



## FINANCE POLICY PURCHASING

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**EFFECTIVE:** November 1980  
**REVISED:** August 20, 2013  
**REVIEWED:** August 20, 2013  
**RELATED POLICIES:** [Signing Authority](#) & [Disbursement of Funds](#)

### POLICY

In accordance with the Board Asset Protection, Executive Limitations, the College calls for comparative pricing on all goods over \$5,000 and services/construction over \$25,000 in value except when only one supplier is available for the product required.

### PROCEDURE

#### Goods:

1. All acquisitions, supply arrangements, and processes to select pre-qualified bidders with an estimated value of \$10,000 or more must be competed by advertising on [BC Bid](#). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific goods, or they may be advertised.
2. Goods acquisitions with an estimated value from \$5,000 up to \$10,000 must be awarded using a competitive process. Opportunities can be posted on BC Bid, and/or an RFQ process can be followed, or at least three quotes must be obtained.
3. When a contract for goods valued at \$10,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the goods required, but this cannot be strictly proven a [Notice of Intent](#) must be posted on BC Bid.

All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections received are not substantiated, a direct award may be made.

A Notice of Intent is not required if it is determined that the direct award meets one or more of the allowable exceptions specified below.

#### Services and Construction:

1. Any service opportunity, process to select pre-qualified bidders, or supply arrangement for the supply of services with an estimated value of \$50,000 or more must be competed by advertising on [BC Bid](#). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific service, or they may be advertised.

2. Any opportunity or supply arrangement for construction with an estimated value of \$100,000 or more must be competed by advertising on [BC Bid](#). In addition, opportunities may also be distributed to all vendors on a source list maintained for the specific type of construction, or they may be advertised.
3. Any service opportunity with an estimated value from \$25,000 up to \$50,000, or the establishment of a supply arrangement for the supply of services with an estimated value from \$25,000 up to \$50,000 must be awarded using a competitive process. Opportunities can be posted on BC Bid or at least three quotes must be obtained.

Any construction opportunity with an estimated value from \$25,000 up to \$100,000, or the establishment of a supply arrangement for construction with an estimated value from \$25,000 up to \$100,000 must be awarded using a competitive process. Opportunities can be posted on BC Bid or at least three quotes must be obtained.

4. When a contract for services or construction valued at \$50,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the services required, but this cannot be strictly proven, a [Notice of Intent](#) must be posted on BC Bid.

All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections are not substantiated, a direct award may be made.

A Notice of Intent is not required if it is determined that the direct award meets one or more of the allowable exceptions specified below.

#### Direct Awards

Contracts for acquisitions (of goods, services, and construction) and disposals may be negotiated and directly awarded without competitive process where one of the following exceptional conditions applies:

- NLC can strictly prove that only one contractor is qualified, or is available, to provide the goods, services or construction
- an unforeseeable emergency exists and the goods, services or construction could not be obtained in time by means of a competitive process;

The budget manager is responsible for documenting, the rationale, or the circumstances, that supports the use of one or more of the above exceptions. This documentation must be forwarded to the finance department to be filed with the purchase order.

When getting a comparative price via Request for Proposal the lowest price will be accepted in instances where the following criteria are met:

- The product is the model requested or is deemed to be of equivalent quality.
- The terms of sale, warranty and service are favourable.

- The product is available according to time requirements.
- The price proposed for the product or service is within the approved budget allocation.

The College reserves the right to reject any or all Request for Proposals that do not meet the above criteria. Additionally, where the College has not received satisfactory performance in the past from the low bidder, the College may not accept such bid.

There will be no deviation from this guideline except where there are extenuating circumstances and then only with prior written approval of the Chief Financial Officer.

## **GENERAL**

The purchasing function at the College is decentralized in that each campus or program area is responsible for obtaining good/services to enable the successful completion of their authorized programs and support services.

## **RESPONSIBILITIES**

Throughout the purchasing/receiving cycle, several persons may be involved. Each must clearly understand his/her responsibility and limits of responsibility.

## **REQUESTER / PURCHASER**

Often the requester's source for the purchase is trade journals, contacts within the college system, or past experience. There are no restrictions as to source, except for the following:

- Purchases over \$100,000 for Goods, \$100,000 for Services, and \$250,000 for Construction must conform to Ministry of Finance regulations, (buy B.C. Products).
- Purchases over \$50,000 must be approved by one of the Vice Presidents or Chief Financial Officer or designate.
- Purchases over \$100,000 must be approved by the President and a Vice President or Chief Financial Officer.
- Purchases from any companies controlled by a College employee or immediate family must be by comparative pricing, kept on file; and, if over \$200, approved by the President. (See [Conflict of Interest](#) and [Workplace Relationships](#)).

The requester/purchaser is required to obtain prices, arrange transportation and ensure that all relevant portions of the purchase order are completed. Purchases should always be made with a view to obtaining the best deal possible for the College giving regard to price, quality and service, if applicable. Maintaining good vendor relations is an important aspect of purchasing and needs to be considered as well.

