

TITLE: PURCHASING

POLICY STATEMENT:

All purchases made in the name of Red Deer College (RDC) are processed using the established purchasing methods in accordance with the Signing Authority Policy and following the guidelines and procedure manuals related to this Policy.

PURPOSE:

RDC endeavors to purchase goods and services in a manner that maximizes the value received for funds expended while ensuring legal and financial interests of the institution as well as due diligence with respect to the expenditure of public funds.

SCOPE:

This Policy and associated procedures apply to all employees, contractors and volunteers associated with RDC and encompass all purchases on behalf of RDC using operating, capital or restricted funds, including endowment funds held on behalf of others, professional development, contract and research funds.

PRINCIPLES:

RDC is committed to promoting a purchasing system that:

1. acquires goods and services in a timely manner,
2. protects legal and financial interests of the institution,
3. projects a positive image of RDC, and
4. enhances community partnerships.

Red Deer College purchases are made in accordance with:

1. the Agreement on Internal Trade (AIT)
2. the Trade, Investment and Labour Mobility Agreement (TILMA)
3. other applicable laws and legislative guidelines.

Purchases are made with due consideration of quality, after-purchase service, value for dollar, impact on partnership, and opportunity for fair competition; wherein due consideration has been given to Central Alberta businesses.

All disbursements are made under controls sufficient to meet the auditor's standards.

Purchases are made with prudent protection against conflict of interest, the highest standard of business ethics, and professional competence and courtesy.

DEFINITIONS:

Advertising Services: Services designed to bring an awareness of a RDC service or a product to the attention of potential and current customers and the communities it serves, usually in the form of a communication delivered through the media.

Bid: An offer to sell goods or services by a vendor.

Buyer: A college employee that requests and orders good(s) or service(s) on behalf of the department and the College; may be, but is not necessarily a signing authority.

Competitive Bidding: A publicly conducted purchasing process where requirements for goods and/or services are made known and open to all desiring to bid. This process is conducted by Financial Services in consultation with the department.

Construction: 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 and 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 consulting services related to the construction contract unless they are included in the procurement.

Consulting Service: Services provided by an independent contractor with specialized knowledge, skills or experience, to accomplish specific study, project, task or other work statement in which professional opinions, judgments or recommendations are rendered to RDC.

Contract: A written agreement between two or more parties outlining a legal and binding offer, acceptance and consideration for services performed.

Expression of Interest: A written document providing information to a purchaser with no intent of offer.

Quote (Quotation): A written or verbal statement of price, terms of sale and description of goods or services offered by a vendor to a purchaser.

Manual Purchase Order: A legal and binding document used to formalize with a vendor a non-capital purchase transaction under \$2,000 and used only when the vendor does not accept purchasing cards.

Procurement value: Estimated total financial commitment resulting from purchasing of goods and services, not taking into account optional renewals when the compulsory part of the contract is of at least one year's duration.

Professional Service: Professional or technical, infrequent and unique functions performed by licensed professionals whose occupation is the rendering of such services in accounting, architectural, engineering, treasury and legal fields.

Proposal: An offer to sell goods, services or a solution to a specific problem specified by a purchaser where goods and services are more complex and the evaluation of offers is not based solely on the quality and price.

Public Relations Services: Activities that do not require a monetary compensation from RDC, conducted to establish and promote effective relationship of the College with many different audiences such as employees, members, customers, suppliers, local communities, shareholders, other institutions, and with society at large.

Purchase Order: A legal and binding document used to formalize and commit a purchasing transaction with a vendor.

Purchase Requisition: An internal document used to request Financial Services to create a Purchase Order for the purchase of goods or services.

Request for Bid: A written document inviting submissions and outlining terms and conditions for submitting a bid.

Request for Quote: A written invitation to submit a quote on required goods.

Request for Proposal: A written document inviting submissions and outlining terms and conditions for submitting a proposal.

Signing Authority: The position that has been delegated the authority from the Board to perform a transaction/execute a contract.

Terms and Conditions: Written set of rules guiding either a procurement process or execution of the contract resulting from the procurement process.

