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## Purchasing Policy

Effective Date: March 29, 2011

Revised June 1, 2016

Signature/Position: Assistant Vice-President, Finance and Services

Contents:

1. [INTRODUCTION](#)
2. [FRAMEWORK](#)
3. [CODE OF ETHICS FOR PURCHASING ACTIVITIES](#)
4. [PURCHASING ELEMENTS](#)
5. [RELATED EXTERNAL GUIDELINES AND POLICIES](#)
  1. [TRADE AGREEMENTS](#)
  2. [ACCESSIBILITY FOR ONTARIANS WITH DISABILITIES ACT \(AODA\)](#)
6. [RELATED INTERNAL GUIDELINES AND POLICIES](#)
  1. [POLICY ON CONFLICT OF INTEREST](#)
  2. [POLICY ON CODE OF ETHICAL CONDUCT](#)
7. [PERSONAL PURCHASES](#)
8. [APPROVAL AUTHORITIES](#)
  1. [SEGREGATION OF DUTIES](#)
  2. [UNIVERSITY OF GUELPH PURCHASING CENTRES](#)
9. [PURCHASING LIMITS AND REQUIREMENTS](#)
  1. [GOODS AND NON-CONSULTING SERVICES](#)
    - [TOTAL ORDER VALUE: LESS THAN \\$5,000](#)
    - [TOTAL ORDER VALUE: \\$5,000 UP TO BUT NOT INCLUDING \\$10,000](#)
    - [TOTAL ORDER VALUE: \\$10,000 UP TO BUT NOT INCLUDING \\$25,000](#)
    - [TOTAL ORDER VALUE: \\$25,000 UP TO BUT NOT INCLUDING \\$100,000](#)
    - [TOTAL ORDER VALUE: \\$100,000 OR MORE](#)
  2. [CONSULTING SERVICES](#)
    - [TOTAL ORDER VALUE: \\$0 UP TO BUT NOT INCLUDING \\$100,000](#)
    - [TOTAL ORDER VALUE: \\$100,000 OR MORE](#)
  3. [SINGLE SOURCE/SOLE SOURCE \(NON-COMPETITIVE PROCUREMENT\)](#)
10. [CO-OPERATIVE PURCHASING](#)
11. [CONTRACT MANAGEMENT](#)
  1. [CONTRACT MANAGEMENT ROLES AND RESPONSIBILITIES](#)
  2. [CONTRACT MANAGEMENT ACTIVITIES](#)
12. [DEFINITIONS](#)

## [1 Introduction](#)

### 1.1 Objective

The University strives to procure all goods and services by applying professional and ethical standards in the execution of contracts that protect both buyer and seller and demonstrate the prudent and economical use of resources provided to the University by its stakeholders. In achieving this goal the University strives to ensure that:

- The acquisitions of goods or services are conducted on an open and competitive basis and in an impartial manner;
- It receives the best value for each expenditure;
- All business relationships will be conducted at arm's length without conflict of interest.

## 1.2 Responsibility

It is the responsibility of every member of the University's faculty and staff involved in procurement activities such as planning, sourcing, requisitioning, purchasing, receiving and payment to be informed about this Policy and related procedures and to abide by them.

## 1.3 Scope

This policy applies to the procurement of all goods and services from external (non-University owned) suppliers regardless of the final source of funding. Although services noted under Exceptions (below) are excluded from the specifics of this policy, it is expected that the general principles embodied in the Code of Ethics presented in this Policy will govern the selection processes for these services.

Where procurement regulations from external funding agencies or organizations are different from University policies, the more restrictive regulations will take precedence.

## 1.4 Exceptions

Current exceptions to this Policy include:

- Personnel costs (salaries and benefits)
- Legal services
- Investment management services
- Insurance
- Human medical services
- Real Property
- Institutional level memberships authorized by University Signing Officer
- Goods and services in direct response to emergency situation including continuation of essential services

## [2 Framework](#)

As a major recipient of provincial funding, the University of Guelph is required to be in compliance with the principles and practices contained in the [Ontario Ministry of Finance Broader Public Sector \(BPS\) Procurement Directive](#) [1]. This Policy contains the general framework and major components of the Directive.

It is recognized that no one set of policies and procedures can cover all possible scenarios or events under which goods or services are purchased, however, decisions should be made using a consistent **framework** containing guiding principles and objectives. The diagram on the following page illustrates the framework adopted at the University of Guelph.

