

<b>PROCUREMENT</b>		<b>DOCUMENT TYPE: POLICY</b>
<b>DOCUMENT # 126</b>	<b>CATEGORY: FINANCE &amp; ADMINISTRATION</b>	<b>DATE ISSUED: APRIL 29, 2020</b>
<b>APPROVED BY: THE BOARD</b>	<b>STEWARD:</b>	<b>LAST REVIEW DATE:</b>
<b>ENDORSED BY: COALITION CHIEF OFFICERS COMMITTEE</b>		<b>NEXT REVIEW DATE:</b>

## PURPOSE

The purpose of the Procurement Policy is to ensure accountable, efficient, transparent, and ethical practices are used to acquire products and services for the College. This policy also outlines the requirements to ensure that procurement practices are in compliance with applicable legislation and trade agreements.

## PRINCIPLES

1. As a publicly funded organization, the College has a responsibility to ensure adequate monitoring and control of the expenditure of public funds.
2. The College is committed to achieving the best value for money spent, including the consideration of total cost of acquisition and ownership and the mitigation of risk and improved efficiencies.
3. Procurement practices shall follow a consistent, fair, and transparent process for vendors. Open, fair, and transparent competitive bid processes provide evidence of due diligence to funding partners and ensure best value and compliance with legislative requirements.
4. Initial purchase price will not necessarily be the only factor when making purchasing decisions.
5. Procurement will be consistent with the College's mission, vision, values, and strategic priorities.
6. Procurement decisions will consider responsible sustainability practices, including environmental, social, and economic impact.

## POLICY

This policy applies to all employees who engage in purchasing activities on behalf of the College, and to all goods and services purchased with College funds including rental arrangements, lease agreements, and construction. It does not include government provision of goods and services to persons or other government organizations (such as grants or loans).

As a publicly funded organization, the College is a member of the MASH sector (Municipalities, Academic, Schools, and Hospitals), and is subject to the New West Partnership Trade Agreement (NWTPA) and the Canadian Free Trade Agreement (CFTA). In order to ensure compliance with these agreements, all procurement must follow the minimum standards and limitations as set out in the ***Procurement Procedures***.

### **General Compliance:**

- All acquisitions of goods or services must be properly authorized according to the College's ***Delegation of Authority Policy*** and corresponding ***Management Authorities Grid (Policy #)***.
- ***The*** Senior Business Officer is responsible for the management of all procurement services unless otherwise delegated within the ***Procurement Procedures***.
- The Procurement Policy and Procedures will be made available to all staff authorized to purchase goods and services on behalf of the College.

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- A purchase order is required for the purchase of all goods and services unless otherwise excepted in the **Procurement Procedures**.
- A College corporate purchasing card (credit card) may be used by employees authorized to procure College goods and services according to the procurement procedures set out for purchasing cards.
- The College’s purchasing processes, forms, and services shall not be used by any College employee for personal purchases.
- Employees must not split purchases or contracts into two or more parts in order to avoid relevant purchasing thresholds.
- No person will commit the College to agreements, licenses, contracts, leases, or other legally enforceable obligations unless authorized to do so within the Governance policies (specifically the **Delegation of Authority Policy** and **Management Authorities Grid (Policy #)**).
- When the College has entered into partnerships with other organizations to jointly procure goods and services, the College may rely on the work done by the partnering organization to fulfill the requirements of this policy, subject to review by the **Senior Business Officer**.

