

POLICY: Purchasing Policy and Procedures
APPROVED BY EXECUTIVE COMMITTEE: January 27, 2010
SUPERSEDES POLICY: of October 10, 2007

PURPOSE:

The purpose is to establish policy and procedures for the College to procure goods and services. These policies will ensure Sault College has sound purchasing practices and appropriate controls in place to support the efficient and effective expenditure of public funds.

Financial Services (Purchasing) is responsible for the procurement functions of Sault College. Generally, within guidelines described in this Policy and Procedures document, individuals may initiate purchases covered by funds approved in their departmental or divisional budgets. The final approval of the purchase to commit and expend funds rest within Financial Services, which is responsible to ensure compliance to all Sault College purchasing policies and procedures prior to the issuance of a Sault College Purchase Order.

The College will participate with other government agencies or public authorities in cooperative acquisition ventures where it is the best interest of the College to do so.

SCOPE:

This policy applies to all college employees involved in initiation, processing and approval of the necessary documentation and activities for purchasing of goods and services.

Employees who do not comply with the procedures and policy outlined herein may be subject to discipline.

PROCEDURE:

Purchasing Responsibilities

Purchasing facilitates the purchase of goods and services for Sault College by supporting departments in making sound purchasing decisions which maximize the use of public funds. A high degree of integrity and sound competitive purchasing practices are maintained.

Purchasing is mandated to seek competitive pricing on any College acquisition where there may be an opportunity for significant cost savings. No commitment to purchase goods or services on behalf of Sault College will be made by anyone without a valid purchase order. Suppliers will be advised not to accept orders for goods and services without a purchase order.

Where appropriate, the process may involve quotations, proposals, tendering or purchase by negotiation. The requisitioning department, in consultation with Purchasing, is responsible for developing the required quotation, request for proposals, or tendering documents.

Purchasing must be involved in all considerations for major acquisitions. To ensure objectives are achieved, departments are responsible for clearly defining their needs and quality requirements, assessing what is to be accomplished through the proposed major expenditure, and providing this documentation to Purchasing. Where the lowest price is not the only deciding factor in vendor selection, appropriate evaluation criteria will be identified and used consistently by the evaluation committee.

Purchasing Cycle

A purchase order for the acquisition of goods and services is initiated when a department prepares a purchase requisition. Using a Purchase Requisition form, the requisitioning department specifies the vendor, the product and its price, the account code to be charged, and the required date. Original (including electronic) quotations (as identified under "Purchasing Limits") must be forwarded to the Purchasing Department. Persons with the proper signing authorities for the account codes must approve the purchase requisition. The Purchase Requisition Form is then forwarded to Purchasing, who creates a Purchase Order in the financial information system. Purchasing will only create a purchase order if the information on the purchase requisition is correct, including proper account code and signing authority. A contract will only exist between Sault College and a vendor when an official purchase order has been issued and accepted. Once goods are received, the packing slip is matched to the order and entered into the financial information system by Central Stores. Invoices are matched to the purchase order, packing slips, and receiving prior to payment being made.

Purchasing Code of Ethics

Sault College is committed to conducting its business affairs in a socially responsible and ethical manner. All Sault College employees shall maintain and practice the highest standards of business ethics, professional competence and accountability when dealing with College suppliers.

Goals:

- I. **Personal Integrity and Professionalism**
Individuals involved with purchasing or other supply chain-related activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all purchasing activities.
- II. **Accountability and Transparency**
Purchasing activities must be open, fair and accountable, and conducted to obtain the best value for public money. Public sector resources are to be used in a responsible, efficient and effective manner.
- III. **Compliance and Continuous Improvement**
Individuals involved in purchasing must comply with this Code of Ethics and with the laws of Ontario and Canada. All individuals should continuously work to improve purchasing policies and procedures, to improve their knowledge and skill levels and to share leading practices.

Guidelines:

- To consider first the interest, objectives and policies of Sault College in all transactions.
- To strive to obtain, without prejudice, maximum value for each dollar of expenditure.
- To conduct business with suppliers in an atmosphere of honesty and good faith, and remain scrupulously free from any obligation or conflict of interest.
- To accord a prompt and courteous reception, and provide fair and equal opportunity to all suppliers.
- To ensure the fair and impartial award recommendations for all contracts and tenders.
- To decline to take advantage of honest errors by suppliers, and avoid putting them to unreasonable expense.

