

NUMBER:	<i>to be determined</i>
TOPIC:	Purchasing Procedures
EFFECTIVE:	March 31, 2010
CROSS-REFERENCE:	
REVISION DATE:	March 31, 2011
RESPONSIBILITY:	Superintendent of Business Services and Treasurer

INTENT STATEMENT

The Halton District School Board (the Board) recognizes a commitment to purchasing goods and services essential to the delivery of education; recognizes that the selection of these goods and services be undertaken through a well managed and controlled purchasing process; and recognizes that competitive bidding yields lowest prices. The Board supports the concept of centralized purchasing as a means of obtaining maximum value for each dollar spent.

Purchasing & Administrative Services shall endeavour to:

- a. encourage open competitive bidding on the acquisition of all goods and services, where feasible and practical; and
- b. procure goods and services in a cost-efficient and effective manner, while maintaining the controls necessary for a public institution, and
- c. consider total acquisition costs, not just lowest price, in all contract awards, and
- d. purchase goods and services which take into account environmental, health and safety factors, and will not knowingly purchase goods and/or services from manufacturers who operate in contravention of local and international labour laws and standards, and
- e. provide a high level of service to all schools and administrative departments and to be a value-added partner in the procurement of all goods and services for the Board.

PROCEDURES

The purchase of goods and services will be in accordance with all applicable Federal and Provincial Acts and regulations pertaining to public procurement, including prevailing procurement agreements.

The Purchasing Policy of the Board shall apply to all schools, superintendents and managers, without exception, and shall be implemented in accordance with authorized procedure and within authorized budgets.

1. Purchasing Authority

- 1.1 The Manager of Purchasing has delegated authority under the direction of the Superintendent of Business Services to purchase goods and services on behalf of the Board including the disposition / disposal of surplus supplies.
- 1.2 Purchasing staff has the responsibility to ensure the quality and type of materials or service requested meets the needs and requirements of the Board.

- 1.3 A member of the Board, appointed officers, and employees of the Board shall not have a pecuniary interest, either directly or indirectly, in any contract with the Board or with any person acting for the Board in any contract for the supply of goods and/or services for which the Boards pays or is liable, directly or indirectly. Any potential conflict of interest shall be declared in writing (using the form attached as Appendix 'B') to the Manager of Purchasing, who will confirm whether or not a conflict of interest exists. All employees are required to comply with the Education Act, Section 217.
- 1.4 The Board's purchasing system will not be used to purchase items for the personal use of the members of the Board, appointed officers or employees.
- 1.5 Purchasing staff and those in a position of responsibility to purchase goods and services will ensure they conduct themselves in accordance with the Board's approved Code of Ethics.
- 1.6 There are five key functional roles in the purchasing process. Responsibility for these roles lies within different departments or individuals and requires segregated approval levels. The framework for this segregation of duties is shown below for all purchases other than petty cash and P Card.

<i>Role</i>	<i>Duty</i>	<i>Who Performs</i>
Requisition	Authorize Purchasing staff to place an order following approved procedures.	All Board staff requiring goods/service.
Budget	Authorize that funding is available to cover the cost of the order.	Department budget holder.
Commitment	Authorize release of the order to the supplier under agreed upon contract terms and conditions.	Purchasing staff as part of the acquisition process.
Receipt	Authorize that the order was physically received, correct and complete for values over \$2,000.	Individual receiving the goods/service.
Payment	Authorize release of payment to the supplier.	Accounts Payable staff as set out in the payment process.

2 Procedures for School and Administrative Office Staff

Step 1 In all cases, staff shall purchase goods and services from vendors who hold contracts that were entered into by the Purchasing Department on behalf of the Board. These vendors and contracts are accessible in the Purchasing conference in CHATT. From time to time a tendered item may not meet a particular need and staff should contact purchasing staff to source or approve a suitable replacement. In all cases a purchase requisition will be entered in BAS2000.