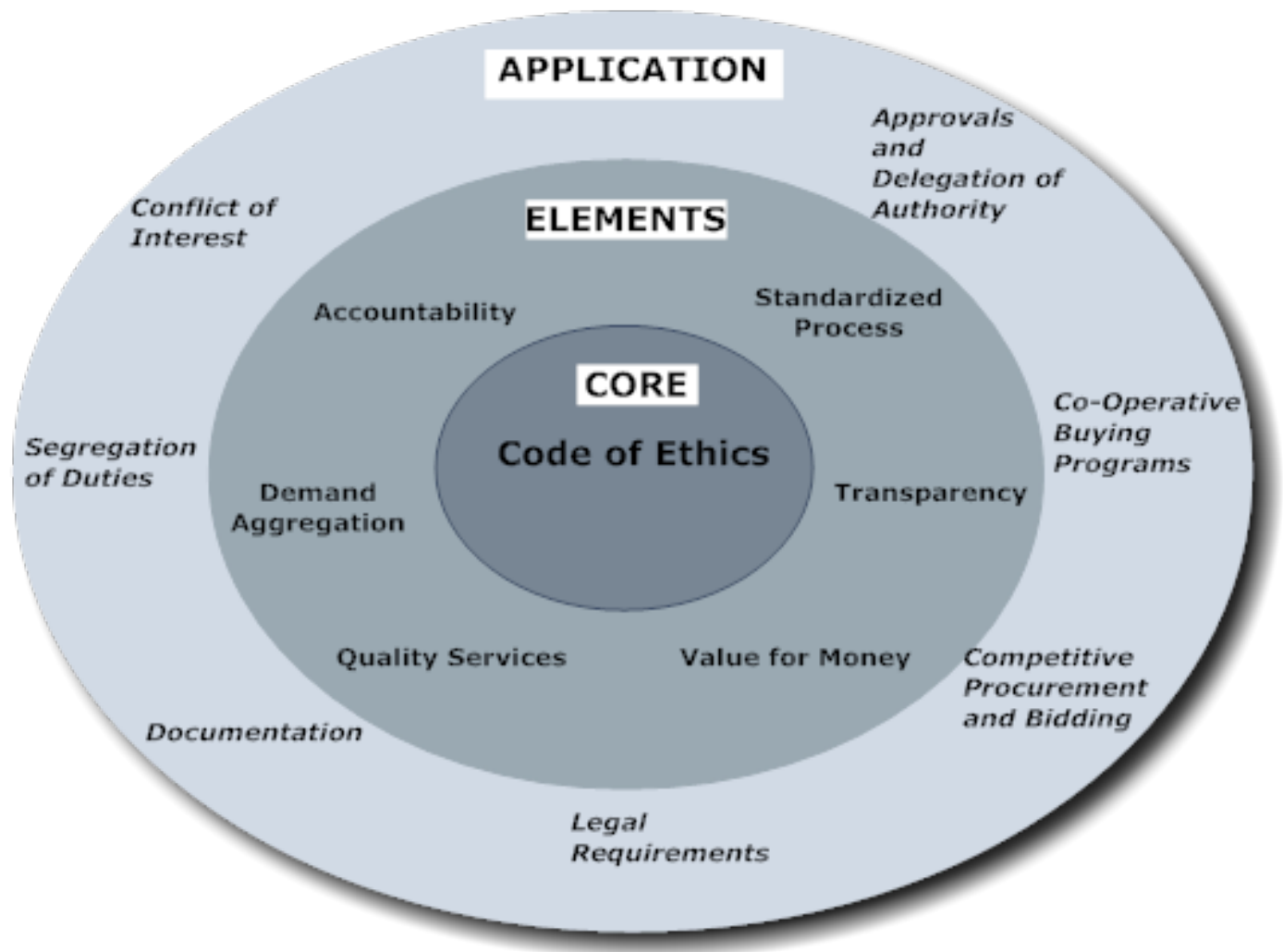
The foundation of this policy is the core values expressed in the **Supply Chain Code of Ethics**. This Code is drawn from the BPS Procurement Directive and is intended to cover all procurement activity related to any University business regardless of funding source or location.

Building on the Code of Ethics are **Elements** which describe the operational objectives of the procurement process.

Finally the core and elements are put into practice using a number of **Applications** or processes used in the delivery of

procurement activity. (The procedures for achieving the delivery of the processes identified in the Application ring are detailed in separate procedure documentation.)

## University of Guelph Purchasing Framework



### 3 Code of Ethics for Purchasing Activities

The goal of a purchasing Code of Ethics is to provide a general foundation on which to build professional and accountable practices and behavior in all areas of purchasing activity. This Code applies to every member of the University’s faculty and staff involved in the purchasing activities including planning, sourcing, requisitioning, purchasing, receiving and payment. The following are the three major components of the University’s Purchasing Code of Ethics.