GUIDELINES:

GENERAL

1. All purchases are subject to available budget funds.
2. Buyers and users will familiarize themselves with all applicable RDC policies and procedures.
3. Purchasing transactions not complying with this Policy may be delayed in processing. The Chief Financial Officer will be advised of all non-compliant transactions.
4. Bidders and vendors are informed that RDC is subject to the Freedom of Information and Privacy Protection Act (FOIPP) which has implications for records created or obtained in the purchasing process.
5. In all purchasing situations where the lowest offer is not selected, the Chief Financial Officer shall be notified and provided with acceptable rationale for the selection. The Chief Financial Officer shall advise the President of all purchases in excess of \$25,000.
6. Tenders or proposals for continuing supply of goods and/or services should be awarded for a maximum of three (3) to five (5) year fiscal period; tenders or proposals to be issued for more than five years must be approved by the President.

7. RDC has entered into agreements for the purchase of certain goods and services (such as travel services, office supplies and insurance) from preferred vendors. These contracts are listed in **Appendix A**. All RDC employees must adhere to these agreements.
8. Financial Services is the custodian of all original tenders, proposals, and contracts.

ETHICS AND CONFLICT OF INTEREST

9. RDC employees shall ensure prudent protection to avoid conflict of interest. A conflict of interest exists when in their normal course of duties an employee may be in a position to make personal gains from an outside interest by their ability to influence transactions. Employees should also be aware that there may be instances in which a perception of conflict of interest may exist.

Related parties exist where two parties are subject to common control, joint control or significant influence or where the two parties have an economic interest in each other.

In order that Financial Services is aware of any potential conflict of interest in dealing with suppliers and can ensure that there are no adverse consequences from such conflict, College employees with a direct or indirect interest in a College supplier must report such interest to the Chief Financial Officer. Guidelines regarding conflict of interest, its disclosure and resolution are set out in the Conflicts of Interest and Mandatory Disclosure Policy and Related Parties Standard Practice.

10. In serving the interests of RDC, no employee shall use his/her authority or office for personal benefit. To preserve the image and integrity of both the employee and RDC, business gifts other than items of small intrinsic value should not be accepted.

Reasonable hospitality is an accepted courtesy of a business relationship. The frequency and nature of gifts and hospitality should not be allowed whereby the receipt might be or might be deemed to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts.

EXCEPTIONS

11. Certain items may be excluded from price requests mainly where they are of a non-competitive nature. Specific exclusions include:
 - Library materials;
 - Bookstore items purchased for resale;
 - Memberships dues and subscriptions;
 - Hotel accommodations, retreat and fundraising venues;
 - Procurement of goods and services at fair market value from the major sponsor for a sponsored event.
 - Items purchased to ensure compatibility with existing products;
 - Services of keynote speakers;
 - Advertising and Public Relations services; and

- Any other situation described in all applicable legislation regulating Procurement, including, but not limited to treasury services and services provided by lawyers and notaries.
12. RDC may follow purchasing procedures different from those described here for the reason of emergency repairs due to operational/safety requirements. Where possible, Financial Services must be notified in writing of these situations prior to the purchase.
 13. The expertise and assistance of RDC service departments will be used in ordering goods and services such as:
 - Computer technology – Information Technology Services
 - Bond paper for use in printers and copiers – Document Centre
 - Marketing and advertising services – Marketing and Communications
 - Office furniture – Campus Management
 - Modifications or additions to facility space – Campus Management

PROCEDURE

At RDC, most purchasing actions are conducted by academic and administrative departmental employees rather than a central purchasing authority. Financial Services assists departmental buyers and users with purchases, as well as to insure consistent purchasing practices across RDC.

Where there is a requirement for competitive bidding, the process should be initiated with Financial Services at a minimum thirty (30) days before the date goods/services are required. The [price requests](#) chart on page 7 identifies when circumstances call for this process.

PURCHASING METHODS

Depending on the **total value of order** (including all applicable taxes), one of the following purchasing methods must be used when purchasing goods and services:

- **Manual Purchase Orders (MPO)** - for non-capital purchases valued at less than \$2,000 and used only when the vendor does not accept purchasing cards.
- **Purchasing cards** - for non-capital purchases valued at less than \$5,000.
- **Purchase Orders (PO)** - for capital and operational purchases of any value.
- **Contracts**
- **Travel and expense claims** – to compensate **employees** for travel and/or other expenses paid personally; refer to the Travel and Related Expenses Policy.
- **Petty Cash** – for purchases valued at less than \$250 for goods or services (**unrelated** to employee travel and expense) acquired directly from the supplier.
- **Payment Requests** – for prepayments or acquisition of goods and services that cannot be acquired using the above listed methods.

