

PURCHASING PROCEDURE - GENERAL

Approved by: Academic Coordinating Committee

Authorizer: Finance

Reference Code: P3_V2

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PROCEDURE STATEMENT

The purpose of this procedure is:

- To maintain the consistency and integrity of the procurement process.
- To communicate direction and accountabilities to all personnel involved in the purchasing function.
- To ensure that Conestoga functions according to generally accepted business practices of the broader public sector and the provincial auditor.

This procedure includes but is not limited to: consumables such as office supplies; teaching and research equipment; facilities management; construction expenditures; and information and communication technology.

This procedure excludes:

- Utilities (electricity, gas, water, etc)
- Insurance, legal and audit fees
- Investment services
- Personnel services (benefits, wage and salary administration including employment contracts); and
- Other purchases, as approved by the Director of Finance

SCOPE

This Procedure applies to:

- All Conestoga employees, including contract personnel and part-time staff.
- Outside firms contracted to do work for Conestoga College whenever they purchase goods and services as agents of Conestoga.
- All operational units of Conestoga.

DEFINITIONS

“Agreement” means a formal written legal agreement or contract for the supply of goods, services, equipment or construction.

“AODA” means Accessibility for Ontarians with Disabilities Act. The Act ensures that public sector organizations such as Conestoga incorporate accessibility when making purchasing decisions.

“Best Value” means the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan. Best value may include a time horizon that reflects the overall life cycle of a given asset.

“Bidder” means a person or company that responds, or intends to respond to a competitive bid.

“Blanket Order” means any contract for the purchase of goods and/or services which will be required frequently or repetitively but where the exact quantity required for each release of goods and/or services may not be known.

“Capital” refers to any tangible (e.g. land, buildings, site improvements, instructional furniture or equipment) or intangible (initial purchase of software license, installation and maintenance) item with a cost in excess of \$2,000 and a life expectancy of at least 3 years. Capital cost includes such as additional costs as freight, setup, training and taxes. If an item is purchased as separate components which will be used together, the total cost of the components must be taken into account in determining the \$2,000 threshold.

“Commercial Card” means a credit card used to provide authorized staff with a convenient, efficient and cost effective means to acquire low value goods and services.

“Competitive Procurement” means the process of implementing a supply solution through a controlled process that is fair and open. The competitive process involves many mandatory steps such as information-gathering, RFP and tendering, evaluation, selection and contract issuance.

“Conestoga ” means The Conestoga College Institute of Technology and Advanced Learning.

"Contract" means any formal legal agreement for goods, services, equipment or construction.

“Controlled” Product means a product designated as hazardous under the Workplace Hazardous Materials Information Systems Act.

“Cost Centre Manager” is a Conestoga employee to whom financial responsibility has been assigned for a specific department or program.

"Goods and Services" means supplies, services, materials and equipment of every kind required to be used to carry out the operations of Conestoga.

"Informal Quote" is not as detailed as a formal quotation and may lack specifications and terms and conditions.

"Operating Purchase" refers to any product or service required to carry on day-to-day operations of a department or program and does not meet the requirement of a capital purchase.

"Procedure" means internal instructions or guidelines to departments issued by the Purchasing Department pertaining to procurement matters.

"Proposal" means an offer to perform or provide a function, service, or product that cannot be fully defined or specified.

"Purchase Order" is a written offer to a supplier formally stating all terms and condition of a proposed transaction.

"Purchasing Services" provides the function of procurement and other services and falls under the direction of Finance.

"Quotation" means a written offer to sell or a "bid" obtained from selected sources of supply, to supply goods or services at a particular price which is received by Conestoga College on a formal Conestoga College Request for Quotation form or on a supplier's quotation form.

"Requisition" means a request to purchase goods or services on an approved Conestoga requisition form.

"Requisitioner" means any College employee who requisitions products or services for use within their program or department.

"Segregation of Duties" means the assignment of separate processing by different individuals at various stages of a transaction for independent reviews of work performed.

"Supplier" means any individual or organization providing goods and/or services to Conestoga.

"Systems Contract" means a negotiated supply agreement for a specific commodity developed through a competitive procurement process.

RESPONSIBILITIES

The Purchasing Services department shall be under the direction of the Finance department. Responsibilities of the Purchasing Services area include:

- The acquisition of supplies, materials, equipment and designated services on behalf of Conestoga College.
- Develop and implement procurement policies and procedures consistent with Conestoga College objectives.
- Develop and maintain strategic sourcing relationships and alternate sources of supply on behalf of the college.
- Encourage an open, accountable, fair, transparent, objective and competitive bidding process for the acquisition and disposal of goods and/or services through the equitable treatment of suppliers.
- Procure goods and/or services with due regard to the preservation of the natural environment and to encourage the use of environmentally friendly and energy efficient materials and strategies whenever possible.
- Maximize savings through the elimination of non-value added processes (ie adoption of standardization, use of Commercial cards, blanket purchase orders, collaborative purchasing, electronic bid documents, internet and intranet usage, online purchasing).
- Strive to work collaboratively with other public sector agencies to develop cooperatives and shared services when the best interests of Conestoga College would be served.
- Disposal of surplus equipment, in conjunction with the Facilities Department and the Information Technology Department.