**Legislative and Policy Compliance:**

- Competitive bids are required for the purchase of all goods and services, in accordance with the thresholds and requirements stated within the procedures.
- Purchases will be made in compliance with legislation and statutory regulations including Occupational Health and Safety (OHS) and Canadian Standards Association (CSA) for safety standards, Workplace Hazardous Materials Information System (WHMIS) for hazardous products, Canadian Border Services Agency (CBSA) for custom duties and excise taxes, Goods and Services Tax (GST), and Provincial Sales Tax (PST).
- College employees are governed by policies on **Conflict of Interest (Parkland Operational Policy #OPR D-10, Cumberland Operational Policy #401)**. College employees must disclose any real or perceived financial or personal interest, direct or indirect, with a prospective vendor, and where deemed appropriate withdraw from the decision making.
- The College receives gifts and donations from business, industry, government, and private individuals in accordance with the **Solicitation and Acceptance of Gifts Policy (Policy #)**. In no case shall donations or other gifts given or offered to the College be considered in purchase decisions.
- All suppliers for the College are subject to College policies on Violence and Harassment (**Cumberland Operational Violence Prevention Policy #408, Anti-Harassment Policy #404, Parkland Anti-Violence Policy OPR D-25, Anti-Harassment Policy #OPR D-20**). The College does not tolerate behaviours that will undermine the dignity, self-esteem, or productivity of any College employee or student. Violation of College policies will be considered to be a breach of any procurement agreement.

**Non-Compliance:**

- An annual summary report will be provided to the Chief Executive Officer and the Board of Governors outlining any instances of non-compliance with the Procurement Policy and procedures.

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- If goods and services are not purchased according to this policy, the fiscal responsibility of the College may be compromised. Any employee making a purchase or commitment in the College’s name without following proper process may be subject to disciplinary action, up to and including termination of employment.

**Non-Competitive Procurement:**

- Competitive bid exceptions or Single or Sole source purchases may be exercised by the College and approved in cases where normal procurement policies are not possible or practical to apply.
- All Single or Sole source purchasing decisions must be based on a business case and documented with appropriate rationale that would support a transparent award process and withstand public scrutiny. These purchases must be authorized by the appropriate senior executive member and in alignment with the Authority Grid.

**DEFINITIONS**

**Single Source:** is when more than one supplier or distributor for a product exists in the market, however, only one of those suppliers or distributors is able to meet specific requirements.

**Sole Source:** is when only one supplier is capable of meeting end-user requirements and specifications.

**Corporate Purchasing Card (PCard):** refers to a corporate College credit card provided to approved staff for the payment of approved business-related expenses, including related travel expenses.

**Purchasing:** refers to the process involved in ordering goods, including requesting, requisitioning, approving, and creation of a purchase order record, and the receipting of such goods. It is a subset of the wider procurement process.

**Procurement:** is the overarching function that describes the activities and processes to acquire goods and services. Importantly, and distinct from “purchasing”, procurement involves the activities involved in establishing fundamental requirements, sourcing activities such as market research and vendor evaluation, and negotiating of contracts. It can also include the purchasing activities required to order and receive goods.

**LEGISLATIVE AND COLLECTIVE AGREEMENT REFERENCES**

Canadian Free Trade Agreement (CFTA)

New West Partnership Trade Agreement (NWPTA)

Municipalities, Academic Institutions, School Boards, Health Sector Agreement (MASH)

**LINKS TO OTHER RELATED POLICIES, DOCUMENTS AND WEBSITES**

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## PROCEDURES

### **College Operational Procedures:**

Parkland College and Cumberland College will each maintain its own operational policies and procedures to address:

- purchase orders, requisitions, processes, and forms
- purchasing cards: set out responsibilities of card holders, proper security of cards, requirements to submit reconciled monthly transactions, acknowledgement of card acceptance and responsibilities by the cardholder, acceptable types of purchases, unacceptable types of purchases, process for distributing cards to staff and setting limits.
- operational delegation of authority
- conflict of interest declaration forms for staff
- templates for contracts, leases, rental agreements
- receiving goods and services
- return of goods (supplies and equipment) for refund
- keeping supplier listings up to date in the financial system as per procedures
- controls on initiation of purchase and payment of purchase including separation of duties on process to enter new vendors, initiating purchases, receiving goods and services, approving invoices for payment, adding suppliers to financial system

### **Common Procedures:**

#### **1. Procedures for Competitive Bid Procurement:**

All procurement of goods and services will be based on the following minimum guidelines, and will be in accordance with the thresholds, standards, and requirements of the New West Partnership Trade Agreement ([www.newwestpartnershiptrade.ca](http://www.newwestpartnershiptrade.ca)) and the Canadian Free Trade Agreement ([www.cfta-alec.ca](http://www.cfta-alec.ca)).