Step 2 School Principals and Vice Principals (or a person designated by the principal) and administrative office department managers (or a person designated by the department manager) may purchase directly any goods up to the individual maximum of \$2000.00 exclusive of taxes unless under contract as indicated in Step 1 or considered a tangible capital asset as indicated in Step 3 without a covering purchase order. However, staff are encouraged to use the BAS2000 requisition system for all purchases, regardless of dollar value for real-time budget tracking purposes.

Step 3 Tangible capital purchases are defined as goods with a useful life of greater than one year and a value greater than \$500.00, excluding taxes. These purchases must have a Board purchase order. Refer to Appendix 'A' for examples of what is considered a tangible capital asset, e.g. Equipment, Furniture, A/V Equipment, Computer Hardware, Software etc.

Step 4 When contract pricing is not available, purchase of all goods and services greater than \$2,000 will require a minimum of three (3) quotes as directed in Section 4 - **Procedures for Purchasing Staff**. Quotes received directly by school or administrative staff may be sent to purchasing for inclusion and consideration.

Step 5 A purchase order will be issued regardless of amount upon request of the vendor. Where purchase orders are not accepted, purchasing staff shall arrange payment using a Board approved credit card.

- 2.1 The above guidelines include purchases made with grants, Ministry funding and/or school funds.
- 2.2 Users shall consider the total cost value for the life of the contract. No contract or purchase shall be divided to avoid the requirements of the Purchasing Procedures.
- 2.3 Purchases made in the name of the Board without using an authorized purchase process will be considered an obligation of the person making the purchase and not an obligation of the Board. No Board funds will be used to pay for items ordered in violation of approved purchasing process.
- 2.4 Prepayment of goods and services should be avoided in order to protect against the risk of not receiving goods and services paid for.
- 2.5 All equipment and supplies purchased through Board approved budget, schools funds or donations remain the exclusive property of the Board.
- 2.6 Fun Fair and Event Vendors who participate in school events on school property must be pre-qualified by the purchasing department. A list of approved vendors will be posted in CHATT including the Board approved contract that Principals and Vice-Principals may sign. Any new vendor should be directed to purchasing staff for prequalification. A purchase order is not required and invoices may be paid by school cheque.
- 2.7 The Board recognizes that there are times when school business cannot follow a competitive process. In circumstances listed below a purchase order will not be required and invoices may be paid by school cheque. Exceptions other than those listed below shall have the approval of the Manager of Purchasing. NOTE: Staff, students, volunteers and parents shall not use personal credit cards or personal funds to pay these expenses.
 - 2.7.1 Class Field Trips: One day class field trips to amusement parks, attractions, museums, etc.
 - 2.7.2 Student multi-day excursions do not require a purchase order but shall follow the Off-Site Activities policy as approved by the Board.
 - 2.7.3 Speakers, performers or royalty fees for school and system events.
 - 2.7.4 Direct to student services such as school pictures where parents pay direct to the vendor. Principals shall engage a reputable vendor who provides good value and has established a history of being a responsible and responsive vendor.
 - 2.7.5 Disc jockey services, hall rental and catering services for school dances or fundraising events.
 - 2.7.6 Book fairs and library books.
 - 2.7.7 Staff annual conferences and professional membership dues.
 - 2.7.8 Direct to Vendor online ordering systems initiated by the Purchasing Department, i.e. Staples/Corporate Express.

3 Procedures for Facilities Staff

- 3.1 Authorized staff in Facility Services may authorize a repair service to an individual maximum of \$10,000.00 exclusive of taxes without obtaining quotes when time is critical or where unforeseen circumstances arise during a repair service. These items must be covered by a purchase order when work exceeds \$2,000.00.

4 Procedures for Purchasing Staff

- 4.1 Where an order for goods or services has an estimated value between \$2,000 and \$50,000.00 excluding taxes, purchasing staff shall secure a minimum of three (3) competitive bids (email and fax are acceptable). All bids must be documented and kept on file for audit purposes. Purchase orders must be issued.
- 4.2 Where an order for goods or services has an estimated value between \$50,001 and \$100,000, a minimum of three (3) formal sealed bids shall be obtained using the Board's approved vendor list. All bids must be kept on file for audit purposes. Purchase orders must be issued.
- 4.3 Where an order for goods or services has an estimated value greater than \$100,000, a formal tender or request for proposals shall be used. All bids must be kept on file for audit purposes.
- 4.4 The Manager of Purchasing shall be permitted discretion in the number of competitive bids to be obtained in time sensitive situations, for example where program funding is available for a limited period of time. The Superintendent of Business will be advised of any discretionary purchase greater than \$50,000.

