The UNIVERSITY *of* WESTERN ONTARIO

POLICIES *and* PROCEDURES

2.8 PURCHASE OF MATERIALS AND SERVICES

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PURPOSE OF POLICY

The purpose of the Purchasing Policy is to define:

- the responsibilities and accountability associated with the acquisition of goods and services, whether by purchase, rental or lease, related to the constituent University;
- the limits of authority;
- the guidelines that will maximize value-for-money;
- a system for accountability.

In carrying out these responsibilities, those responsible will have regard for the development of an environmentally sustainable campus while complying with all other University policies, financial controls and conflicts of interest.

POLICY

1.00 The responsibility for the identification of the need and specification is the responsibility of the User Department.

2.00 Except as otherwise specifically delegated by the Board of Governors or the President, all acquisitions for the University of materials and services from all sources of revenue (i.e., general operating budget, ancillary operations, research funds, capital funds and other monies held in trust for special purposes) shall be the responsibility of the Purchasing Department. Current exclusions are:

(a) Contracts for construction (new buildings, additions, or major alterations or renovations). Refer to **Policy 2.15**.
(b) Contracts for the acquisition or lease of land or buildings. Refer to **Policy 1.25** and **Policy 2.15**.
(c) Personnel services (i.e., benefits, wage and salary administration, and occupational health and safety). Refer to **Policy 2.23**.
(d) Investment services, including Pension Board and Treasury. Refer to **Policy 2.12**, **Policy 2.23** and Special Resolution 1-J and 1-K.
(e) Insurance. Refer to **Policy 2.23**.
(f) Legal Services. Refer to **Policy 2.6**.

3.00 The Purchasing Department in discharging its responsibilities shall have the final decision in the selection of the supplier and establishing the price, terms, and conditions of purchase.

4.00 The Purchasing Department will work co-operatively with the University Development Office when suppliers or potential suppliers to the University are to be solicited for donations. However, in no case shall donations or other gifts given in the past, present, or offered in the future, be considered a factor in a purchase decision with the exception of in-kind contributions and partnerships associated with granting agency funded research purchases.

5.00 The Purchasing Department may delegate its operational responsibilities to other groups in specific instances while retaining functional authority.

6.00 The Purchasing Department will strive to provide suppliers opportunities to bid on University business in a fair, open and competitive process. This will be achieved by the use of informal, formal and sealed bids. Competitive bids will be solicited in accordance with the limits and process outlined in 10.00 below.

6.01 Where an employee is a supplier or has a relationship with a supplier, compliance with **Policy 3.4** and with this policy will be enforced.

6.02 It is recognized that on-going service and partnering with quality/preferred suppliers can be a mutually beneficial and cost effective procurement process. However, where normal competitive procedures are waived, the reasons must be documented, kept on file and authorized by the Director of Purchasing or delegate. Moreover, as a minimum, such arrangements must be reviewed every five years with the stakeholders.

6.03 In the case of specialized and/or custom designed equipment or services for which there is only one known or recognized product leader, the requirement for a competitive process may be waived. Again, the reasons must be documented and approved by the Director of Purchasing or delegate.

7.00 The Purchasing Department may enter into co-operative purchasing arrangements with other organizations where this is advantageous. Co-operative purchasing processes will be accepted if deemed by the Director Purchasing to be consistent with the intent of university policies.

8.00 Under no circumstances will the University entertain purchasing goods for subsequent sale to individuals for personal consumption or utilization except through its normal retail operations.

PROCEDURE

9.00 In the discharge of its responsibilities, the Purchasing Department undertakes to:

(a) Consult with the users to establish all requirements and appropriate suppliers.
(b) Be the major point through which supplier contact is initiated and maintained. Direct contact between users and suppliers may be essential; however, any supplier proposals resulting from discussions with suppliers are to be directed to the Purchasing Department, with copies to the requester unless otherwise directed by the Purchasing Representative.
(c) Be notified and approve any lab expositions, vendor and any other related shows/displays involving vendors on University property.
(d) Keep abreast of developments in the major commodity fields and provide pertinent information to users.
(e) Facilitate vendor performance evaluations.
(f) Identify sources of needed goods and services, select suppliers, obtain quotations and negotiate terms of purchase and payment. Users will be involved in the purchasing process.
(g) Facilitate the procurement of goods and services and provide for customs clearance. The expediting of delivery of goods and services will be managed with the user department on a case by case basis.
(h) Place orders and arrange details of delivery.
(i) Handle all adjustments of price and terms for items purchased on Purchase Orders.
(j) Interpret and apply all applicable government regulations including customs and appropriate taxes.

10.00 The competitive bid process may take the form of telephone quotations, written Request For Quote, written Request For Proposal, Tender or by OBS (electronic 'Open Bid System'). The most appropriate method will be decided by the Purchasing Department in conjunction with the user and/or as required by law. Guidelines for competitive pricing are:

- Up to $10,000 - at the discretion of the Purchasing Buyer.
- $10,001 to $25,000 - two verbal quotes minimum, three preferable with the awarded quote documented in writing.
- $25,001 to $100,000 - minimum of three formal quotes, five preferably, or advertised tenders preferably from a pre-qualification process.
- Over $100,000 – competitively bid through an open electronic system or in the rare case sole sourced with appropriate documentation (refer to Section 6.03).