PRICE REQUESTS

Purchases, other than those specifically exempt (see [Guidelines #12](#)) within this Policy, are to have price quotes as per the following schedule based on the total value of the order:

	PURCHASE VALUE	PRICE QUOTES	
		RECOMMENDED	REQUIRED
<ul style="list-style-type: none"> GOODS AND SERVICES 	<\$5,000	QUOTES	-
	\$5,000 - \$50,000	-	3 WRITTEN QUOTES
	> \$50,000	-	COMPETITIVE BIDDING
<ul style="list-style-type: none"> CONSTRUCTION 	<\$5,000	QUOTES	-
	\$5,000 - \$50,000	-	3 WRITTEN QUOTES
	\$50,000 - \$200,000	COMPETITIVE BIDDING	3 WRITTEN QUOTES
	> \$200,000	-	COMPETITIVE BIDDING
<ul style="list-style-type: none"> CONSULTING SERVICES 	< \$25,000	QUOTES	-
	\$25,000 - \$50,000	COMPETITIVE BIDDING	3 WRITTEN QUOTES
	> \$50,000	-	COMPETITIVE BIDDING
<ul style="list-style-type: none"> PROFESSIONAL SERVICES NON-CREDIT INSTRUCTIONAL SERVICES SERVICES PROVIDED BY VISITING AND PERFORMING ARTISTS SERVICES OF KEYNOTE SPEAKERS 	< \$75,000	QUOTES	-
	> \$75,000	-	COMPETITIVE BIDDING

Formal tenders may be invited at the discretion of Financial Services for purchases less than the required competitive bidding threshold(s).

Splitting Purchase Requisitions, Purchase Orders or contracts to circumvent this Policy is prohibited.

RECEIVING

Where possible and practical, all **goods delivered to the College** should be received by Shipping and Receiving. The receipt is confirmed to Accounts Payable by an employee of Shipping and Receiving department.

When goods are **delivered to other areas of the College** (i.e., goods picked up by a [buyer](#) or large items installed on location), another person from the ordering department (other than the [buyer](#)) needs to confirm a receipt of goods.

Confirmation of the satisfactory **performance of services** is a sole responsibility of the ordering department.

COMPLIANCE

Failure to comply with this Policy may result in loss of signing authority and purchasing privileges and may result in disciplinary actions up to and including dismissal.

Any incompliance with this Policy is to be addressed in a timely manner. A buyer is contacted at the first instance of violation. The second instance of violation is reported to the buyer's supervisor. All violations are recorded and reported to the Chief Financial Officer.

OFFICER RESPONSIBLE: VP College Services

RECOMMENDING AUTHORITY: Service Council

CONSULTATION FOR REVIEW: Deans' Council, Service Council, Chief Financial Officer

POLICY REVIEW DATE: June 2016

EFFECTIVE DATE: January 1, 2016

REVISION HISTORY: February 1, 2001
October 1, 2004
December 1, 2007
April 1, 2009
July 1, 2009
January 1, 2016

RELATED POLICIES:

- [Signing Authority Policy](#)
- [Conflicts of Interest and Mandatory Disclosure Policy](#)
- [Fee For Service Contracts Standard Practice](#)
- [Related Parties Standard Practice](#)

CONNECTION TO BOARD POLICIES:

All RDC policies support relevant Board of Governors policies.

Appendix A

Current Agreements for Supply of Goods and Services

Office Supplies – Staples Advantage

- RDC has entered into an agreement with Staples Advantage for the purchase of office supplies for the College's internal use. This agreement does not incorporate
 - Red Deer College logo merchandise, name tags, custom stamps, scantron forms and transparencies ordered through the Bookstore,
 - Arc boxes obtained through the Records Management,
 - Printer and photocopier paper, letterhead and envelopes ordered through the Document Centre, and
 - Toner cartridges ordered through Information Technology Services
- Each department determines who will be given access to order supplies for the department. Contact your Program Assistant or department Administrator to inquire if you need an account set up.

Travel Management – Uniglobe Beacon Travel

- RDC has entered into an agreement with UNIGLOBE Beacon Travel Ltd. for the provision of travel services.
- All College business travel and non-faculty professional development travel must be conducted through the contracted agency. Participation is optional for Faculty Professional Development.

Insurance Management – Marsh Canada Limited

- RDC has entered into an agreement with Marsh Canada Limited to act as the College's insurance broker.
- The management of the insurance function is completed through Financial Services.