GENERAL PROVISION

General provisions as they relate to the procurement function at Conestoga include:

- No purchase of goods and/or services shall be authorized unless it is in accordance with the procurement policies and procedures authorized by Conestoga.
- Requisition or purchase orders shall not be arbitrarily structured to alter the relationship of the price to the preauthorized expenditure limit.
- Wherever possible it should be the intent of the user departments to procure goods and/or services of the same nature as a combined effort in order to benefit from economies of scale.

SEGREGATION OF DUTIES TABLE

Segregation of Duties, as a security principle, has as its primary objective the prevention of fraud and errors. This objective is achieved by disseminating the tasks and associated privileges for a specific business process among multiple users.

The following table describes the segregation of duties as it applies to procurement activities at Conestoga:

Role	Description	Responsibility
Requisitioner	Request for material or service	Designated Conestoga Employee
Budget	Authorize the requirement and funding for the material or service request	Cost Centre Manager

Commitment	Authorize the release of the order to the supplier under agreed contract terms	Purchasing Services
Receipt	Goods and services are received into Conestoga	Receiving Department and/or the Requisitioner
Payment	Authorize release of payment to the supplier	Accounts Payable

APPROVAL AUTHORITY TABLE

The following table provides signing approval levels for budgeted operating purchases:

Amount	Authorization
Up to \$10,000	Purchasing Services + Department Manager/Chair
\$10,000 - \$25,000	Purchasing Services + Department Manager/Chair + Director/Dean/VP of area
\$25,000 - \$100,000	Purchasing Services + Department Manager/Chair + VP of area + Director of Finance
\$100,000- \$1,000,000	Purchasing Services + Department Manager/Chair + VP of area + Director of Finance + President
Multi-year contract where value exceeds \$1,000,000 per year	Purchasing Services + Department Manager/Chair + VP of area + Director of Finance + President+ Board of Governors

For all unbudgeted operating purchases greater than \$10,000, the Director of Finance's approval is required in addition to the approvals noted above.

The following table provides signing approval levels for capital purchases:

Amount	Authorization
\$2,000 - \$100,000	Purchasing Services + Department Manager/Chair + VP of area + Director of Finance
\$100,000 - \$1,000,000	Purchasing Services + Department Manager/Chair + VP of area + Director of Finance + President
Over \$1,000,000 and/or real property	Purchasing Services + Department Manager/Chair + VP of area + Director of Finance + President+ Board of Governors

PURCHASING METHOD AND QUOTATION

The following table shows methods of purchasing goods and services and the competition required at various procurement levels. Additional information on Purchasing Methods can be found on page 5 of this procedure.

Amount	Purchasing Procedure	Quotation
Up to \$2,000	Petty Cash, Blanket Order, Systems Contract, Commercial Card, Purchase Order	No quotation
\$2,000 - \$25,000	Purchase Order/Capital Order through Informal Quotation	1 written quotation required, 3 quotes where possible
\$25,000 - \$100,000	Purchase Order/Capital Order through Formal Quotation	3 written quotes required, open competitive process preferred
Over \$100,000	Open Competitive Procurement through Competitive Procurement process	A minimum of 3 quotes

Note that the Purchasing Services department reserves the right to determine the appropriate competition required at all procurement levels to ensure best value.

PURCHASING STANDARDS

To achieve a College standard of quality and compatibility, and to support the College's internal service departments, the following categories of requisitions shall be routed through the appropriate division/departments prior to any purchase commitment.

Item	Required Consultation	Purpose
Advertising	Marketing	Conformity to established College standards
Architectural, engineering or other design consultants	Facilities Management	Conformity to established College standards
Audio-visual	Information Technology	Compatibility with existing equipment
Buildings, land or property leases	Facilities Management	Conformity to Board Policy
Chemicals	Occupational Safety	Proper risk assessment
Computer hardware and software	Information Technology	Conformity to standards and compatibility with existing equipment
Furniture and Fixtures	Facilities Management	Conformity to standards
Logo	Public Affairs Office and Marketing	Conformity to standards
Signage	Facilities Management	Conformity to standards
Telecommunications	Information Technology	Conformity to standards
Utilities	Facilities Management	Conformity to standards
Vehicle Purchases	Facilities Management	Conformity to standards

METHODS OF PURCHASING

The following eight (8) methods may be used to purchase goods, services and construction at Conestoga:

1. Petty Cash

Designated departments are issued a float to be used for low dollar procurement only. All documentation for petty cash spend must be kept and maintained on file.

