



## University Students' Council of the University of Western Ontario

### PURCHASING POLICY

Effective Date

Board of Directors

#### OBJECTIVE

The University Students' Council purchases goods and services throughout the year that are necessary for the successful operation of the organization. This Purchasing Policy, combined with the Purchasing Administrative Regulations and Purchasing Procedures, has been created to ensure employees follow sound, efficient and standardized practices when making purchases on behalf of the corporation.

#### GENERAL POLICIES

The USC shall conduct its purchases in accordance with generally recognised purchasing practices including, wherever possible, the competitive process. Consistent with this the following policies shall provide the framework for all USC purchasing activities:

1. The USC will ensure that products and services are acquired such that they are of acceptable quality at the lowest available price, with consideration given for availability, urgency of demand and required service level.
2. All purchasing transactions shall ensure equal opportunity, due process and fairness to suppliers.
3. When any tendering process, including Requests for Proposal (RFP) are used, the lowest evaluated tender or price, which is the offer evaluated as striking the best balance between quality, price, urgency of demand and required service level, shall be accepted.
4. In all cases where the acquisition price exceeds \$25,000 approval of the award recommendation shall be obtained from the Board of Directors prior to purchase. For purchases of a value less than \$25,000 signing authority shall be established and delegated by the General Manager and the President.
5. For purchases that involve the acquisition of talent, such as bands, speakers, or other entertainers, the Board will be provided with an annual plan and approve an annual maximum spend on talent. The Board shall receive updates each quarter regarding progress versus the plan; any changes to the maximum spend must be approved by the Board.



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6. All USC personnel shall maintain both actual and apparent impartiality and arm's length distance in all dealings with potential suppliers of goods and services.
7. Purchases may be made without prior Board of Directors approval in an emergency situation when the lack of immediate action would jeopardize operation or equipment, disrupt critical services to students or involve the health and safety of personnel if the said purchases are approved by the General Manager and President or their designates. The Board must be made aware of all pertinent facts within one business day of the incident that required the emergency purchase.
8. Any purchase, excepting emergency purchases as described above that are not included in an approved USC budget must receive approval from the Council and/or the Board of Directors as per the procedures established within By-Law #1.
9. The General Manager and President shall maintain a set of Administrative Regulations and Procedures that establish consistent internal processes for purchasing. These processes do not require Board approval, but shall be available to Directors for their information.



## PURCHASING ADMINISTRATIVE REGULATIONS (DRAFT)

Effective Date

General Manager and President

### OBJECTIVES

The following shall establish a number of internal regulations for all purchasing at the USC. These procedures may be altered or changed with the approval of the General Manager and President, and shall be consistent with the Purchasing Policy.

### SIGNING AUTHORITY

#### 1. General

- 1.1. Signing authority is delegated by the General Manager to the Managing Directors and the President to the Vice-Presidents, Secretary-Treasurer and Communications Officer. The Managing Directors and Executive Officers may delegate authority to the appropriate staff members in their areas. A completed 'Signing Authorization Form' must be on file for each staff member with delegated authority with the Finance Office before authority to purchase is recognised.
- 1.2. Only full-time employees may be authorized to conduct purchasing transactions on behalf of the corporation. Exceptions may be made upon the approval of the President and the General Manager.
- 1.3. Signing authority levels are established and monitored by the General Manager or her designate for permanent, full-time employees and by the President or her designate for Executive Officers.
- 1.4. Full signing authority may be delegated to another qualified individual in a department or executive portfolio in times of absence. Written notification must be provided by the individual who is delegating signing authority to the Finance Office.

#### 2. Application of Signing Authority



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- 2.1. The signature on the purchase order signifies that:
  - 2.1.1. the USC has entered into a formal agreement with the vendor to purchase a specified amount of a commodity/service for a specified price.
  - 2.1.2. the signer is assuming the responsibility for ensuring the proper purchasing practices have been employed during the course of purchase.
- 2.2. Leases, rentals, service contracts or any purchases that do not have a definite dollar value, or paid on an incremental basis, shall be evaluated on an approximate total cost basis for determination of required signing authority.
- 2.3. All formal contracts for expenditures in excess of \$50,000 must be approved by the Board of Directors and furthermore the Board must grant signing authority for said contract to the General Manager or her respective designates.

### 3. Exceptions

Due to reasons of standardization, economies of scale, vendor familiarity, or required expertise, the following types of purchases are considered as exceptions to the established signing limits:

- 3.1. Stationery and Office Supplies: shall be obtained by the Finance Office.
- 3.2. Furnishings and Office Equipment: shall be obtained by the Events and Building Services department.
- 3.3. Data Processing Equipment: hardware or software shall be obtained by the Information Systems department, with approval of the Managing Director, Financial Services prior to purchase.
- 3.4. Capital Equipment/Working Capital: shall be obtained by the respective department managers after having obtained the General Manager or her designates approval.
- 3.5. Printing: all printing requirements that cannot be satisfied by the general use printers in the main office or personal offices shall be handled by Creative Services.
- 3.6. Talent acquisition: the acquisition of talent, such as bands, speakers, or other entertainers shall be handled by the Events and Building Services department. Contracts exceeding \$5,000 require authorization from the General Manager.