#### 3.1 Personal Integrity and Professionalism

All individuals involved with purchasing or other procurement related activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all procurement activities within and

between the University, its suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. All participants must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favors, providing preferential treatment, or publicly endorsing suppliers or products.

### **3.2 Accountability and Transparency**

Procurement activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best value for University funds.

### **3.3 Compliance and Continuous Improvement**

All individuals involved in the purchasing or other procurement related activities must comply with this policy and the laws of Canada and Ontario. The University is committed to continuously working to improve procurement policies and procedures, to improve the knowledge and skill levels, and to share leading practices, where possible.

## **4 Purchasing Elements**

The University Purchasing Policy contains six fundamental elements which will guide and direct all procurement activities:

### **4.1 Accountability**

The University must be accountable for the results of their procurement decisions and the appropriateness of the processes followed.

### **4.2 Demand Aggregation**

Where appropriate the University will leverage its buying power through group purchasing initiatives across both internal and external organizations, thereby aggregating demand to achieve economies of scale.

### **4.3 Quality Service Delivery**

University purchasing activities are focused on providing the services necessary to ensure delivery of the right product or service for the best value in a timely and effective manner.

### **4.4 Standardized Process**

Standardized processes for procurement activities will ensure efficiencies and create a consistent process for internal users, suppliers and bidders. Standardized procedures should use best practices established and tested in both private and public sectors.

### **4.5 Transparency**

The University procurement process will be open to all stakeholders and University suppliers will have fair access to information on procurement opportunities and processes.

### **4.6 Value for Money**

The University will strive to maximize the value they receive from the use of public funds. Value - for - money aims to deliver products and services at the lowest total lifecycle cost that meets or exceeds expectations.

## 5 Related External Guidelines and Policies

As well as conforming to the Canadian laws governing competitive processes and contracts, the University's procurement activities are governed by certain pieces of external legislation.

### 5.1 Trade Agreements

- Canadian Free Trade Agreement (CFTA)
- Comprehensive Economic and Trade Agreement (CETA)
- Ontario-Quebec Trade and Cooperation Agreement

The above agreements are developed for internal trade within Canada and among provinces with the main objectives being to eliminate inter-provincial trade barriers and to improve the competitiveness of Canadian companies by removing preferential treatment based on location or other local considerations.

Under these agreements, the University is required to provide open access to our procurement requirements above minimum threshold of \$100,000 per tender.

### 5.2 Accessibility for Ontarians with Disabilities Act (AODA)

This legislation places a legal obligation on the University to provide accessibility for Ontarians with disabilities with respect to goods, services, facilities, accommodation, employment, building, structures and premises on or before January 1, 2014.

Under the AODA, the following Ontario Regulations establish the accessibility standards the University is required to meet as a public service provider.

- Accessibility Standards for Customer Service (Ontario Regulation 429/07)
- Integrated Accessibility Standards (Ontario Regulation 191/11)

The University is committed to creating and maintaining an accessible university community under this Act. All procurement authorities of the University shall incorporate, where appropriate, accessibility criteria and features when procuring or acquiring goods, services or facilities.

## 6 Related Internal Guidelines and Policies

There are a number of internal policies that contain either specific references or are integral to the implementation of the University's Purchasing Policy. Two of the more important are:

### 6.1 Policy on Conflict of Interest

In matters of procurement, every member of the University's faculty and staff shall be governed by the University's policies on Conflict of Interest including [Conflict of Interest Policy for University of Guelph Employees](#) [2].

### 6.2 Policy on Code of Ethical Conduct

The University has developed a policy with a key objective of procuring goods and services in a manner reflecting the University’s business and employment standards. The [Code of Ethical Conduct for Suppliers and Subcontractors in Relation to Working Conditions and Employment Standards](#) [3] is a Board of Governors approved policy that applies to purchasing practices at the University of Guelph.

## 7 Personal Purchases

Use of the University’s procurement resources for any personal or non-University business related acquisition of goods or services is not permitted. These resources include, but are not limited to, the requisition, delivery, customs clearances, or courier services.

For certain goods or services, where it has not disadvantaged the business objectives of the University, suppliers have extended pricing options to University employees for their personal purchases. While employees may take advantage of this option, they must not use any University resources for these purchases.

## 8 Approval Authorities

The University’s [General Policy - Delegation of Authority for Commitment of University Funds Upon Budget Allocation](#) [4] provides the general authority to commit University funds as well as the delegation of signing authorities by a Dean, Division Head, Chair, Department Head to individuals under certain conditions.