Purchasing Confidentiality

In order to promote fair competition practices, Sault College does not divulge to competitors pricing details of goods purchased from other vendors.

Conflict of Interest

All employees must adhere to Sault College's Conflict of Interest for College Employees policy.

Sault College is a publicly funded institution and it is essential that the College's business dealings be beyond reproach to audit and public scrutiny.

In cases where a potential or perceived conflict exists, it is important to handle transactions competitively and at an arm's length, business-like basis.

An additional approval is requested from the immediate supervisor of the person deemed to have a conflict or perceived conflict of interest when they are the final approver of the requisition.

Gifts

In order to foster a competitive environment and preserve the image and integrity of Sault College, employees may not accept gifts from vendors. Nominal items such as pens, calendars or reasonable hospitality accepted as a courtesy of a business relationship may be allowed.

Purchasing Limits

To ensure that Sault College acquires goods and services in the most cost effective manner, purchase requisitions must adhere to the following competitive bid thresholds for commodities and services:

\$ 2,500 to \$ 49,999	3 Written Quotes
\$ 50,000 to \$ 99,999	Tender or Request for Proposal
\$100,000 plus	Tender or RFP, advertised on MERX

Construction:

\$50,000 to \$250,000	Tender or Request for Proposal
\$250,000 plus	Tender or RFP, advertised on MERX

Note: These amounts are total purchase order value.

It is expected that College dollars are spent wisely. It is always advisable to check prices. Quotes are to be obtained by the requisitioning area. Copies of quotes for items \$2,500 and over must be forwarded to Purchasing. Upon request, Purchasing will obtain quotations for the requisitioning area.

There are certain circumstances where goods, services or capital items may be available from only one source, or other situations involving emergency repairs, partnership initiatives, specialized services or goods from approved vendors, where the quotation, proposal or tendering process is not possible. In these situations, the ordering area will confirm the situation in writing and recommend to the Director of Financial Services that the quotation, proposal, or tendering process be waived.

Signing Authorities

The levels of approval are set in the College's signing authority policy.

All purchases must be properly approved, comply with authorization limits, and be within the College's approved budget. The cost of taxes, custom fees, exchange and freight are included for purposes of signing authority limits.

Special Approvals

All purchases of IT hardware, software and IT services are to be approved by the Chief Information Officer or designate. This is to enable tracking of systems as well as to ensure goods purchased meet institutional standards for long term maintenance and support. This approval is advisory in nature and provides reasonableness for product choice and price.

The Director, Physical Resources must approve goods or services, which alter the physical plant of Sault College. This is to ensure quality of workmanship and adherence to the College master plan.

Multi-Year Supply or Service Contracts:

To help ensure that the prices paid for major purchases are competitive, as well as to give all potential suppliers a fair opportunity to obtain college business, multi-year contracts for goods or services should not exceed five consecutive years before the supply or service requirement is re-tendered. For example, auditing and banking services are tendered every five years.

Methods of Procurement:

The appropriate method of acquisitioning goods and/or services is dependent on the type of good or service requirement. The following methods describe the different processes which apply to the acquisition of goods and services at the College:

- **Purchase Order Requisition**

Most goods and services from an outside vendor are procured via a regular purchase order requisition process through the financial information system. Generally used for goods or services purchased at the time and paid for in a lump sum.

- **Standing Purchase Order**

Repetitive purchases of an item(s) that will be required on an on-going basis will be handled by means of a standing purchase order. Used when purchasing goods and services on a regular basis from the same company for one fiscal year.

- **Central Stores Requisition**

Supplies from Central Stores are procured via online “Stores Ordering Requisition Form” available through the Intranet. Central Stores carries commonly used office supplies and paper. A complete list of items stocked in Stores can be obtained via the Intranet or thru Central Stores personnel.

- **Print Shop Requisition**

Printing and copy duplicating services are available from the Print Shop. The College Print Shop should be given the first opportunity for print requirements before seeking outside printers.