5 Discretionary Purchases

It is expected that all purchases be made using the appropriate procedures. In rare cases, an exception is permitted and a discretionary purchase may be made. The following are considered examples of discretionary purchases.

5.1 Emergency Purchase

Facilities Services has delegated authority, under the authority of the Superintendent of Business, to purchase goods and/or services during emergency maintenance situations. Emergency maintenance goods and service purchased must be reported to the Manager of Purchasing as soon as possible after the situation has been resolved. The Manager of Purchasing will ensure information is entered into the accounting system for audit purposes and to authorize payment of invoices.

"Emergency" means a situation, or the threat of an impending situation, which may affect the environment, the life, safety, health and/or welfare of students, staff and/or the general public, or the property of the Board, or to prevent serious damage, disruption of work, or to restore or to maintain essential service to a minimum level.

5.2 Sole Source Purchase

Sole source purchases are made only when items are unique and possess specific characteristics that can be filled by only one source. Vendors providing "sole source" requirements will be reviewed and approved by the Manager of Purchasing on an annual basis. The Superintendent of Business will be advised of any sole source purchase greater than \$50,000.

5.3 Single Source Purchase

Single source purchases may be made where an unforeseen situation of urgency exists and the goods, services or construction cannot be obtained by means of open procurement procedures. All single source purchases require the approval of the Manager of Purchasing. Extensions of existing contracts shall be used wherever possible. The Superintendent of Business will be advised of any single source purchase greater than \$50,000.

5.4 **Cooperative Purchasing**

The Board encourages cooperative purchasing with other Boards and broader public sector agencies when it is in the Board's best interest to do so. The procedures and policies of the agency calling the tender, proposal or quotation will be followed. The authority to enter into a cooperative purchasing agreement is delegated to the Manager of Purchasing.

6 Types of Bids

6.1 **Request for Information (RFI)**

The purpose of an RFI is to gather general supplier or product information and where the Board has not yet determined what characteristics the ideal solution would have. Responses to RFI questions normally contribute to the final version of a subsequent RFT (Request for Tenders) or RFP (Request for Proposals). A response to an RFI should not pre-qualify a potential supplier and should not influence their chances of being the successful proponent on any subsequent opportunity. Where limited response is received the Manager of Purchasing may authorize Direct Negotiation as defined in Item 5.3.

6.2 **Request for Expressions of Interest (RFEI)**

The purpose of an RFEI is to gather information on supplier interest, capabilities and qualifications where the Board wishes to gain a better understanding of the capacity of the supplier community to provide the services or solutions needed. A response to an RFEI should not pre-qualify a potential supplier and should not influence their chances of being the successful proponent on any subsequent opportunity. . Where limited response is received the Manager of Purchasing may authorize Direct Negotiation as defined in Item 5.3.

6.3 **Request for Supplier Qualifications (RFSQ)**

A RFSQ shall be used, and precede a subsequent RFT (Request for Tenders) or RFP (Request for Proposals) in order to identify and pre-select bidders, where it is deemed that the nature and complexity of the work involved warrants the time and effort required to pre-select appropriately experienced and qualified bidders. Only those deemed qualified will participate in a subsequent opportunity.

The Board shall use this process to develop a Vendor of Record (VOR) or a preferred supplier list. When an RFSQ process is used for this purpose it shall be an open and competitive procurement process issued through the Purchasing Department and advertised electronically. The terms and conditions shall be clearly defined and a service agreement shall be signed. Under these conditions the formal RFT (Request for Tenders) or RFP (Request for Proposals) process may be waived. The Board shall ensure that the terms and conditions built into the RFSQ document disclaim any obligation on the part of the Board to actually call on any vendor as a result of their response.