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- 3.7. Construction: all construction, demolition and renovation projects shall be administered by the Managing Director, Facilities and Operations or his designate, in conjunction with Western University's Facilities Management.
4. Approval for Payment
  - 4.1. 'Approval for Payment' indicates the limit to which an individual may authorize payment for those purchasing transactions that do not normally require the issuance of a purchase order. Some instances where 'Approval for Payment' may be used are:
    - 4.1.1. Cheque Requisitions: purchases of an extremely minor nature such as memberships, magazine subscriptions, credit card payments and conference registrations.
5. Signing Authority by Department / Position

CHART HERE WITH STAFF POSITIONS AND THEIR LEVEL OF AUTHORITY (Levels 1 - 5)

### PROCUREMENT

1. General
  - 1.1. Competitive prices shall be obtained where possible when compatible to the urgency and economies of the purchase.
  - 1.2. In all cases where no competitive supply market exists, USC purchasing practices shall employ such value analysis and negotiation methods as deemed appropriate for the occasion.
  - 1.3. The purchaser is responsible for employing the appropriate purchasing procedures as outlined in these policies, regulations and procedures and to initiate, distribute and maintain appropriate documentation.
2. Methods of Purchase

The purpose of the purchasing process is to establish a legal, contractual arrangement between a vendor and the University Students' Council for the acquisition of goods or services. This is accomplished with the proper completion and acceptance of a purchase order or contract, payment of cash, or credit card transaction. The documentation produced during this process provides the terms and conditions necessary to have a legally binding arrangement, and in addition, provides the link in the communication/audit process.



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### Regular Purchases

- 2.1. All USC personnel with approved signing authority can issue a Regular Purchase Order (R.P.O.) for the supply of goods or services up to their signing limit, or delegated signing limit. It is the responsibility of the Senior Manager or Managing Director to ensure that the proper procedures are followed related to the selection of vendors, product specifications, price quotations and purchasing documentation and follow-up. Most purchasing transactions will be monitored by the Finance Office who will endeavour to lend assistance to any individual or department when necessary or upon request.
- 2.2. Most purchases of goods and services can be accomplished with the use of a correctly completed Purchase Order. Some instances when a R.P.O. are not recommended are:
  - 2.2.1. Internal purchases, such as caterings from Food and Beverage, work done by the Promotions Department and printing from Creative Services.

### Contract Purchases

- 2.3. The Level 1 & 2 personnel are responsible for the issuance and distribution of all Contract Purchase Orders (C.P.O). The user department is responsible for the issuance of support documentation against the purchase order, following the terms of the purchase order, monitoring vendor performance and responding promptly to requests for renewal authorization and information.
- 2.4. Contract Purchase Orders are generally issued to formalize an agreement that has been the result of a tender quotation process for the supply of particular goods or services from a vendor for a specific period of time. There is no limit on the amount that can be ordered against a C.P.O. at one time as all prices, terms and conditions have usually been predetermined in the tender. The signing authority and responsibility for these purchases belongs to the Level 1 & 2 personnel.
- 2.5. The user department, may at times issue a Contract Purchase Order without item prices and quantities. In these cases, current item price lists and catalogues will be referenced on the C.P.O., and copies of these lists or catalogues will be provided to the Finance Office and Accounts Payable.
- 2.6. Contract Purchase Orders are typically used to cover the following types of acquisitions:
  - 2.6.1. Equipment leases/rentals
  - 2.6.2. Continuous services and service agreements
  - 2.6.3. Regular inventory or supplies for Food & Beverage and Retail



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### Credit Cards / Petty Cash

- 2.7. Corporate Credit cards shall be issued to personnel at the discretion of the President and General Manager for use by departments and portfolios. The credit card user is responsible for the correct distribution of documentation following a purchase.
- 2.8. Occasional purchases from local vendors, that do not exceed \$100 should be made from petty cash. Petty cash shall be held by the Finance Office.

### 3. Emergency Requirements

- 3.1. In most cases the Senior Manager or Managing Director is responsible to ensure emergency purchase approval and documentation is completed. If applicable, the General Manager shall take responsibility for all purchases made under an emergency situation.
- 3.2. Emergency requirements exceeding normal signing authority, where time permits, shall be authorized by the General Manager or President. If time does not permit, the purchase shall be authorized by the person with the most signing authority available. The General Manager and President shall be notified as soon as possible.