- **Cheque Requisition**

Cheque Requisitions are used for miscellaneous reimbursements, such as reimbursements for medical slips, professional development course reimbursements, and honorariums. Cheque requisitions must be accompanied by original receipts, include the proper account code, and be authorized by the appropriate signing authority. A Cheque Requisition form can be obtained via the Intranet under the Financial Services Department.

- **Petty Cash**

Petty Cash is used for the acquisition of incidental goods and services under \$25.00. Employees will be reimbursed from petty cash in the Purchasing office if the following procedure is followed: a receipt must be obtained from the supplier and be signed by the person with signing authority in your department, and the proper accounting code must appear on the receipt.

A Petty Cash Fund can be set up for departments requiring small payments for rush items such as supplies, postage, etc. The requestor's cost center manager must authorize the establishment of all Petty Cash funds. Departmental petty cash funds are replenished using a cheque requisition form.

- **Credit Card – (American Express/Visa)**

Travel expenses incurred by an employee (card holder) while travelling on behalf of the College can be paid for via American Express or Visa Card. American Express Expense Forms are available on the Intranet under the Financial Services section. Each month the employee is emailed their American Express statement. An American Express Expense form with the original receipts attached, signed by the employee and approved by the appropriate VP, is to be submitted to Financial Services. If the travel was partially or totally paid on American Express a separate travel claim does not have to be submitted. All expenses for that travel should be included on the form.

Except for travel, all items over \$200 require a Purchase Requisition to be filled out. Also, goods received through Central Stores require a purchase order. No capital items are allowed to be purchased on the credit cards. IT items need a purchase order and the approval of the Chief Information Officer.

- **On-Line**

Before ordering on-line, a purchase order number must be obtained from Purchasing.

- **Food Services/Catering Requirements**

Catering from Chartwells is arranged through a catering service form. Forms must include an appropriate account code, purchase order number, and be forwarded to the Chartwells location.

- **Prepaid Purchase Order**

When a vendor will not accept a purchase order or an application for a line of credit, a prepaid purchase order will be created. To create a cheque to prepay the vendor for the goods or services, an invoice must be provided for pricing and product information. In the event that an invoice cannot be provided, documentation, such as an email detailing pricing, must be provided before a purchase order will be created. A copy of the purchase order will be sent along with the cheque which will reference this purchase order.

- **College Bookstore**

Sault College has signed an agreement with Follett which gives the exclusive right for selling all recommended books and materials for courses delivered by Sault College. College/departmental purchases can be made from the College Bookstore by an employee with authorized signing authority, and with a valid Purchase Order.

- **Specialized Purchase Orders**

A specialized purchase is one that must be compatible with existing in-house product. The requisitioner will discuss and explain this request with the Purchasing Officer. It usually means a single source of supply exists and competitive bids are not possible. The Purchasing Officer, prior to approving the purchase, shall make appropriate notations to the purchase order.

Personal Purchases

Sault College does not allow the purchase of personal goods through the organization's Purchasing system. Also, employees are not to inappropriately use the College's name to secure personal goods.

Material Safety Data Sheets

Sault College subscribes to a safe environment in the acquisition and disposal of all hazardous substances in accordance with the Occupational Health and Safety Legislation. It is the responsibility of the requisitioner to determine if the product being ordered is defined as hazardous materials.

All hazardous materials brought on campus must have current Material Safety Data Sheets (MSDS), and the Health Centre Office Assistant must be notified. If a MSDS is required, this should be noted on the purchase requisition by the requisitioner that a current MSDS must be provided with the shipment. MSDS are current if the date of preparation is not more than three years old.

It is the responsibility of the person ordering hazardous materials to ensure that adequate storage facilities are available within the department before the material is actually received.

Safety Requirements – Electrical/Electronic Equipment/Gas Equipment, etc.

All equipment must be C.S.A. or U.L.C. approved. There may be other safety requirements related to equipment. Please contact Physical Resources prior to placing a purchase requisition to confirm requirements.

Credit Checks

Occasionally a vendor requires a line of credit or credit check in order to allow Sault College to purchase goods via purchase orders. The Purchasing Department is responsible for completing these forms.