#### **Minimum Thresholds:**

<b>Purchase Value of Goods and Services</b>	<b>Purchasing Methodology</b>
< \$5,000 (pre-tax)	Comparative Pricing: suppliers are determined by comparing same or similar products, based on purchaser's knowledge.
\$5,000 - \$9,999 (pre-tax)	Comparative Pricing: minimum of 3 verbal quotes that must be documented
\$10,000 - \$74,999 (pre-tax)	Minimum of 3 Written Quotes Required: minimum of 3 vendors will submit written quotes upon request of purchasing. Such requests are not required to be advertised or opened publicly.

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\$75,000 +	Competitive Bidding Required: formal competitive process via tender and posted on <a href="http://www.sasktenders.ca">www.sasktenders.ca</a>
<b>Construction</b>	
< \$10,000 (pre-tax)	Comparative Pricing: minimum of 3 verbal quotes that must be documented
\$10,000 - \$199,000 (pre-tax)	Minimum of 3 Written Quotes Required: minimum of 3 vendors will submit written quotes.
\$200,000 +	Competitive Bidding Required: formal competitive process via tender and posted on <a href="http://www.sasktenders.ca">www.sasktenders.ca</a>

- CFTA requires contract award notices to be published within 72 days of awarding the contract. CFTA threshold for publicly tendering purchases is over \$101,101 for goods and services, and \$252,700 for construction. CFTA requires tenders to be published on [www.sasktenders.ca](http://www.sasktenders.ca)
- NWPTA requires tendering of goods and services over \$75,000 and over \$200,000 for construction; tenders are published on [www.sasktenders.ca](http://www.sasktenders.ca)

**Receiving and Evaluating Public Tenders or Bids:**

1. All public tenders will be processed using the tender templates and forms recommended by the College Senior Business Officers. Documents will clearly define specifications for the good or service, methods of responding to the tender, timeline to respond to the tender (30 days), and the evaluation process that will be used to select the successful tender.
2. All tenders will be collected by a staff member who is independent from the tender evaluation process. The Senior Business Officer will make such appointment.
3. All communication with potential suppliers will be documented.
4. In all cases the College reserves the right to refuse any or all tenders or bids where the College deems it to be in the best interest of the College to do so. In these cases, reasons must be documented.
5. Any tender or bid may be withdrawn prior to the close of tenders or bids.
6. After the close of tenders or bids, the tender or bid may be withdrawn only where permitted by law, or where authorized by College administration.
7. College staff will not divulge the names or any information regarding bidders or their tenders prior to the closing of tenders or bids.
8. In the event there is a conflict between the Procurement Policy and/or Procedures and the tender documents, the provisions of the tender documents shall govern.

**2. Procedures for Non-Competitive Procurement:**

Competitive bid exceptions or Single or Sole source purchases may be exercised only if documented justification can be met and approved due to organizational strategic priorities, emergency requirements, or essential and/or material reasons for awarding an order or contract without soliciting

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competitive bids. Documentation for single or sole source purchase must meet the test of withstanding public scrutiny. In these cases, the following is required:

- Document appropriate rationale, including the circumstances and justification for single or sole sourcing (why good or service is unique or needed immediately if an emergency purchase)
- Document alternatives considered
- Document reasons for selecting the supplier (how staff determined that there was only one source)
- Document justification on why the price was fair and reasonable
- Track the use of single and sole source purchases to enable additional monitoring

**Sole Sourcing** is when only one supplier is capable of meeting end-user requirements and specifications. Some examples of when sole sourcing would be appropriate are:

- In the case of a specialized or custom-designed equipment or services for which there is only one known or recognized product leader or supplier
- When the requested item is to match existing product, equipment, or systems and is only available from the original product manufacturer
- There is no other distributor in the market

**Single Sourcing** is when more than one supplier or distributor for a product exists in the market, but only one of those suppliers or distributors is able to meet specific requirements. Some examples of when single sourcing would be appropriate are:

- In cases where the immediate procurement of a good or service is essential for the continued functioning of the College or a specific program
- Where goods or consulting services regarding a confidential or privileged matter are to be acquired, competitive processes may compromise the necessary confidentiality, cause economic disruption, or be contrary to the public interest

### **3. Purchasing Cards (credit cards and/or fleet cards)**

- Individual purchases on all purchasing cards must be reconciled to supporting receipts.
- Spending limits must be present on individual purchasing cards to set monthly limits and maximum amounts for individual purchases. Such spending limits must be in keeping with limits set in the ***Management Authorities Grid and be in alignment with the College's Corporate Credit Card Policy or Guidelines.***

### **4. Due Diligence Procedures for Validating Suppliers:**

Periodic maintenance of suppliers in the financial system will be performed to reduce the risk of duplicate payments, and to remove suppliers who are no longer relevant.

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New suppliers will be reviewed by a member of the procurement team who does not have the responsibility for initiating purchases, receiving goods and services, or approving payments. The following will be documented prior to using the vendor:

- Compare the supplier mailing address against the mailing address of employees
- Check suppliers using a post office box as a mailing address to verify their legitimacy
- Verify each supplier has an assigned GST number and telephone number; verify the correctness of this data
- Confirm ownership of the supplier company; actively check for any potential employee, board member or other key party conflicts.
- Verify changes to mailing addresses and banking information by directly contacting the supplier to receive proper authorization.
- Verify on-going supplier validity if supplier not used for 18 months or more.

#### **5. Purchase Order Exceptions:**

In compliance with the Procurement Policy the following areas have been identified as exceptions to the general requirement of issuing a purchase order for procurement:

<b>Exception</b>	<b>Method of Payment</b>	<b>Supporting Documents Required</b>
Acquisition or Lease, Rental or Property	Invoice required for payment	A signed lease, rental, or contract agreement
Professional fee remittance	Invoice required for payment	Copy of professional documents for personnel file
Travel related expenses	Purchasing cards	Corresponding receipts and travel expense claim forms
Payroll and payroll related remittances and benefit plans		Remittance advice, invoices, or internally designated forms
Government remittances (PST, GST)		Remittance advice, invoices, or internally designated forms
Canada Post and courier charges		Remittance advice, invoices, or internally designated forms
Payments to individuals (non-employees) including honoraria, scholarships, awards		Invoices or internally designated forms
Financial services: includes investment banking, securities, banking services		Invoices or internally designated forms
Professional development registrations and memberships		Remittance advice, invoices, or internally designated forms



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Goods and services up to a maximum value as outlined in our Authority Grid	Purchasing cards	Receipts required to be reconciled with statements
Infrequent small dollar purchases up to \$50	Petty cash	Receipts must be submitted with petty cash reconciliations

#### **6. Sustainable Procurement:**

Sustainable procurement involves the utilization of procurement criteria that includes environmental, social and ethical considerations along with generally understood commercial factors. Procurement decisions will consider the total cost of ownership of an item based on analysis of vendor’s response to the criteria. The following principles should form the foundation of sustainable procurement initiatives:

- Reuse, share, rent or lease items to eliminate the requirement to purchase.
- Purchasing used equipment will eliminate the environmental impact associated with manufacturing and the ultimate disposal of new items.
- If purchasing new is required, purchase items that:
  - are able to be shared with other potential users.
  - minimize resources, energy, and water consumption during manufacturing, operation, and end-of-life.
  - shorten the transportation of raw materials and finished goods.
  - are durable, long lasting, reusable, or refillable.
  - minimize the requirement for packing material and use re-usable and recyclable packing material
  - are non-toxic or minimally toxic, and preferably biodegradable when applicable
  - are produced locally for economical and environmental benefits.
  - minimize health and safety impacts for people involved in manufacturing, operation, and disposal of items.
  - are from businesses that consistently demonstrate sustainable and socially conscious practices
  - meet environment and sustainability third party certification such as Energy Star®.