



PURCHASING PROCEDURE

Procedure Type:	Institutional	Initially Approved:	October 3, 2018
Procedure Sponsor:	VP Administration	Last Revised:	September 29, 2020
Administrative Responsibility:	Finance Department	Review Scheduled:	September 2023
Approver:	President and CEO		

A. INTENT

The Alberta University of the Arts (AUArts), as a public institution and through the execution of its mandate, may have the need to acquire goods and services. This procedure sets out the principles guiding procurement of goods and services to ensure institutional fiscal responsibility, efficiency, cost effectiveness, transparency and legislative compliance. The Bookstore is tasked with administering and coordinating the procurement of goods and services for all institution departments as per institutional policy, procedures and directives.

B. SCOPE

This Procedure applies to all employees and contractors who require procurement of and/or expenditure approval for the purchase of goods or services. Certain purchases that have a different approval process are excluded from this procedure:

- Travel expenses
- Visiting Artist
- Honorariums
- Payments for students’ scholarships, bursaries and awards, where payment vouchers are used.

C. PROCEDURES

1. General

- 1.1 All purchase commitments must be approved by an authorized Expenditure Officer, as per the Signing Authority Matrix, prior to proceeding with a purchase. Various forms of authorization are available within the 200.03.01 Delegation of Signing Authority Policy of the institution, with the most frequently used formats being purchase requisitions, purchase orders, invoices, contracts and P-card purchases.
- 1.2 Evidence of authorization must be referenced or attached to purchase requisitions for tracking or follow up by the Bookstore and/or Finance Department.

- 1.3 The acquisition of goods and services will be made by open competitive bidding processes, or other similar forms of negotiation, unless otherwise approved under this Procedure.
- 1.4 Payment vouchers are only used to make payments to students for scholarships, bursaries, and awards, and may only be authorized by the Registrar, CFO, or Vice President/President.
- 1.5 The institution is bound by trade agreements such as CPTPP, NWPTA and TILMA and the Bookstore will operate in compliance with our obligations resulting from these agreements.

Roles and Responsibilities

2. Expenditure Officers

- 2.1 Expenditure Officers are responsible for ensuring that:
 - a. Expenditures arising from purchasing of goods and services made on behalf of the institution represent good value and benefit to the institution and are compliant with this Procedure;
 - b. Arms-length relationships with suppliers are maintained and purchase transactions are in compliance with the Board of Governors 100.01.01 Code of Conduct Policy;
 - c. Any related party relationships with a new vendor are disclosed on the New Vendor Registration Form;
 - d. Payment for goods or services under a Purchase Order or Contract is not made until the goods or services are received in good condition, unless otherwise approved by the Manger, Procurement and Retail Operations, or designee, or as specifically outlined and/or approved as non-standard language in a Contract; and
 - e. Invoices received are sent to the Bookstore for payment in sufficient time to process the invoice within thirty (30) days of the original date received.

3. Administration

- 3.1 The Bookstore is responsible for ensuring that:
 - a. Purchase orders for goods and services are issued;
 - b. All vendor purchases of goods and services are properly authorized and follow the institution's 200.03.01 Delegation of Signing Authority Policy for all Expenditure Officers of the institution;
 - c. All goods have been received in good order and all terms and conditions in the purchase order or contract have been met including any discount terms;
 - d. Purchase order and supplier records are updated as appropriate;
 - e. The institution's competitive bidding process is managed properly;
 - f. Arms-length relationships with suppliers are maintained and purchase transactions are in compliance with the Board of Governors 100.01.01 Code of Conduct Policy;
 - g. The potential for improved purchasing value through the analysis of current and potential suppliers is periodically assessed;
 - h. Records of refunds and discounts are properly maintained with suppliers; and

- i. All capital purchases are made and approved consistent with the institution's approved capital budget or grant agreements.
- 3.2 The Finance Department is responsible for ensuring that:
- a. All payments are authorized and the accounting entries including coding and taxes are correct;
 - b. Authorized invoices are paid in a timely manner and properly matched to purchase documents as to quantity, pricing and vendor;
 - c. Authorized returns and vendor credits, including discounts, are accounted for in a timeline manner;
 - d. P-cards are used for appropriate business expenses with adequate controls established for day-to-day use; and
 - e. Authorization limits are followed for purchase transactions as reflected in the Signing Authority Matrix.