6.4 **Request for Quotations (RFQ)**

For the procurement of goods, services and construction with an estimated value greater than \$2,000 but less than \$100,000, a minimum of three (3) written quotations shall be secured by purchasing staff in accordance with Procedures for Purchasing Staff, Items 4.1 and 4.2

6.5 **Request for Tenders (RFT)**

For the procurement of goods, services and construction with an estimated value of \$100,000 or more, the Board shall conduct open competitive procurements via sealed tender. A tender generally contains detailed specifications and requirements that can be readily defined.

- 6.5.1 All tenders for goods, services and construction over \$100,000 shall be advertised electronically unless a Vendor of Record (VOR) list has been formally established through the Purchasing Department, and shall provide for a response time of at least 15 calendar days in accordance with the Ministry Supply Chain Guidelines. It is important that Board staff plan effectively to allow sufficient time to follow the process and to ensure that suppliers have a reasonable period of time to submit a bid.
- 6.5.2 Construction contracts in excess of \$500,000 excluding taxes may be advertised in the Daily Commercial News or electronically.
- 6.5.3 All tenders shall have a specified closing date and time. All tender openings, unless otherwise specified, are public. Tenders received after the set closing date and time will not be considered and will be returned to the Bidder unopened.
- 6.5.4 Tenders are awarded to the lowest responsive bid meeting all requirements specified in the tender document. The Board shall post electronically the name(s) of the successful bidder(s).
- 6.5.5 All original tender submissions shall be retained for a period of seven (7) years in accordance with the Ministry Supply Chain Guidelines, and shall be made available for inspection by any member of the Board.
- 6.5.6 The resulting award of an RFT shall be by purchase order, letter of agreement, memorandum of understanding (MOU) or formal contract depending on the complexity of the solicitation.

6.6 **Request for Proposal (RFP)**

A Request for Proposal document is used for goods or services that are of unique or complex nature, when exact requirements cannot be defined, but instead identifies a particular problem or goal, which requires a solution. A Purchasing staff member will facilitate the RFP process from issuance to award.

- 6.6.1 All proposals for goods and services over \$100,000 shall be advertised electronically unless a Vendor of Record (VOR) list has been formally established through the Purchasing Department, and shall provide for a response time of at least 15 calendar days in accordance with the Ministry Supply Chain Guidelines. It is important that Board staff plan effectively to allow sufficient time to follow due process and to ensure that suppliers have a reasonable period of time to submit a bid.
- 6.6.2 All Proposals shall have a specified closing date and time. All proposal openings, unless otherwise specified, are not public. Proposals received after the set closing date and time will not be considered and will be returned to the Bidder unopened.
- 6.6.3 The problem or goal is contained in a section of the RFP usually referred to as the Scope of Work. The document shall disclose the evaluation methodology and process to be used in assessing a vendor's submission.
- 6.6.4 Proposals are evaluated by an ad hoc committee of Board staff chosen for their expertise in the subject area. Evaluation committees are responsible to score the technical aspect of the proposal submissions using preset evaluation criteria. Each participating member of the committee shall sign a "*Conflict of Interest / Confidentiality Form*", attached as Appendix 'C', outlining his or her duties and responsibilities during the RFP process.

- 6.6.5 When a solicitation requires an oral presentation, submission of test samples, or inspection of facilities or place of business, these factors are part of the bid evaluation. Total cost (Life Cycle Cost) shall be evaluated, including unit price, delivery, installation, maintenance and cost of operation, as defined in the solicitation.
- 6.6.6 Proposals are awarded to the highest ranked submission that meets all mandatory requirements set out in the related procurement document. The Board shall post electronically the name(s) of the successful proponent(s).
- 6.6.7 All original proposal submissions and evaluation matrix shall be retained for a period of seven (7) years in accordance with the Ministry Supply Chain Guidelines, and shall be made available for inspection by any member of the Board.
- 6.6.8 The resulting award of an RFP shall be by purchase order, letter of agreement, memorandum of understanding (MOU) or formal contract depending on the complexity of the solicitation.
- 6.6.9 All vendors who participate in the proposal process shall be entitled to a debriefing session to discuss the strengths and weaknesses of the vendor's submission in relation to the specified criteria. Any such session shall be facilitated by a Purchasing staff member.