### 4. Single or Sole Source Vendors

- 4.1. The General Manager shall decide the most appropriate method of purchase on occasion where no competitive supply market exists and is responsible for all purchase negotiations covering materials and services, except for those listed as exempt in the 'Signing Authority' section. The intent is to avoid waste, both in time and materials, in a tendering process when a source is predetermined to be the only source capable of performing this service or supply the material, or the only source solicited for reasons specific to the situation, although competition may be available.
- 4.2. Purchases from single source vendors should be kept to a minimum as the best assurance that 'best value' has been achieved comes with competition.

### 5. Cooperative Purchasing

- 5.1. Departments are encouraged to find opportunities to combine or pool the needs of other internal departments, or to combine the needs of the USC with Western University, to achieve economic or other advantage in the procurement of goods or services.



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### TENDERS

Tenders are requests by the USC to suppliers, contractors, or others to quote prices for goods and services, purchase of USC-owned assets, or other aspects of USC business.

#### 1. Tenders

Tenders are used to obtain price quotations for the supply of goods and services. The choice of method is a judgement made by the Purchases, depending upon several factors, including urgency of need, cost and availability. The methods available include formal supply tenders and quotations.

#### Quotations

Methods of obtaining pricing are the Request for Quotation (R.F.Q.), Request for Proposal (R.F.P.), Expression of Interest (E.O.I.) and the telephone quotation.

#### 1.1. Request for Quotation (R.F.Q.)

- 1.1.1. R.F.Q.'s are used for most of the major acquisitions made by the USC, especially for goods/services that are used on a continuous basis and are repurchased or renewed on an annual basis.
- 1.1.2. R.F.Q.'s other than for goods and services listed as exceptions, can only be called for by the General Manager or her designate.
- 1.1.3. Late, unsigned or incomplete bids may be accepted providing that the deficiency is corrected in a prompt and ethically correct manner. The buyer may delay placing an order, if time permits, to await the return of a quotation which has been delayed.
- 1.1.4. It is recommended that a minimum of three qualified vendors be solicited for bids for each purchase.
- 1.1.5. Unless judged unsuitable, the lowest evaluated bid shall be awarded the contract for the supply of the tendered goods/services.

#### 1.2. Request for Proposal (R.F.P.)

- 1.2.1. On occasion, the exact nature of the product or service required is difficult to determine or specify. Prior to tendering, an R.F.P. can be issued to assist in the determination of the project's final parameters.





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- 1.2.2. Generally, the R.F.P. does not bind either the USC or the vendor to any type of commitment, financial or otherwise. It is usually a forum for the receipt of ideas in order to more clearly specify the requirement in the future.
  - 1.2.3. R.F.P.'s can be called upon by the individual responsible for making the purchase.
  - 1.2.4. Late, unsigned or incomplete proposals may be accepted providing that the deficiency is corrected in a prompt and ethically correct manner.
  - 1.2.5. The purchase of a product or service may be negotiated directly from the results of an R.F.P., but it is recommended that those results be used to complete the requirements necessary for a competitive tender process.
- 1.3. Telephone Quotations
- 1.3.1. Telephone quotations may be obtained by any USC staff member with recognized signing authority but should be limited to purchases within the department's signing authority.
  - 1.3.2. Telephone quotations should only be used to obtain quotes on identical items or items/services that are commonly considered as equal.
  - 1.3.3. Quotations are generally obtained by telephone when competitive pricing is desired an either:
    - 1.3.3.1. the value of the goods or service involved does not warrant obtaining written quotations or,
    - 1.3.3.2. time does not permit obtaining written quotations.
  - 1.3.4. It is recommended that a minimum of three vendors be contacted to submit verbal quotes on identical, or at least comparable, items.
  - 1.3.5. Unless judged unsuitable, the lowest evaluated bid shall be awarded the contract for the supply of quoted goods/services.
  - 1.3.6. Phone quotations received from one vendor shall not be released to another vendor, prior to purchase, in order to receive a lower price.

### FORMAL CONTRACTS

1. Formal Contracts



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- 1.1. The issuance of a formal contract does not exempt departments from also ensuring that a purchase order is produced as a companion document to the formal contract. Unless otherwise stipulated, the terms and conditions established in the contract shall have precedence over those stated on the purchase order.
- 1.2. Regular signing authority limits apply to goods/services purchased under formal contract. If the total cost of the contract exceeds departmental signing authority, then the purchase order and the contract shall be forwarded to the appropriate individual for authorization prior to the signing of the contract.
- 1.3. It is recommended that all formal contracts be reviewed by the Managing Director, Financial Services, and where appropriate the USC's external legal counsel. This will ensure that the best interests of the USC, financially and legally, are understood and protected.

### PURCHASING PROCEDURES

Effective Date

General Manager and President

#### RFQ PROCEDURES

- Details

#### RFP PROCEDURES

- Details

#### CONTRACTS PROCEDURES

- Details