



COLLEGE OF THE NORTH ATLANTIC

OPERATIONAL PROCEDURE

TOPIC: PURCHASING

Procedure No.	CS-318-PR	Division	Corporate Services
Supersedes	n/a	Board Policy Ref.	GP-F-404
Related Policy	CS-318 CS-304	Effective Date:	November 4, 2016 (R1)

PROCEDURE

1.0 Ethics

High ethical standards for the College's purchasing function will be practiced at all times.

- a) Buyers will not discriminate against any supplier.
- b) Buyers will not permit College purchase orders to be used for goods or services purchased for the personal use of any College employee.
- c) Buyers will not oblige the College to any supplier and will not conduct any College transaction from which they may benefit personally.
- d) Acceptance of gifts, other than advertising novelties, will be strictly prohibited.
- e) The purchasing department will adhere to all College principles of internal control.
- f) Correspondence between suppliers and the College will be limited to the College's purchasing department.
- g) Employees, other than purchasing staff, are prohibited from trading with vendors on behalf of the College.

- h) Employees are prohibited from using the College's purchasing function to order items for personal use or to invoice the College for any personal purchases.
- i) The College's Finance department will not be responsible for tracking accounts that are incurred by individual employees.
- j) Employees (faculty and staff) are not allowed to charge College items to their personal credit card, except as allowed for under the College's Petty Cash policy, FA-317, or the College's Travel policy, FA-308.

2.0 Purchasing of Goods and Services

- a) Due to the nature of the College's budget distribution, it is the responsibility of each Director, Dean, Chair, Campus Director or Manager, manager and department supervisor to ensure that the purchasing policy and procedures are followed at all times.
- b) CNA's purchasing staff are the only ones who have authority to issue official purchase orders, request for proposals, and/or calls for public tenders on behalf of the College.
- c) The purchase of all College goods and services require prior approval from the appropriate department supervisor and budget analyst.
- d) The purchasing process shall be a separate and distinct function from the College's receiving and payable activities.

3.0 Standing Offer Agreements (SOA) By Government

A Standing Offer Agreement (SOA) is one where the Government Purchasing Agency invites the College to participate in a tender administered by their department.

- a) As a participant, the College is committed to a SOA agreement until it expires.
- b) The College's purchasing department will maintain a list of active SOA's.
- c) All standing offers will follow the College's purchasing procedures.

4.0 Open Orders

The purpose of an open order is to ensure that funds are committed for a fiscal year. Open orders are used primarily for the purchase of food supplies;

College fleet parts and supplies; maintenance service; and supplies that are frequently ordered and extremely laborious to receive by single item.

- a) All open orders will follow the purchasing procedures outlined here.
- b) Each open order will require a competitive process.
- c) Only those items specified on the open order will be purchased, except in cases where minor items of like or similar nature are required on an urgent basis but were not quoted on the open order.
- d) College goods and services will only be purchased in the amount specified on the open order.

5.0 Emergency Purchases

Emergency purchase orders are available via PeopleSoft under the following strict conditions. (Failure to anticipate a need is not considered a bonafide emergency.)

- a) A hazardous situation is deemed to exist, affecting human life or safety.
- b) There is an interruption to an essential service such as electricity or water.
- c) College property needs to be secured against imminent danger or hazard.

All emergency purchase orders will follow purchasing procedures as outlined in this document.

6.0 Requisitions

All College purchases require an electronic requisition, unless otherwise specified in Petty Cash and Check Requisition Procedures.

6.1 Guidelines for Requisitions

- a) The process of creating a purchase order starts with the preparation of a requisition for goods and/or services in the PeopleSoft (PS) purchasing module.
- b) A requisition is entered by the employee (requester) requiring the goods and/or services.

6.2 Description

The requisition should have a certain identifying description or performance guideline of the product or service required. It is important that the end user outline the descriptive or performance standards that are required in order that the item(s) purchased will meet the purpose intended. A brand name or model number may be familiar to one vendor but not the others. This may result in poor communication with other bidders of what is desired and increase the chances of an inferior or less desirable product or service sought because the requisition lacked sufficient descriptive or performance content.

6.3 Vendor

If the vendor is known, it may be chosen from the PeopleSoft vendor listing. Otherwise, this field may be left blank. If the vendor is not currently listed, then the vendor's name and address must be added in the line comments so the buyer can add them to the vendor listing.

6.4 Cost

Cost may be estimated and is necessary so that the supervisor (budget owner) and budget analyst can determine pre-committed amount. The end user or requester may contact a vendor for an estimate (vs. quote). Cost must not be zero.

7.0 Buyer Responsibility

- a) All buyers are prompted to procurement activity via approved electronic requisition.
- b) Buyers will maintain Vendor Quote Group in PeopleSoft.
- c) Buyers will maintain high standard of customer service towards customers and suppliers at all times.
- d) The buyer will arrange the delivery date and method of delivery from suppliers.
- e) The buyer will maintain Vendor performance in the PS purchasing module.
- f) The buyer will apply a competitive process to every requisition based on thresholds.