2. Blanket Orders

Blanket Orders shall be issued for a specific time period and all releases issued shall be subject to the terms and conditions of the original order. All payments shall be processed upon receipt of an invoice that has been signed by authorized Conestoga staff. Additional information on the Blanket Ordering process can be found on the Blanket Purchase Order Procedure.

3. System Contract

System Contracts and System Contract Ordering Forms will be initiated through approved procurement methods as required for organization-wide repetitive requirements. System contract ordering forms may be found under the Purchasing Services intranet web site.

4. Commercial Card

The Commercial Card may be issued as required by authorized staff for the purchase of low dollar or one-time goods and services. The Commercial Card must not be used to purchase Capital items.

5. Purchase Order/Capital Order

Purchase Orders are to be issued by Purchasing Services to acquire all goods and services at Conestoga not covered by other methods. A completed Capital Equipment Request Form (CER) is required with the purchase requisition when ordering any single item having a cost in excess of \$2,000 (Canadian), including all applicable taxes and a life expectancy of at least 5 years. Additional information on the Purchase Order/Capital Order can be found in the Purchase Order Procedure.

6. Purchase Contract (Usually for Procurement greater than \$25,000)

In some situations it may be necessary or preferable for Conestoga to enter into a Purchase contract for the acquisition or provision of goods and services, for example maintenance or service contracts. It is essential that the Purchase contract is issued

only if the quotation and tender requirements have been met and an officer with appropriate signing authority has approved the acquisition.

7. Purchases by Negotiation (Usually for Procurement greater than \$25,000)

The Purchasing department may negotiate with one or more suppliers in the interest of Conestoga in circumstances such as the following:

- When due to market conditions and in the judgment of the Purchasing department, goods or services are in short supply and/or there is only one known source of supply.
- Where there are no bids and/or the lowest bid meeting the specifications substantially exceeds the estimated cost and it is impractical to recall the competitive document.
- Where a time-sensitive or emergency situation occurs, or the extension of an existing contract to an allowable time period (normally 5 years) is more cost effective and beneficial to Conestoga.

8. Competitive Procurement

Competitive Procurement refers to the process of implementing a supply solution through a controlled process that is fair and open. The competitive process is preferred for all procurement over \$25,000 and mandatory for all procurement over \$100,000 and involves many steps such as information-gathering, RFP and tendering, evaluation, selection and contract issuance. The Purchasing Services department must be the Lead in all competitive procurement functions at Conestoga, unless otherwise authorized. For more information on competitive procurement see the Competitive Procurement procedure.

EXEMPTIONS FROM THE COMPETITIVE PROCUREMENT PROCESS

Any request to purchase material and/or services outside of the guidelines listed in this procedure must be accompanied by an Exception Certificate, to support and justify the decision. The Exception Certificate must be completed and approved by the appropriate authority levels to be used as supporting documentation. Exceptions from competitive procurements may include:

- Where goods or consulting services regarding matters of confidential or privileged nature are to be purchased and the disclosure of those matters through an open competitive process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest.
- A need is established for the acquisition of goods and services for which only a specialized, proprietary, or compatibility requirement can be identified.

- Where there is an absence of any bids in response to an open competitive process that has been conducted in compliance with this document; and where only one supplier is able to meet the requirements of procurement.
- Where Conestoga is involved in a cooperative or joint venture to purchase goods or services with other institutions, local or provincial organizations. Such purchases are to be made according to the procedures of that cooperative purchasing group, and must remain consistent with the intent of this policy.
- Where an unforeseen situation of urgency exists and the goods, services or construction cannot be obtained by means of open procurement procedures.
- Where the only supplier is a department, agency, or utility of the federal, provincial, regional or municipal government.

EMERGENCY ORDERS

An emergency exists when goods, services or construction cannot be obtained by means of open procurement procedures due to an unforeseen situation of urgency. An “Emergency Purchase” is classified as a procurement, which is needed to protect life and property, prevent substantial economic loss, and/or prevent the interruption of essential services.

Emergency orders can be placed by authorized Conestoga staff at the request of a Vice-President, Director or Manager. Such orders shall be recorded on a purchase requisition and marked "confirmation", then sent to the Purchasing Department accompanied by a completed “Competitive Procurement Exception Form” by the next business day following placement of such emergency order. Note that all Exception Forms must be signed by the Director of Finance prior to vendor payment.

If time permits, the Purchasing Department shall be consulted to assist with such order. Goods and services identified in an appropriate budget or which were previously planned for acquisition are not deemed to be an emergency and are to be procured under all other provisions of this practice.

