

AP 5016: Procurement

Background

The district recognizes its responsibility for the effective use of public funds in providing the best possible education to the students in the district. The district, in the performance of its duties under the *School Act*, will ensure that supplies, services and equipment are obtained in a responsible, cost-effective and professional manner in accordance with competitive public sector purchasing practices.

The Secretary-Treasurer will establish purchasing principles and procedures that define procurement processes and spending limits. The Secretary-Treasurer in accordance with this Administrative Procedure is responsible for issuing and signing of contracts on behalf of the district in accordance with Administrative Procedure 5150 - Signing Authority.

Procedures

1. Purchasing Principles

1.1 The goals and principles of the Secretary-Treasurer or their designate are:

- 1.1.1 Public Sector Purchasing Practices - Purchases goods and services in accordance with competitive best public sector purchasing practices.
- 1.1.2 Efficient and Effective Procurement - Procure the necessary quality and quantity of goods and services in an efficient, timely and cost-effective manner. Provide purchasing advice and guidance for the district, schools and departments within the granted authority and subject to optimize best value for the district as a whole.
- 1.1.3 Open and Fair Procurement Process - Encourage fairness, integrity, accountability, and transparency procurement for the acquisition and disposal of goods and services and compliance with all applicable trade agreements and legislated requirements. Provide reasonable opportunities for qualified suppliers and contractors to seek the district's business.
- 1.1.4 Standardization and Simplification - Establish standardization of goods where appropriate and practical and to realize best life cycle value.
- 1.1.5 Sustainable, Healthy and Safe Procurement - Procure goods and services with due regard to sustainability with respect to economic, environmental and social development both locally and internationally; and to our commitment to encourage the use of "environmentally friendly" products and services providing a healthy, safe, relevant and aesthetically acceptable learning and working environment.

- 1.1.6 Lifetime Value - Ensure the value of an acquisition is obtained by determining the total cost of performing the intended function over the lifetime of the task. This may include, but not be limited to, acquisition cost, disposal value, disposal cost, training cost, operating and maintenance cost, serviceability, warranty, quality of performance and environmental impact; administrative effort and cost are to be commensurate with the value of the purchase; rationale will be documented for purchases made other than the lowest price bid.
- 1.1.7 Surplus Goods - Ensure that maximum value is obtained when disposing of surplus goods and equipment; with administrative effort and cost to be commensurate with the benefit. “Reduce, Reuse & Recycle” may be guiding principles. Priority may be provided to community non-profit organizations.

2 Purchasing Methods

2.1 Procurement Process

- 2.1.1 Competition - the methods of procurement of goods and services should be competitive where possible to:
- Reduce costs through marketplace competition,
 - Encourage innovation and efficiencies, and
 - Demonstrate the application of fair and open selection criteria.
- 2.1.2 The level of external competition required for the district purchases is based on the dollar value and nature of the specific purchase. The cost associated with administering a competitive process should be proportional to the benefit to be received from the competition. For example, the cost of a formal procurement of certain small product purchases may exceed the cost of the product. Conversely, the district would only incur the expense of an Invitation to Tender (ITT) or Request for Proposals (RFP) for large dollar purchases.
- 2.1.3 When formal procurement procedures are used, procurement shall be advertised appropriately. Any specifications shall be documented and communicated to the qualified suppliers to the extent practical and possible.
- 2.1.4 Formal procurement must be submitted by way of a formal process (electronic or physical).
- 2.1.5 The district reserves the right to reject any or all submissions and to accept the submission which appears to be in the best interest of the district. The district reserves the right to waive any minor informality in, or reject, any or all submissions or any part of a submission. Any submission may be withdrawn by the supplier prior to the scheduled time for opening of procurements.

2.1.6 The supplier to whom an award is made may be required to enter into a contract with the district.

2.1.7 The district expects fair and honest representation on the part of persons or firms with whom it does business. Misrepresentation on the part of a vendor or failure to in the performance of its products or service shall be considered sufficient justification for rejection of a supplier and the possibility of being restricted from conducting future business with the district.

2.2 District Credit Cards

2.2.1 The purpose of the Bank of Montreal (BMO) district credit card program is to provide schools and departments with an efficient, low-cost purchase and payment processing alternative to petty cash, invoices, purchase orders and issuing cheques. It is designed to delegate authority to authorized employees (cardholders) for the purchase of goods and services. These cards are to be used in line with this and other Administrative Procedures.

2.2.2 The Secretary-Treasurer has overall authority and responsibility for the BMO credit card program. The Finance Department has been authorized to administer the BMO credit card program and to utilize the program and credit facilities in the best interest of the district.