- g) If compliant bids (less freight and applicable taxes) fall within the 10% or \$500 (whichever is less) variance threshold, then the buyer will proceed to purchase order. When variance is greater, process requires supervisor and OBA approval to proceed. (Refer to Purchasing in-house process (8.0) below).

8.0 When Requisition is Less Than Lowest RFQ

Buyers are not authorized to commit more funds than the requisitioned amount. Therefore, on those occasions where the lowest RFQ is greater than the requisition by 10% or \$500.00 (whichever is less), the following process is necessary:

1. Buyer issues RFQ.
2. Buyer reviews RFQs and determines the winning quote.
3. If the buyer determines that the winning quote is higher than the value of the requisition, the buyer will apply the threshold policy as follows:
 - a) Buyer cancels RFQ.
 - b) Buyer adjusts the value of the requisition to match winning quote.
 - c) When the buyer saves the changes to the requisition, the requisition is re-entered to the work flow approval process.
 - d) Buyer must notify requester that the requisition is on the PeopleSoft work list.
 - e) This allows approval by supervisor and OBA for higher amount.
 - f) When the requisition returns to the buyer work list, buyer issues purchase order to winning quote determined in step 4.
4. When requisition is less than threshold, buyer is permitted to issue purchase order, however budget owner and budget analyst must be notified of the extra spending.

9.0 Spending Thresholds

9.1 The purchasing department recognizes the following thresholds:

Threshold (Electronic Requisition)	Requirement (Buyer Responsibility)
Less than \$500 (single item) and less than \$1000 (multiple items).	Requires one written quote via RFQ.

Between \$500 (single item) or \$1000 (multiple items) and \$10,000.	Require three written quotes via RFQ.
Greater than \$10,000.	Requires call for public tender.
Less than \$20,000 for a public work.	Requires three written quotes via RFQ.
Greater than \$20,000 for a public work.	Requires call for public tender.
Less than \$30,000 for lease of space.	Requires three written quotes via RFQ.
Greater than \$30,000 for lease of space.	Requires call for public tender.
Less than \$50,000 for professional services.	Requires one written quote via RFQ.
Greater than \$50,000 for professional services.	Procedure No. CS-319-PR.
Greater than \$500,000 for a single item.	Requires board approval.

9.2 References made to the Public Tender Act may be found at <http://www.assembly.nl.ca/Legislation/sr/statutes/p45.htm>.

9.3 References made to Regulations may be found at <http://assembly.nl.ca/Legislation/sr/regulations/rc980103.htm>

9.4 References made to Procedure No.FA-312-PR [http://www.cna.nl.ca/about/PoliciesPDFs/Approved/ Procedure%20FA-312-PR%20%20Hiring%20of%20External%20Consultants.pdf](http://www.cna.nl.ca/about/PoliciesPDFs/Approved/Procedure%20FA-312-PR%20%20Hiring%20of%20External%20Consultants.pdf)

10.0 Purchase Orders

- The purchasing department is prompted to procurement activity only by PS purchasing module electronic requisitions approved by budget owners and organizational budget analyst to ensure budget.
- Staff, other than purchasing, is prohibited from trading with vendors on behalf of the College.

- The buyer reviews the requisition to determine additional required approval, threshold, and method of competitive process.
 - A Request for Quote (RFQ) complete with close date and time, specifications, quantity, and delivery date is issued for every requisition.
 - The standard period for RFQ is three business days may be less depending on the nature of the product or service.
- 10.1 Requisition Less Than \$500 (Single Item) and Less Than \$1000 (Multiple Items)
- a) The buyer invites one written quote from a vendor.
 - b) The choice of vendor is ultimately determined by the buyer.
 - c) The vendors list will be rotated.
- 10.2 Requisition Greater Than or Equal to \$500 (Single Items) and Greater Than or Equal to \$1000 but Less than \$10,001 (Multiple Items)
- a) The buyer invites three written quotes by way of RFQ.
 - b) At close time quotes are evaluated for compliancy.
 - c) RFQs are maintained in PS purchasing module.
 - d) Lowest compliant RFQ is awarded.
 - e) Award leads to issue of purchase order.
 - f) Record is reviewed for completeness from audit perspective.
 - g) Record is filed.
- 10.3 Where Requisition is Greater than \$10,000
- a) Buyer II determines if they are authorized to issue purchase order.
 - b) Buyer II may administer under following conditions:
 - i. Item(s) is covered by active conditions
 - ii. Item(s) is sole source (see 17, Sole Source Justification)
 - iii. Item(s) is less than 20,000 for public works
 - iv. Item(s) is less than 30,000 for lease

- v. Item(s) is less than 50,000 for professional service.
- c) Buyer II must review historical purchases to help determine thresholds for items (iii – v) above.
- d) If requisition does not meet these criteria Buyer II forwards to Buyer III for review.
- e) When purchase order is issued without tender a Form B is completed, reviewed by Director of Finance, and submitted to Government Purchasing Agency (GPA).