4. General

- 4.1 Purchase Requisitions must be used and authorized in advance for soliciting all purchases that are not made using a contract, a P- card, subscription renewal, or to replenish retail sales inventory in the Bookstore where purchase orders are used for acquisition.
- 4.2 Where there is doubt as to the appropriate method of purchasing (i.e. purchase requisition, contract, or P-card, the Manager Procurement and Retail Operations' recommendation shall be binding.
- 4.3 When requesting pricing from the Bookstore, Expenditure Officers are reminded to consider or address the following issues as they apply to the order and include the information on the Purchase Requisition:
- a. Lead time for delivery;
 - b. Method of shipping and freight and customs charges;
 - c. FOB Point (who pays for the shipping);
 - d. Insurance Coverage while in transit;
 - e. Warranty;
 - f. Installation costs;
 - g. Exchange costs for currency; and
 - h. GST or other taxes.
- 4.4 All Purchase Requisitions must be written in a manner that promotes fair competition (e.g. mention of brands may only be considered to be an indication of quality.) Requisitions should also include technical specifications, quantities, budget code(s), and date of each item required.
- 4.5 Purchase Requisitions for goods and services must be authorized by an appropriate Expenditure Officer in advance of the purchase and submitted to the Manager, Procurement + Retail Operations.
- a. For goods, the Bookstore will either order the goods or draw from inventory and process the subsequent invoice or internal billing process for payment.
 - b. For services, the Bookstore will communicate the assigned Purchase Order number to the Expenditure Officer, which must be referenced on payable invoices.
- 4.6 Purchases of retail goods inventoried by the Bookstore require only a purchase order completed by the Manager, Procurement & Retail Operations and signed by the Director, Facilities & Ancillary Services.
- 4.7 Capital purchases must be reviewed and authorized by the Director, Facilities & Ancillary Services, see section 7 - Capital Purchasing below.

- 4.8 Purchases made as a result of a contract must follow the Contracting Procedure and require evidence of the contract either attached to or referenced in any invoice approval related to the contract. See section 4 for specific requirements about obtaining quotes and the competitive bidding process.
- 4.9 When using a new vendor, the New Vendor Registration Form must be submitted and approved by the Finance department before a purchase requisition or contract will be approved in compliance with the Vendor Registration Procedure.
- 4.10 Invoices for services under \$500 may be authorized for payment by an appropriate Expenditure Officer without completion and approval of a purchase requisition/purchase order in advance.
- 4.11 Emergency purchases for minor items costing less than \$100 may be made through a petty cash fund maintained in the Bookstore. Generally these transactions will be limited to reimbursing employees for minor expenses.

5. Competitive Quotations / Tenders

- 5.1 The anticipated value of the goods or services to be purchased will determine the procurement procedure to be followed. The following thresholds per scope of work will apply:

	Under \$2000	\$2000 to \$7499	\$7500 to \$24,999	\$25,000 to \$74,999	Over \$75,000	
Goods	Vendor of Choice	Written quote or standing offer	Three competitive quotes or standing offer		Public tender per TILMA	
Services	Vendor of Choice	Written quote or standing offer		Three competitive quotes or standing offer	Public tender per TILMA	
Construction	Vendor of Choice	Written quote or standing offer		Three competitive quotes or standing offer	Public tender >\$200K per TILMA	
Preferred Vendor	Vendor of Choice from Preferred Vendor List				Three Quotes from Preferred Vendor List	Public tender >\$200K per TILMA

- 5.2 Where written, competitive quotes, or standing offers are required/used for the procurement of goods or services, evidence of such shall accompany the Purchase Requisition or Contract.
- 5.3 All quotes must be documented. Normally, the purchase order/contract will be awarded to the lowest priced eligible bidder. If for any reason the purchase order/contract is not awarded to the lowest bidder an explanation for choosing another bidder must normally be justified and documented.

- 5.4 Where tenders are required as per the table in 5.1, tendering information and competitive bidding processes will be used and will be administered by the Manager, Procurement & Retail Operations, including the following:
- a. Ensuring tender packages include complete and appropriate information including:
 - i. Template RFP documents;
 - ii. Detailed specifications;
 - iii. Where applicable, insurance bonding and Workers' Compensation requirements and other statutory declarations as required;
 - iv. Closing date and time;
 - v. Instructions to whom vendors are to return their tender;
 - vi. Date, time and location of tender opening;
 - vii. Records of all vendor sent requests as well as receipt (date and time) of the tenders returned for the competition; and
 - viii. Records of all vendor submissions, the winning submission, and summary of how the winning submission was chosen.
 - b. Administering tender openings, recording all tender submissions and completing with Expenditure Officers any analysis and review prior to decisions or awards.
- 5.5 Tenders for major maintenance and construction contracts will follow the same opening process under the direction of the Director, Facilities & Ancillary Services, unless the project(s) is under the direction of the institution's landlord, SAIT, in which case this Procedure does not apply.
- 5.6 All copies of tender documents must be retained for a period of ten years. If for any reason, re-tendering is desired, the original tender documents must be scrutinized for legal ramifications and if initiated, all competing vendors will be given an equal opportunity to re-tender.
- 5.7 In the case of an RFP, if the lowest evaluated tender is not recommended for acceptance, written justification providing the reasons must be documented on the tender document file and the Vice President responsible for the department or requisitioning unit must approve the exception. Appropriate information will also be made available to the unsuccessful bidders, if requested, subject to the Freedom of Information and Protection of Privacy Act of Alberta.