2.3 Amazon Business Account

2.3.1 The purpose of the Amazon Business Account is to provide schools and departments with an efficient, low-cost purchase and payment processing alternative to petty cash, invoices, purchase orders and issuing cheques. The benefits of the Amazon Business Account include the availability of discounts only available under the Amazon Business Account, lower membership fees, and enhanced reporting capabilities (i.e. not available under other Amazon accounts). The account is to be used in line with this and other Administrative Procedures.

2.3.2 The Secretary-Treasurer has overall authority and responsibility for the Amazon Business Account. The Finance Department has been authorized to administer the account and to utilize the account in the best interest of the district.

3 Purchasing Guidelines

Note: authorizations are governed by the Administrative Procedure 5150 - Signing Authority.

3.1 Purchases Up to \$5,000

3.1.1 Authorized personnel may make purchases, preapproved by the expense budget's manager, up to \$5,000 ensuring best value for the district and following established purchasing methods.

3.2 Purchases Between \$5,001 and \$15,000

- 3.2.1 Greater than \$5,000 and up to \$15,000 may be purchased on the open market after obtaining a minimum of two competitive quotations; verbal and online are acceptable using established purchasing methods.

3.3 Purchases Between \$15,001 and \$75,000 for Non-Construction Procurement; and \$200,000 for Construction Procurement

- 3.3.1 Greater than \$15,001 and less than \$75,000 for non-construction procurement and \$200,000 for construction procurement may be purchased on the open market after obtaining a minimum of three competitive quotations from known sources of supply using established purchasing methods. Quotations will be obtained by the purchasing Manager or Director for non-construction procurement and by the Director of Operations for construction procurement for the development of specifications or requirements, and to establish known sources of supply. The quotations will be provided to the Manager of Finance or their designate.

Definition of Construction Procurement per New West Partnership Trade Agreement (NWPTA): “construction , reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in or incidental to the construction and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are include in the procurement”

3.4 Purchases Over \$75,001 for Non-Construction Procurement; and Over \$200,000 for Construction Procurement

- 3.4.1 Submissions will be received by way of a formal procurement process (electronic or physical) advertised on an acceptable government procurement portal (example BC Bid) and other media as appropriate.
- 3.4.2 Low bid - the Secretary-Treasurer may, in consultation with the applicable principal, manager or director, award ‘low bid’ procurements which does not significantly vary from the specifications and provided the expenditure is within the budget previously approved for that project or item.
- 3.4.3 Best value procurement - in cases where a submission is considered to give greater value than the low bid meeting specifications, the Secretary-Treasurer may approve the award to the “best value” submission where documented rationale supports an award made to other than the lowest price submission.

3.4.4 Exceptions to these Procurement Procedures are only permitted when in the best interests of the district, including time constraints will not allow for the competitive procurement process including:

- There is an urgent need and delay would be injurious to the public interest.
- To avoid significant financial loss including damage to facilities and equipment.
- Where safety or operational needs require urgent attention.
- The goods/services require compatibility or standardization with existing goods/services, including may void warranties or guarantees.
- The goods/services have been prequalified by another public agency or cooperative purchasing venture.
- By written request including justification in the best interest of the district, agreed to by the Manager of Finance and approved by the Secretary-Treasurer.

The Secretary-Treasurer is authorized to exempt specific procurements from this Procedure when it is in the best interests of the district. With respect to these exemptions, Manager of Finance or the Director of Operations, with the approval of the Secretary-Treasurer, may obtain direct quotations from suppliers and award the contract.

3.5 Sole Source and Single Source Procurement

3.5.1 Goods or services available from a sole source or single source may be exempt from the guidelines and processes outlined above. The Secretary-Treasurer or designate in conjunction with the end user and in line with the dollar approval matrix in Administrative Procedure 5150 - Signing Authority will determine if there is a sole source or single source situation. When a Direct Award purchase is made, the supporting documentation will indicate that the purchase is sole source, single source or direct award and include justification.

3.5.2 Definition: **Sole Source procurement** is one in which only one supplier can provide the commodity, technology and/or perform the services required.

For every order that cannot be competitively bid, is over \$15,000, and is a sole source procurement, the explanation for sole source procurement must be maintained in a Procurement file.

The explanation must have three components:

- Reason that item/service is unique
- Basis for determining that there is only one source for this item/service
- The basis upon which the price/cost was determined to be fair and reasonable

3.5.3 Definition: **Single Source procurement** is one in which two or more vendors can supply the commodity, technology and/or perform the services required by an agency, but the department selects one vendor over the others.

For every order that cannot be competitively bid, is over \$15,000, and is a single source procurement, the explanation for single source procurement must be maintained in a Procurement file.

Departments must state the circumstances leading to the selection of the vendor, any alternatives considered, rationale for selecting the vendor and how it was determined that the price was fair and reasonable.