Receipt of Goods

In order to confirm receipt of goods, receiving must be done through Central Stores receiving personnel. If an employee picks up items listed on a purchase order, a signed packing slip or invoice must be forwarded to the Central Stores immediately and Central Stores must physically verify the receipt of these goods.

Receipt of Services

In order to confirm receipt of services, Central Stores must be notified via e-mail once the service has been received, citing the purchase order number.

All goods and services purchased through purchase orders must be electronically noted as received on the financial system prior to payment of invoices.

Discrepancies

It is Central Stores responsibility to match goods received to the packing slip at the time of delivery. If there is a discrepancy (missing items or damaged goods), the vendor will be notified by the department immediately. The discrepancies must be noted on the packing slip and forwarded to Accounts Payable.

Back-Ordered Goods

Sault College accepts back-ordered goods. If the requisitioning department no longer requires these items they must contact Purchasing in writing to initiate cancellation of the purchase order. Upon request, Purchasing will contact the vendor.

Return of Goods

When purchased goods need to be returned to the vendor, it is the requisitioner's responsibility to contact the vendor to facilitate the return/exchange and the subsequent crediting of the account. Central Stores will enter returned goods into the system. Accounts Payable must be notified to ensure payment is not made to the vendor for these goods and, if required, appropriate credit memos are issued. Any shipping costs incurred are the responsibility of the requisitioning department.

Purchase Order Increases

When the value of procurement increases, it is necessary to ensure that the appropriate signing authority approval has been obtained prior to increasing the purchase order. This is especially important when the purchase order increase causes the purchase order value to exceed the approval threshold of the original approver. Approval for purchase order

increases must be obtained prior to proceeding with the ordering of the goods or services.

Price Adjustments

Sault College requires that the proper signing authority approve all price adjustments greater than \$ 50.00 on a purchase order. This is to ensure that all of the parties involved are aware of any price discrepancies that occur. When a price variance is identified, an email identifying the Purchase Order number and the amount in question will be completed by Accounting or Purchasing and will be forwarded to the proper signing authority for authorization.

Cancellation of Purchase Orders

Purchase orders that cannot be filled by the vendor will be cancelled by Purchasing and the requisitioning department notified.

If the requisitioning department chooses to cancel an order or part of an order, Purchasing must be notified in a timely manner. An adjusted purchase order will be prepared and faxed to the vendor. Any incremental shipping costs or restocking fees incurred will be the responsibility of the requisitioning department. Upon request, Purchasing will contact the vendor.

Request for Proposal or Tendering

A Request for Proposal, Request for Quotation, or Public Tendering must be prepared and reviewed with the Purchasing Officer for obtaining goods or services with a total committed value in excess of \$50,000. All correspondence during the course of the process will be in co-operation with the Purchasing Department.

This is to ensure that the expenditure of public funds for the acquisition of goods and services is carried out in a fair and equitable manner securing the best value in a process that is above reproach. All tender, request for proposal and pre-qualification documents must provide an equal level of detail to vendors, so as to not provide a single vendor with an unfair advantage.

The information provided in the request for proposal, request for quotation, or tender document shall include at least the following information:

- A brief description of the acquisition contemplated
- The place where a person may obtain information and RFP, RFQ or tender documents
- The conditions for obtaining the documents
- The place where the RFP, RFQ or tenders are to be sent
- The date and time limit for submission of documents
- The time and place of the opening of the RFP, RFQ or tenders

The Purchasing Department will provide a current RFP, RFQ or tender template with detailed requirements and provide on-going support during the entire process. The College will post all notice of RFP, RFQ and tenders in the Sault Star.

The originator is responsible to submit to the Vice President, Finance and Administration for approval and sign off prior to release of the document(s).

In accordance with the "Agreement on Internal Trade" from the Management Board Secretariat -Annex 502.4 which states that an electronic tender must be completed when the threshold of \$100,000 for goods or services is reached, and \$250,000 for construction, the College will advertise these requirements via MERX.

MERX is an entity that has been contracted by the federal government to operate the Government Electronics Tendering Service (GETS), an online system that advertises government contracting opportunities to potential bidders. Site reference: <http://contractscanada.gc.ca/en/tender-e.htm>.

Originals of all RFP's, RFQ's and/or tenders will be retained in the Purchasing Department to comply with audit requirements.