Any purchases funded through a Granting Agency must meet the Agency's requirement or those above, whichever are more stringent.

All bids over $100,000 will be opened in the presence of the appropriate Purchasing Manager or the Director of Purchasing and whenever practical one other individual designated by the Director Purchasing. All bids will be recorded.

11.00 Except as noted in 12.00 below, budget units will prepare and forward Purchase Requisitions to the Purchasing Department for completion of the purchasing function.

12.00 In accordance with 5.00 above, the Purchasing Department hereby delegates operational responsibility and accountability for purchasing to the:

(a)	Director, University Book Store & Graphics Services or Associate Vice-President (Housing & Ancillary Services) for books and materials purchased for resale by the Book Store or the Campus Computer Store and for equipment service agreements and external print contracts for Graphic Services.	$250,000
(b)	University Librarian for library collection acquisitions.	$250,000
(c)	Director, Hospitality Services or Associate Vice-President (Housing & Ancillary Services) for food and beverages purchased for Housing and Food Services	$250,000
(d)	Managers of licensed University liquor outlets or Associate Vice-President (Housing & Ancillary Services) for purchase of alcoholic beverages in compliance with the University liquor license	$25,000

This delegation of operational responsibility will be exercised in accordance with letters of understanding between Purchasing and each of the above operating units.

In addition, authority for purchases less than $5000 as provided for by the Low Value Purchase Order, Procurement Cards, Standing Orders or Systems Contracts are delegated to local budget unit authorized personnel. The Director Purchasing has the authority to increase individual one-time Procurement Card transactions up to a maximum of $100,000.

EXPENDITURE AUTHORITIES

13.00 The President, Vice-Presidents, Associate Vice-Presidents, Assistant Vice-Presidents, Deans, Budget Unit Heads and Principal Investigators are authorized to sign/approve purchase requisitions without limit for their respective areas of responsibility when the expenditure is provided for in approved budgets, with such purchases to be effected by the Purchasing Department in accordance with approved policies and procedures.

The above officers may delegate their authority to sign purchase requisitions for amounts less than $50,000 for goods and services, and up to $100,000 for recoverable salaries and benefits. Such delegations, including specified limits, must be given in writing to the Purchasing Department.

14.00 The following have the authority to commit the University to the expenditure of funds for any one transaction up to the limits specified below through the execution of Purchase Orders, contracts and agreements (i.e. service, licensing and maintenance agreements/ warranties) to:

(a)	President	$1,500,000*
(b)	Vice-President (Research & International Relations) for research funded acquisitions	$1,500,000
(c)	Vice-President (Resources & Operations) or, in the absence of, the Vice-President (Academic)	$1,500,000
(d)	Associate Vice-President (Financial Services) or the Associate Vice-President (Institutional Planning & Budgeting)	$750,000
(e)	Director of Purchasing	$500,000
(f)	Purchasing Managers	$250,000
(g)	Senior Buyers	$125,000
(h)	Buyers	$25,000
(i)	Local Business Unit Authorized Personnel	$5,000

*The President also has authority to sign purchase orders, contracts and agreements for expenditures over $1,500,000 for research equipment if the expenditure falls within the constraints set out in Special Resolution No. 2, section 5.

Notification will be given to the Associate Vice-President (Financial Services) and the Director Purchasing for contracts whose life-time total value exceeds the above limits but where individual transactions within the contract fall within the above limits.

15.00 Except as specified in 12.00, Purchase Orders, contracts and agreements, regardless of amount, must be reviewed and approved by the Director of Purchasing or a Purchasing Manager prior to approval by other signing authorities.

16.00 The Director of Purchasing hereby delegates authority to commit the University to the expenditure of funds for any one transaction up to the limits specified below and in respect to operational responsibilities delegated to them, through the execution of purchase orders, contracts and agreements as follows:

(a)	Director, University Book Store & Graphic Services or Associate Vice- President (Housing & Ancillary Services)	$250,000
(b)	University Librarian or designate	$250,000
(c)	Director, Hospitality Services or Associate Vice-President (Housing & Ancillary Services)	$250,000
(d)	Managers of licensed University liquor outlets or Associate Vice-President (Housing & Ancillary Services)	$25,000
(e)	Local business unit authorized personnel	$5,000

17.00 The tendering and purchase of utilities (electricity, natural gas, and water) is administered by the Department of Facilities Management with the support of the Purchasing Department. Contracting for electricity and natural gas will occur using a competitive bidding and review process. The authority to sign contracts with suppliers is as follows:

(a)	Associate Vice-President (Facilities Management)	up to $1,000,000
(b)	Vice-President (Resources & Operations) or designate or President	over $1,000,000