6.7 Purchases by Negotiation

Direct negotiation may be used in narrowly defined circumstances where it is justified that the approved process could not be followed. The Manager of Purchasing shall initiate and guide the negotiation process to ensure the Board employs fair and ethical practices. Purchase by negotiation shall apply when, in the judgment of the Manager of Purchasing, in consultation with the Superintendent of Business, any of the following conditions exists (this list represents common occurrences but is not exhaustive):

- Due to unstable market conditions or short supply of a commodity.
- When there is only one source for the goods or service as defined in Section 5.1.
- Two or more identical low bids have been received.
- All bids received fail to comply with the specifications, tender terms and conditions and it is impractical to recall tenders.
- The lowest bid received substantially exceeds the budget, and it is impractical to recall tenders.
- The extension or revision of an existing contract (where allowed) would prove more cost effective or beneficial.
- When only one bid is received through a RFT or RFP process.

7 Disposal of Surplus Furniture, Equipment and Supplies (including textbooks)

All equipment and supplies purchased through Board approved budgets and school funds, or offered by donation remain the exclusive property of the Board. Purchasing & Administrative Services shall attempt to redeploy all declared excess items within the system before disposing of them externally. When disposing of surplus items externally the Board shall endeavour to get fair value. The disposal of all surplus items shall be in accordance with Admin Procedure – Disposal of Board-Owned Inventory.

8 Vendor Suspension / Removal from Pre-Qualified or Vendor of Record List

8.1 The purpose of vendor suspension is to protect the Board from risks associated with awarding contracts to vendors having exhibited an inability or unwillingness to fulfill contractual requirements, and to protect the interests of the Board and the integrity of the procurement process. Suspension prevents vendors who have displayed improper conduct, from participating in Board contracts for specific periods of time.

The Manager of Purchasing has the authority to suspend a vendor from participating in any Board solicitation processes if any of the following causes occur.

- 8.1.1 Unsatisfactory performance on Board contracts, failure to respond promptly to service calls.
- 8.1.2 Poor delivery, failure to deliver, under or over shipments.
- 8.1.3 Failure to abide by contract terms and conditions or failure to meet specifications.
- 8.1.4 Making unauthorized substitutions.
- 8.1.5 Continuous billing errors.
- 8.1.6 Poor quality or workmanship.
- 8.1.7 Conviction of the business or an officer or principal shareholder of the business, of a criminal offence in connection with obtaining, attempting to obtain or performance of a contract or subcontract.
- 8.1.8 Bankruptcy.
- 8.1.9 Unethical practices or violation of Board policies.

8.2 Unsatisfactory supplier performance must be documented in writing, using the form attached as Appendix 'D', and forwarded to the Manager of Purchasing. Purchasing staff will review the facts through discussions with the user department to determine the appropriate course of action. Steps leading to suspension shall generally be as follows (although termination of any contract can be immediate depending on the severity of the default):

- 8.2.1 First offence – a discussion with the vendor and/or a verbal warning.
- 8.2.2 Second offence – a written warning signed by the Manager of Purchasing.
- 8.2.3 Third offense – suspension.

The suspension shall be for a period of no less than one year. Written notification from the Manager of Purchasing will be sent to the suspended vendor stating the basis for the suspension and the conditions and procedures required for reinstatement. In order for a vendor to modify or shorten the suspension period, supporting documentation must be submitted to the Manager of Purchasing, including but not limited to:

- Genuine change in ownership and management of the business.
- Elimination of mitigation of the cause for which the suspension was imposed.

Upon termination or expiration of the suspension period, vendors shall be eligible to participate in the bidding process.

If a vendor is suspended a second time for the same cause, permanent suspension will result.