RFP Response Time

Sufficient time must be given to vendors to prepare and submit bid responses. Vendors must be provided with a minimum response time of 15 calendar days for procurements valued at \$50,000 or more.

Opening RFP and Tenders

Upon the tender or RFP closing (specified in tender documents), the sealed submissions must be opened in a controlled environment. They will be opened in the presence of three staff members including a representative of the Purchasing, a member of the requisitioning department and a third impartial witness. The submissions will be date stamped and signed by all members participating in the opening.

Evaluation

Evaluation criteria should be developed, reviewed and approved before the competitive process begins. These criteria must be included in the competitive documents. These documents must also identify those criteria that are mandatory and any technical standards that need to be met. The evaluation criteria cannot be changed or altered once the competitive process has begun.

The requisitioning department, in evaluating the submissions, must develop decision criteria that outline in a weighted fashion, the successful values that must be addressed in the tender. Consideration may be given to: price, quality, vendor's distribution or delivery system & freight costs, availability of goods and delivery date, time sensitive service, volume discounts, past performance of vendor, environmental protection consideration, flexible payment options, extended warranties, training, installations, partnership initiatives, etc.

An evaluation committee should be established to evaluate the bids. Where the lowest

price is not the only deciding factor in vendor selection, appropriate evaluation criteria will be identified and used consistently by the evaluation committee. To ensure accuracy and objectivity, the resultant price summary and scoring should be checked by someone other than the person who prepared it. Only the highest ranked submission(s) that have met all mandatory requirements set out in the related procurement document must be selected.

Each member of the evaluation team must complete a scoring evaluation matrix rating each of the proponents. Records of evaluation scores must be auditable. Evaluators should be aware that everything they say or document must be fair, factual, and fully defensible and may be subject to public scrutiny.

Using a weighted evaluation system, the lowest bid might not always be the successful bid. If the lowest weighted bid is not accepted, a written explanation with the weighted evaluation summary attached must be submitted to the Chief Financial Officer for approval prior to the awarding of the tender, RFP or RFQ.

Pre-Qualifying Process

In some circumstances, a pre-qualification may be required to ensure contractors will meet all terms and conditions of the tender, RFP or RFQ. This information should be made available to all potential vendors through a pre-qualification document. In such cases clear requirements must be communicated to all interested vendors. For example, vendors must have a six hour turnaround for service warranties.

External Sourcing of RFP's and Tenders

When the College retains the services of an external consultant, engineer, or architectural firm the proposal or tendering criteria will be determined via the professional body in conjunction with the College. RFP's and tenders should be delivered to the College or to the office of the consultant as per instructions. Tender proposals are to be stamped and the time and date recorded. Upon closing date (specified in the tender documents), sealed submissions must be opened in a controlled environment. RFP's or tenders may be opened at the office or the consultant or at a predetermined location on site. The public may attend tender openings. The RFP's or tenders will be opened in the presence of not less than three people, one of which shall represent the College. The consulting firm shall set the evaluation criteria prior to tender openings.

Shipping Fees

Requests for quotations should include shipping fees and these costs included in the purchase requisition. If shipping fees are not known, contact the Purchasing Officer who will provide an estimate.

Customs/Brokerage Fees

When goods are being delivered to the college from outside of Canada, a customs/brokerage fee **must** be included in the purchase requisition. Contact the Purchasing Officer for information regarding current fees.

Capital Assets

Sault College considers all purchases of individual items over \$2,500 to be capital assets. All of these items are recorded in the College's financial information system as fixed assets. Depreciation is applied according to capital classes as outlined in the fixed asset procedures.

The use of a purchasing card, such as American Express credit card, to purchase a capital asset is prohibited. Purchasing a capital asset and seeking reimbursement through an expense claim form is also prohibited.

Disposal of Assets

Sault College must ensure that adequate controls are in place for disposing of assets. The priority of the College is to ensure that all assets are safeguarded and that if an asset can be transferred and used in another department that the opportunity is given. Prior to an asset being disposed of the department must fill in an Asset Disposal Requisition Form and forward it to the Purchasing Department. The Purchasing Department will follow the steps outlined in the Disposal of College Surplus Assets policy.