6. Alternative Procurement Practices

- 6.1 Where, due to unforeseen circumstances, an emergency for a service or construction cannot be obtained in accordance with this Procedure, approval may only be granted by the next highest signing authority, depending on the value.
- 6.2 Subject to the approval of the Director, Facilities & Ancillary Services, or delegate, and the Vice President Administration or delegate, there may be situations where goods and/or service needs must be sole sourced, such as the following:
- a. Ensuring compatibility with licenses, copyrights or patents;
 - b. Needing to maintain specialized products or services for compliance to manufacturer specifications or for compatibility with existing services;
 - c. Performing emergency work as required by the lessor of the building;
 - d. Requiring services from a specific vendor for technical reasons;
 - e. Requiring goods or service required under monopolies or where no know substitutes for the supplier exists (e.g. commodity purchases);

- f. Meeting warranty work requirements;
- g. Procuring original works of art; and
- h. Requiring services for conducting litigation or other sensitive services where open procurement could compromise confidentiality.

When such situations occur, the Expenditure Officer must provide written qualification, via the Sole Source Procurement Request Form, which must accompany the purchase requisition or contract, prior to entering into any purchase agreement.

- 6.3 When renewing a subscription/membership from a sole provider, no purchase requisition is necessary. Invoices must be signed and coded appropriately by the Expenditure Officer within signing authority limits. Completed invoices must be forwarded to Manager, Procurement and Retail Operations for processing. New subscriptions/memberships must follow regular purchasing procedures.

7. Capital Purchasing

- 7.1 Capital budgets are approved as a part of the institution's capital budget cycle to reflect the institution's commitment to required capital investments exceeding \$5,000 in value. Once approved, the item(s) is placed within the capital budget on the approved capital list. Purchase of goods or services for a capital investment must reflect the allocations recorded in the institution's approved capital list.
- 7.2 Asset purchases (equipment, furnishings and the like) less than \$5,000 may be made from operating funds if within the limits as per the Signing Authority Matrix.
- 7.3 Capital purchases must be reviewed and approved by the Director, Facilities & Ancillary Services who is accountable for tracking all capital purchases against approved budgets.

8. P-card Purchasing

- 8.1 The Procurement Card (P-card) program is made available to facilitate a convenient, timely and cost-effective method of acquiring lower cost operational good and services where tendering or purchasing expertise is not required.
- 8.2 P-card purchases do not require a Purchase Requisition, but purchases must be properly authorized as outlined in the Procurement Card (P-card) User Guidelines.
- 8.3 P-cards are not to be used for any capital purchase more than \$1,000. Exceptions may be authorized in advance by the Director, Facilities and Ancillary Services and as per the P-card User Guidelines.

9. Preferred Vendor

- 9.1 Preferred Vendors are to be given strong consideration whenever appropriate. A preferred vendor list is maintained by the Manager, Procurement and Retail Operations. This is available upon request.
- 9.2 Preferred vendors have exceptional Procurement Thresholds, as per table 5.1
- 9.3 For a vendor to be added to the Preferred Vendor List, they must be successful in a Public Tender process. New vendors will only be added to the preferred vendor list utilizing the RFP process under section 5.4.
- 9.4 Preferred Vendors will normally be on the Preferred Vendor List for a period of 5 years before re-evaluation is necessary.

9.5 Tendering processes for establishing Preferred Vendors must follow those outlined in the Preferred Vendor Guidelines.

10. Non-Compliance

10.1 Violations of this Procedure, the Contracting Procedure, the Delegation of Signing Authority Policy, or the P-card User Guidelines will result in a written notice in the first instance, and suspension of signing authority and/or other sanctions in the second instance.

10.2 Violations of the aforementioned policies and procedures may result in disciplinary action up to and including termination of employment.

