporting, in writing, to the President or Vice President, all instances of unsatisfactory vendor performance.

##### **4.4.2 Staff's Responsibilities**

All staff is responsible for following the Purchasing Policy as outlined within, for ensuring that all items purchased meet the all current Regulatory Standards and/ or an approved Electrical Standards as per Ontario Regulation 22/04

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#### **ADM 4.5.0 APPROVAL PROCEDURE & LEVELS**

**4.5.1** Purchasing Forms will be approved by the appropriate authority level as per *Table 1 and Table 2* below, validated for appropriateness of expenditure, verified against the current approved Budgets and checked for account coding accuracy. All invoices will be matched to the corresponding approved purchase order by the Finance Department.

**4.5.2** Purchases are not to be divided to circumvent any thresholds in this policy.

***Table 1      Approved Budget Purchases***


Supervisor	Approval of purchase orders not to exceed \$ 1,000
Manager	Approval of purchase orders not to exceed \$ 5,000
Corporate Officers	Approval of purchase orders not to exceed \$ 25,000
Vice- President	Approval of purchase orders not to exceed \$ 50,000
President	Approval of purchase orders not to exceed \$100,000
President <b>and</b> VP	Approval of purchase orders not to exceed \$150,000
Purchases over \$150,000 require additional authorization by the Chair of HOLDCO.	

***Table 2      Purchases not included in Approved Budget***

Supervisor	Approval of purchase orders not to exceed \$ 250
Manager	Approval of purchase orders not to exceed \$ 1000
Corporate Officers	Approval of purchase orders not to exceed \$ 2,000
Vice- President	Approval of purchase orders not to exceed \$ 10,000
President	Approval of purchase orders not to exceed \$ 15,000
President <b>and</b> VP	Approval of purchase orders not to exceed \$ 25,000
Purchases over \$25,000 require additional authorization by the appropriate Board.	

**4.5.3** Purchase of miscellaneous items under a value of \$250 do not require a purchase order but do require approval and account coding by appropriate supervisor.

**4.5.4** Rental of equipment does not require a purchase order but does require the associated work order. The invoice will contain the work order number will be approved at the time it is received. Work order number must be recorded on third party documentation.

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**ADM 4.6.0 PURCHASES PAID OUT OF PETTY CASH**

**4.6.1** Purchases for goods or services costing less than \$50 total can be paid out of Petty Cash when authorized by the appropriate supervisor.

**ADM 4.7.0 CREDITCARD PURCHASES**

**4.7.1** Authorization from the appropriate supervisor is required for purchases over \$250. Senior management do not require authorization for amounts up to their limits of authority and the statements must be reviewed and approved by their immediate supervisor.

**ADM 4.8.0 PURCHASES COSTING BETWEEN \$250 AND \$15,000**

**4.8.1** All purchases over \$250 require a Purchase Order, signed by the appropriate Authority. Purchaser will use his/her discretion in selecting the suppliers from whom to choose based on best value. For all purchases, competitive prices must be obtained and recorded.

**ADM 4.9.0 PURCHASES COSTING BETWEEN \$15,000 AND \$25,000**


**4.9.1** When the total expenditure for goods or services is between \$15,000 and \$25,000, quotations will be solicited from at least three (3) suppliers.

**4.9.2** The quotation process may be omitted under the following conditions:

- Emergency situation declared by the President or his designate;
- Sole Source Purchases must be approved by two (2) Corporate Officers.

**ADM 4.10.0 Purchases Costing over \$25,000**

**4.10.1** Tenders, Request for Proposals, Request for Quotations will be required when the total expenditure for goods or services is expected to exceed \$25,000.

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## **ADM 4.11.0 EXCLUSIONS TO PROCUREMENT PROCESS**

**4.11.1** The following items are not subject to this Procurement Policy:

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| <ul style="list-style-type: none"> <li>1.0 Purchasing Card Purchases</li> <li>2.0 Cheque Requisition</li> <li>3.0 Training and Education <ul style="list-style-type: none"> <li>a) Conferences</li> <li>b) Courses</li> <li>c) Seminars</li> <li>d) Conventions</li> <li>e) Memberships</li> <li>f) Periodicals</li> <li>g) Magazines</li> <li>h) Subscriptions</li> <li>i) Staff Training</li> <li>j) Staff Development</li> <li>k) Staff Workshops</li> </ul> </li> <li>4.0 Refundable Employee Expenses <ul style="list-style-type: none"> <li>a) Meal Allowances</li> <li>b) Travel Expenses</li> <li>c) Hotel Accommodation</li> <li>d) Mileage</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>5.0 General Expenses <ul style="list-style-type: none"> <li>a) Licences, insurance (vehicles, etc.)</li> <li>b) Banking and underwriting services where covered by agreements</li> <li>c) Real estate including land, buildings, leasehold interests, easements, encroachments and licences</li> <li>d) Items of a confidential nature</li> <li>e) Professional and special services, including appraisals, medical, etc.</li> <li>f) Freight charges</li> <li>g) IESO Invoice</li> <li>h) Debt Retirement Charge Remittance</li> <li>i) ESA Inspection Charges</li> <li>j) OEB Fixed Costs</li> <li>k) Insurance Employee benefits (Pension, Health Insurance, etc)</li> <li>l) Taxes</li> <li>m) Customer refunds</li> <li>n) External Audit Invoices</li> <li>o) Legal expenses</li> </ul> </li> <li>6.0 Utilities <ul style="list-style-type: none"> <li>a) Postage</li> <li>b) Water and sewage charges</li> <li>c) Hydro</li> <li>d) Natural Gas</li> <li>e) Internet Service</li> <li>f) Telephone Service</li> </ul> </li> </ul> |
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