NON-COMPLIANCE

“Non-Compliance” means any deviation from policies and procedures specified in this procedure during the procurement process and may result in the following:

- Purchasing Services shall advise the Manager of the user department of any purchases that are deemed as non-compliant.
- Once a non-compliance situation is identified and confirmed, Purchasing Services reserves the right to suspend the purchasing process. Accounts Payable will not process any related invoices sent by the related supplier.
- Purchasing Services, in conjunction with the Director of Finance, may report non-compliance cases to senior management.

VENDOR SELECTION AND RELATIONS

Vendor Selection

The selection of Vendors requires consideration of several factors that may incorporate, but are not limited to any of the following:

- Vendors with the capacity and capability to meet and/or exceed requirements.
- Vendors who are responsive and responsible.
- Pricing and/or fees, best value to Conestoga.

Vendor Relations

It is Conestoga's policy to maintain and practice the highest possible standards of business ethics, professional courtesy, and competence in all dealings. In this regard, the following shall be observed when dealing with Vendors and their representatives:

- Accord prompt and courteous reception, as well as fair and equal treatment, to all Vendors and their representatives.
- Guarantee the confidentiality of all specifications and price quotations made by Vendors (subject to the tender opening process and Freedom of Information restrictions).
- Avoid putting a Vendor to unnecessary expense or inconvenience on returned goods.
- Explain as clearly and fully as possible to Vendors the reason for rejections or unsuccessful presentation of their bids/ proposals and never disclose competitor pricing.

Vendor Obligations

Vendors that do business with Conestoga are expected to fulfill the following basic responsibilities:

- Handle all written and personal communications directly with Purchasing Services unless otherwise instructed.
- Conduct negotiations ethically, without attempts to influence through offering gifts.
- Inform Purchasing Services of changes in economic or other conditions that might affect purchasing or operating decisions.
- Declare any actual or potential conflict of interest at all times during the procurement and/or contact period.

Vendor Litigation

Conestoga will not conduct business with any Vendor that is currently engaged in litigation against Conestoga College.

Vendors - Health and Safety

All Vendors and/or Contractors that do business with Conestoga shall comply with all applicable laws and by-laws including but not limited to, the Workplace Safety Insurance Act, the Occupational Health and Safety Act, and the Human Rights Code. Any breach of any applicable laws or by-laws may result in immediate termination of the contract. The following list of non-exhaustive safety requirements will apply to all procurement at Conestoga:

- All electrical equipment must be Canadian Standards Association (CSA) approved and be labeled accordingly.
- Vendors will ensure that all employees and contractors will comply with Occupational Health and Safety Act regulations. All employees and contractors will have received health and safety training appropriate to their trade.
- In accordance with the Workplace Hazardous Materials Information Systems requirements, Vendors must submit current Material Safety Data Sheets for all “controlled” products. “Controlled” products must bear an appropriate W.H.M.I.S. label on each container.
- All Contractors performing work on Conestoga property must provide a W.S.I.B certificate of good standing before a contract is awarded, and during any contract period as required.

Purchasing – Health and Safety

Conestoga is committed to provide the appropriate equipment, material and services at the right quality, quantity and price. Conestoga is also committed to ensuring that all equipment, material and service it provides for employees and students comply with all the legislated requirements in all Acts and Regulations pertaining to health, safety and the environment. Purchasing will work closely with the Occupational Safety department to ensure that health, safety, and ergonomic standards are met for all products and services procured at Conestoga.

Accessibility for Ontarians with Disabilities Act (AODA)

Conestoga is committed to eliminating barriers and improving accessibility for persons with disabilities in a manner that respects dignity, independence, integration and equality of opportunity. As required by Ontario Regulation 191/11 made under the Accessibility for Ontarians with Disabilities Act (AODA), 2005, Conestoga will incorporate accessibility criteria and features when procuring, goods, services and facilities, except where it is not practicable to do so.

Disposal of Surplus Equipment

The responsibility for the disposal of equipment deemed surplus lies with Purchasing in conjunction with the Managers or delegates, Facilities Management, IT and Occupational Safety. This group shall have the authority to sell, exchange, trade-in, or donate all equipment declared surplus. Selling of surplus equipment shall be made by means of public auction where

applicable. Additional information on equipment disposal can be found on the Equipment Disposal Procedure.

REFERENCES

Blanket Purchase Order Procedure
Competitive Procurement Exception Form
Competitive Procurement Procedure
Purchase Order Procedure
Purchasing Policy and Code of Ethics
Purchasing Procedures Flow Chart
Purchasing Procedure – Quick Reference Guide
Conflict of Interest/Use of College Resources Procedure

REVISION LOG

Revision Date	Summary of Changes
2010-04-01	Policy and Procedure Committee – Revised and Validated
2010-04-14	Academic Coordinating Committee - Approved
2013-01-30	Policy and Procedure Committee – Revised and Validated
2013-03-13	Academic Coordinating Committee - Approved