Guidelines for Substantiating Single Source

- Experience with a particular issue and this vendor has the historical knowledge or was the original installer.
- Experience with similar projects at other agencies or at other levels of government.
- Demonstrated experience.
- Capacity and willingness to respond to an emergency situation.

Price Justification

- Competitive quote but other suppliers could not meet specifications.
- Comparison to published price lists or to product catalogue including online catalogue.
- Comparison to similar products/services.
- Prices quoted are less than or equal to those quoted to other government agencies.
- Records of previously bid items that were similar.
- Proven industry standards

3.6 Purchase of Specialized Equipment and Services

3.6.1 In the interest of standardization, value for money, and efficiency of maintenance service and support, purchase of certain equipment, services, and supplies will be subject to the approval of a central authority in addition to the regular approval requirements:

Type of Equipment/Service	Approval Authority
Technology, Computer Hardware and Software, Telecommunications, Telecommunications	IT Manager and Secretary-Treasurer
Educational Hardware and Software	IT Manager and Superintendent

3.6.2 Procurements that may impact facilities including safety, code requirements, installation, maintenance and/or ongoing operating costs are to be approved by the Director of Operations or their designate.

4 Practices and Procedures

4.1 Personal Use Purchases

- 4.1.1 The district's purchasing systems or procedures shall not be used by individuals to purchase any supplies, service or equipment for personal use.

4.2 Conflict of Interest

- 4.2.1 No employee of the district shall engage in or have a financial interest, directly or indirectly, in any activity that conflicts or raises a reasonable question of conflict with their duties and responsibilities.
- 4.2.2 No employee shall sell or assist in the sale of instructional services, supplies or equipment within or to the district and shall not furnish lists of employees, students or parents to anyone selling such services or materials.
- 4.2.3 Services, supplies or equipment shall not be purchased directly or indirectly from any employee without the approval of the Secretary-Treasurer.

4.3 Consulting and Professional Services

- 4.3.1 "Professional and Consulting Services" includes the services of architects, engineers, designers, surveyors, management and financial consultants, brokers, lawyers, accountants, auditors and any other professional and consulting services required by the district.
- 4.3.2 Services obtained by the district from consultants and professionals for Professional and Consulting Services must be covered by a contract and selection of firms or individuals to be used may be exempted from this Procedure. Objective evaluation criteria are to be used in selecting consultants and professionals and are to take into consideration factors such as qualifications, overall cost, ability, experience, and proficiency as well as any other relevant factors.
- 4.3.3 To the extent practical, the District will ensure that decisions related to the use of consultants and professional services (i.e. engineer, banking, legal services, etc.) are handled appropriately even though the service may be exempted by this Procurement Procedure. The approach used is to provide an opportunity for qualified firms to be considered and lead to the development of an approved list of firms by the district for most of its commonly used services.

4.4 Receiving and Reporting

- 4.4.1 It is the responsibility of the signing authority to ensure that the supplies, services, or equipment ordered on their behalf and delivered directly to them are properly and promptly received and accounted for.

- 4.4.2 Any goods received that are damaged (apparent or concealed) must be reported to the vendor and/or carrier within 48 hours of receipt. The receiver of the goods will identify the damaged goods on the receiving report and vendor invoice.
- 4.4.3 Where quantity discrepancies occur between quantities ordered and received, the receiver of the goods will identify the discrepancy on the receiving report and vendor invoice.
- 4.4.4 Prompt submission of the invoices indicating goods or services have been received to Finance will ensure that timely payment is made to the vendor, any prompt payment cash discounts offered are earned and good customer/vendor relations are maintained.
- 4.4.5 Where goods are damaged or quantity discrepancies exist, Finance will pay invoices based on the actual quantities of undamaged goods recorded as received.
- 4.4.6 Expenditures are recognized when the goods or services are received.

4.5 Specialty Category Expenditures

- 4.5.1 Subject to applicable Board policies and procedures (including having budget funds available), these transactions are exempt from this Administrative Procedure.
 - 4.5.1.1 Petty Cash Expenditures
 - 4.5.1.2 Professional Development and Education Services including course payments/reimbursements, convention registrations, memberships or dues, seminars, and periodicals/magazines/subscriptions
 - 4.5.1.3 Reimbursements to Employees for travel expenses, meals, parking, hotel, airlines, and mileage allowances
 - 4.5.1.4 Utilities and Miscellaneous including postage/courier, hydro, natural gas, and telecommunication service charges
 - 4.5.1.5 General Expenses including payroll remittances, medical benefits, health benefits, dental benefits, licenses, vehicle insurance, and charges to for from other government bodies or Crown corporations.

4.6 Tax Exemptions

- 4.6.1 The Manager of Finance is responsible for the identification and application of any provincial or federal taxes or duties that apply to a transaction including the eligibility for any full or partial exemptions.