11. Tenders

1. Buyer in consultation with Public Tender Act (PTA) determines circumstances for tender.
2. Buyer III prepares tender document upon receipt of specifications provided by requester.
3. Buyer posts tenders on public websites which include:
 - <http://www.bids.ca/>
 - <http://www.pods.net/pods/>
 - <http://www.cna.nl.ca/tenders/>
4. Tenders are posted for a minimum of ten business days, but may be less depending on circumstances.
5. At times of close, all bid information is recorded.
6. Bids are evaluated for lowest compliance bid.
7. Successful bidder is notified and purchase order is issued from RFQ.
8. Buyers maintain awards on <http://www.cna.nl.ca/tenders/awarded-tenders.asp>
9. Buyer III reports all tender and RFP activity on TARS [http://stjh-p001.gov.nl.ca/tender/PKG NAV.LOGIN](http://stjh-p001.gov.nl.ca/tender/PKG_NAV.LOGIN)

12. Request for Proposals (RFP)

1. Buyer III in consultation with PTA determines circumstances for RFP.

2. Buyer III prepares RFP document upon receipt of specifications provided by requester.
3. RFP may be posted for up to twenty business days depending on the nature of the service required.
4. At time of close, all proposal information is recorded.
5. Evaluation committee determines best solution via evaluation criteria outlined in RFP.
6. Successful bidder is notified and purchase order is issued from RFQ.
7. Buyer maintains awards on <http://www.cna.nl.ca/tender/awarded-tenders.asp>
8. Buyer III reports all tender and RFP activity on TARS [http://stjh-p001.gov.nl.ca/tender/PKG NAV.LOGIN](http://stjh-p001.gov.nl.ca/tender/PKG_NAV.LOGIN)

13. Unauthorized Purchases

1. When the buyer determines an unauthorized purchase has transpired, they must issue notice of Unauthorized Purchase Letter (Appendix B).
2. The end-user is required to complete and submit.

14. Purchase Order Follow-Up

1. The requester can follow-up on their requisition at any time via PeopleSoft.
2. Once the goods are shipped by the vendor, responsibility for follow-up rests with the campus receiver.

15. Purchase Order Reconciliation

1. A designated Buyer II reviews outstanding purchase orders on a regular basis for reconciliation purposes.
2. The buyer follows-up first with the receiver for delivery.
3. If no delivery issue, the designated buyer follows-up with the issuing buyer who follows-up with the vendor.
4. In consultation with the end-user, either new delivery arrangements are made or the purchase order is cancelled.

16. Tender Openings

1. Prior to opening, all bids and related documents are securely maintained.
2. Public tenders are opened at 2:05 p.m. following the tender close date.
3. In compliance with the Public Tender Regulations tenders are opened in an area where the public may view the openings.
<http://assembly.nl.ca/Legislation /sr/regulations/rc980103.htm>
4. Public tenders and RFPs are opened in the presence of at least two witnesses.
5. The information released at the opening consists of the tender number, the supplier name, and the item unit prices.
6. Requests for additional information are handled in accordance with ATIPPA
<http://www.cna.nl.ca/about/atippa.asp>
7. Attendees at the opening should not assume the successful bidder on the basis of information releases at that time.
8. Award is made public via <http://www.cna.nl.ca/tenders>

17. Sole Source Justification Guidelines

A sole source justification represents a request from the end user for the Department of Purchasing to waive the bid process due to the fact(s) that a particular item possesses features that:

- 1) Are critical to the project. These features (specifications) must be described and defended as to why they are critical and needed for the intended application. Vendor names need not be mentioned here.
- 2) No other manufacturer's product possesses these features (manufacturers must be mentioned by name), therefore, since these features are needed and can be documented as needed, it would be futile to bid (potential competition has been thoroughly surveyed, documented, and found deficient). Competition must be mentioned by name with deficiencies.
- 3) It must be stated, with explanation of how that brand and model of choice (state vendors name here.) meets all of the specification requirements as described in 17 (1).

- 4) Price cannot be used to justify a sole source since a Bid would provide information on price. A sole source is a request to waive the Bid process due to unique specifications needed for the intended application. However, a price comparison can be included and strengthen a sole source after the requirements in #'s 1, 2, and 3 have been fulfilled.

The above points must be elaborated on with a description of the need, how the features of a particular instrument (item) fit these needs (documentation) and a listing of possible competitors and how their specifications are deficient for the intended application. Thus, the salient points of a Sole Source Justification involve a letter discussing in detail the points outlined above.

The justification must also contain a conflict of interest statement stating that the end user has no conflict of interest in this purchase.

Approval History	
Approved by President	July 6, 2011
Revision 1	November 4, 2016