Documentation that must be included with the purchase and sent to Finance includes:

1. Original BC Bid or quote request, and in the case of quotes, who was asked for quotes. (It is suggested that you also inform suppliers of your posting to BC Bid)
2. Received quotes
3. Selection criteria – how you selected the winning quote (example: - price, quality and service). Note: Opening of BC Bid quotes must follow BC Bid rules.
4. Successful tender
5. The purchase order requisition signed by the appropriate authority.

6. Original sales document to be signed by appropriate authority.

## **AUTHORIZATION**

The person signing the purchase order (PO) requisition must have been given prior authority (See [Signing Authority](#)). It is important that the signer of the purchase order requisition reviews the value of the purchase order requisition giving regard to the following:

- Value of the purchase order requisition must be evident for committal purposes.
- Cost coding is correct. (See [Coding of Financial Transactions](#))
- The effect the expenditure will have on that budget. (Since you are signing the requisition you must also have the accountability for the budget.)
- If a capital item, Administration Committee authorization is in place.

## **RECEIVING**

The person creating the requisition in Webadvisor is responsible for receiving goods.

- Goods are as ordered and not damaged.
- On-line receiving is completed.
- Follow up with the vendor regarding damaged goods or incomplete shipments.
- Delivery is arranged to the final destination.
- If a fixed asset, that appropriate identification/recording is complete before the item is placed into use. (See [Fixed Assets – Inventory](#))

**BLANKET PURCHASE ORDERS (BPO's)** – BPO's have the following features and restrictions and can be used in two ways:

- Minimum of \$20; for lesser amounts, petty cash is to be used (See [Petty Cash Funds](#)).
- BPO created through purchase order requisition process.
- BPOs can be obtained by employees to a maximum of \$500, to specific vendors for emergency purchases; more than one cannot be issued to the same vendor at the same time to avoid abuse of this limit. Generally this is restricted to the local area.
- BPO's can also be used for purchases of goods and services of a repetitive nature available from a single source (i.e., welding gas contracted for an extended period, janitorial services, maintenance contracts and instructional contracts)

Blanket purchase orders are issued for that fiscal year only and must either be limited by time, total dollar value (preferably) or both. Blanket purchase orders may not lend themselves easily to the commitment aspect of financial statements and users of blanket purchase orders should use caution in this regard.

A designated list of purchasers with authority (or who have been designated such authority) will be provided with credit cards. These cards are to be used instead of BPOs or where the vendor does not accept a PO.

**REGULAR PURCHASE ORDERS** – Dependent and independent contractors to be added.

Purchase Orders form a contract between the College and the Vendor for an event to take place

in the future. The event could be the shipment of materials or the provision of a service. Purchasing is an activity that highlights the shipment of goods or provision of a service. Both vendors and the College run financial risks or liability if the creation of a purchase order takes place after the fact. This is to be discouraged at all levels. The following features are important:

- An accurate price as possible should be used on a purchase order. The purchase order should be as specific as possible so no misunderstandings and/or related financial loss is possible.
- If estimates have to be used, identify as such.
- Indicate method of shipment, delivery date and delivery location. The vendor will do what he thinks you want, but goods could be late, or excessive freight costs incurred (air vs. land transport). Specify what you want.
- Taxes have to be addressed. Sales Tax must be considered.
- Where purchase orders exceed \$50,000, it is necessary for the completed purchase order to be authorized by a Vice-President or Chief Financial Officer.

## **SALES TAXES**

Taxes are payable unless specifically exempted by legislation. The College will follow all rules and regulations set out by Canada Revenue Agency and the Provincial Sales Tax Act.

## **CUSTOMS DUTIES**

Prior to an international order being placed, the purchaser should check with a broker to clarify processes. The broker's duty extends to clearing the shipment, preparation of customs entry forms including assigning the goods a specific tariff number and filing of drawback claims. Each purchase order from the United States requires a Canada Customs form to be attached. This facilitates the entry, preventing delays and penalty assessments.

Summit International is to be utilized.

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### **Definitions:**

Request for Proposals (RFP) – Request for Proposals (RFP) refers to the process and document used to solicit proposals from vendors which will be evaluated on prices as well as other criteria, including vendor qualifications and the proposed solution.

Invitation to Quote – Invitation to Quote (ITQ) refers to the process and document used to solicit bids or quotes from vendors for the provision of clearly specified goods and services. The bids received in response to the ITQ are evaluated on price only.

Notice of Intent (NOI) – Process used to advise the vendor community of an intention to directly award a contract in a situation where they believe that only one contractor is available and qualified to provide the goods or services. If the NOI process identifies that there are other available, qualified and interested suppliers, a competitive process will result.

**Reference:**

Ministry of Finance Core Policy and Procedures Manual - Procurement  
[http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/06\\_Procurement.htm](http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/06_Procurement.htm)