D. DEFINITIONS

Bidding Process:	A competitive process that requires more than one vendor to offer to buy or sell goods or services with stated price quotes and terms of sale, through tender, RFI, RFP or RFQ.
Competitive Quote:	<p>A documented quotation from a supplier/vendor whose purpose is to respond to an invitation to bid on selling specific products or services to the institution, where more than one invitation was issued. For the purpose of this Procedure, a Competitive Quote for goods may also include either:</p> <ul style="list-style-type: none">• An image capture of a vendor website illustrating a description of the service offered or product name, reference number and applicable pricing, or• Written documentation of a conversation with a vendor detailing; description of service offered or product name, reference number and applicable pricing along with vendor representative name and title with contact information.
Contract:	Means a written financial agreement that outlines an exchange of services and monies between a third party (vendor, individual, institution) and the institution.
CPTPP:	The Trans-Pacific Partnership CPTPP is the Trans-Pacific Partnership, which includes twelve countries that border the Pacific Ocean, representing roughly 40% of the world's economic output. The pact aimed to deepen economic ties between these nations, slashing tariffs and fostering trade to boost growth. Members had also hoped to foster a closer relationship on economic policies and regulation.

Expenditure Officer:	Means a delegated employee with authority to initiate and approve expenditures on behalf of the institution as per the Signing Authority Matrix and certify receipt of goods or services and contract performance and price.
NWPTA:	Means the New West Partnership Trade Agreement an accord between the Governments of British Columbia, Alberta and Saskatchewan removing any obstacle that impedes, restricts or impairs trade, investment and labour mobility between all three provinces.
Preferred Vendor:	A vendor that has a continuing arrangement to provide the organization with products or services, often at a reduced price. Re-evaluation occurs every 5 years.
Procurement Card/ (P-cards):	Credit cards issued by the Finance department to positions identified in the Signing Authority Matrix with the associated expenditure limits.
Purchase Requisitions:	The authority to requisition the purchase of goods or services in advance of the goods or service being received. The completed requisition must be approved by the authorized Expenditure Officer, and once accepted by the Bookstore provides authorization to purchase goods or services from a vendor via a purchase order.
Purchase Order:	The formal confirmation of an order issued by the Bookstore to a vendor that authorizes a purchase. For goods this a uniquely numbered computer-generated document that details vendor information, product description, quantity and pricing. For Services, it is a unique number issued by the Bookstore to the appropriate Expenditure Officer after all requisition requirements have been met.
Scope of Work:	Scope of work is the documentation of specific project goals, deliverables and timelines. It is a description of what needs to be achieved and the work to be done to deliver a project.
Signing Authority Matrix:	Outlines the authority delegated to specific positions within the institution to commit the institution to legally binding contracts or commitments with external parties. This encompasses various types of authority including

commitments and approval authority and may be updated from time to time on the authority of the President and CEO.

Standing Offers:	Standing Offers means purchase agreements in place through a competitive bidding process initiated by organizations such as the Province of Alberta, a consortium of Campus Alberta Institutions, a consortium of public sector organizations or related associations to which the Institution is a member (e.g. CAUBO).
Subscription/Membership Renewal:	The monthly or annual recurring commitment for membership or receipt of media, be it in electronic format or printed format, from a sole source provider.
Blanket Purchase Order:	A Blanket Purchase Order is a purchase order issued by the Bookstore for a recurring service where the vendor will submit more than one invoice during the budget year. The Expenditure Officer requests a blanket purchase order in lieu of recurring purchase orders to a specific vendor for like services, up to the appropriate threshold and authorized expenditure limit.
Tender:	The act of offering for sale, in written form, goods or services solicited or unsolicited. This may be used as a general term for Request for Information (RFI), Requests for Proposal (RFP), Request for Quotation (RFQ), or a bidding exercise by invitation or to the public.
TILMA:	The Trade, Investment and Labour Mobility agreement an accord between the Governments of British Columbia and Alberta removing any obstacle that impedes, restricts or impairs trade, investment and labour mobility between the provinces.
Written Quote:	A documented quotation from a supplier/vendor whose purpose is to respond to a request to sell specific products or services to the institution. A Written Quote normally details; description of service offered or product name, product reference number and applicable pricing along with the vendor representative name and title with contact information.

E. RELATED POLICIES

- 200.01.01 Procurement Policy

F. RELATED LEGISLATION

- Post-Secondary Learning Act
- Provincial Trade, Investment and Mobility Agreement (TILMA)
- Interprovincial New West Partnership Agreement (NWPTA)

G. RELATED DOCUMENTS

- 100. Board of Governors: Code of Conduct Policy
- 200. Finance: Delegation of Signing Authority Policy
- 200. Finance: Contracting Procedure
- 200. Finance: P-card User Guidelines

H. REVISION HISTORY

Date (mm/dd/yyyy)	Description of Change	Sections	Person who Entered Revision (Position Title)	Person who Authorized Revision (Position Title)
11/2019	Revisions			