Where purchasing authority is delegated to individual employees under GE 5.0, the employees are required to accept responsibility for understanding and following the University’s Purchasing Policies and procedures.

### 8.1 Segregation of Duties

To maintain effective internal control, the delegation of authority and segregation of duties across the various procurement functions, departments should prevent any one person from controlling an entire purchasing transaction. The typical procurement cycle includes five major roles. The following table illustrates these roles and the key components of that role.

In order to maintain appropriate segregation of duties, three of the five functions should be completed by different individuals. In circumstances where it is not feasible as in the case of small units, adequate compensating controls may be acceptable, e.g. regular transaction review of financial reports by department budget authority after the fact.

Procurement Roles	Task	Who
Requisition	Authorize the budget unit to place an order	Department budget authority, research principle investigator or authorized delegate
Budget	Ensure that funding is available to cover the cost of the order	Department budget authority, research principle investigator or authorized delegate
Commitment	Authorize the release of the order to the supplier under agreed terms	“purchasing” role in department or Purchasing Services Department
Receipt	Receive the order physically and verify the order is correct and complete	Department individual receiving the goods or confirming services have been provided
Payment	Approve invoices and authorize release	Departmental budget authority,

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Procurement Roles	Task	Who
	of payment to the supplier	Accounts Payable Department in Financial Services and University signing officers

## 8.2 University of Guelph Purchasing Centres

The **Purchasing Services Department** within the Financial Services Division is the primary procurement authority for the University of Guelph. However it is recognized that the University operates in a decentralized environment for the purposes of promoting efficiencies and customer service. **Purchasing Centres** are units that, under this policy, form part of a number of operational units that have certain specialized procurement skills and accountabilities on goods or services of particular importance to that unit. In addition they provide services to the rest of the University community for those areas of specialty. There are currently three designated Purchasing Centres in the University.

**Physical Resources** with procurement responsibility, for the Guelph main campus, in the areas of:

- Capital Projects
- Construction & renovations
- Facilities maintenance
- Utilities

**Hospitality Services** with procurement responsibility in the areas of:

- The University Bookstore - Guelph main campus only
- Food & Coffee Services - Guelph main campus only
- Conference & Catering Services - Guelph main campus only

**Library Services** with procurement responsibility in the areas of:

- Books, periodicals and publications acquired through the University's central library process for use in the University Library.

While recognizing the delegated authority of these units to execute procurement on behalf of the University, Purchasing Centres are required to comply fully with this policy in executing their specialized procurement functions.

## 9 Purchasing Limits and Requirements

This policy establishes different levels of authorized spending and the associated general processes required for the commitment of external procurement (goods or services). These levels of authorization are designed to limit the exposure of the University to major expenditure commitments without appropriate due diligence. Approvals are set by dollar thresholds for each level of the various purchasing centre's organization.

**Restricted Commodities:** Certain controlled commodities require additional monitoring and reporting protocols as defined by various external research, regulatory or government agencies. Examples include the purchase of live animals, radioactive materials and designated biohazards. When purchasing these commodities, additional review by a designated central monitoring unit is required. The [Special Authority Approval](#) [5] provides a list of these commodities and applicable policies and procedures.

**Total Procurement Value:** The total procurement value referred to below is calculated based on the net value of the

purchase (or a total purchase, within a single contract, over a set time period) before taxes and freight and valued in Canadian dollars. Reducing the overall value of procurement by dividing a single procurement into multiple procurements in order to circumvent competitive procurement thresholds is not acceptable.

The following procurement approval authority schedule is divided into two main sections, one for goods and non-consulting services and the other for consulting services. Consulting services must be competitively procured irrespective of value.

## 9.1 Goods and Non-Consulting Services

### Total Procurement Value: Less than \$5,000

Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
Supply Managed Contract (SMC)	Single quote, order confirmation or other documented confirmation	Chair/Manager of Ordering Department (or authorized delegate)
University Procurement Card	(Note: for efficiency, the preferred options are the University Procurement Card or SMC Option)	
Low Value Purchase Order (LVPO)		
Supplier Order		

### Total Procurement Value: \$5,000 up to but not including \$10,000

Process Options	Competition Requirement
Supply Managed Contract (SMC)	Minimum of one written quote
High Value Purchase Order (HVPO)	
Documented contract (specifying terms and conditions)	

### Total Procurement Value: \$10,000 up to but not including \$25,000

Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
Supply Managed Contract (SMC)	Minimum of two written quotes	Chair/Manager of Ordering Department (or authorized delegate)
High Value Purchase Order (HVPO)		and
Documented contract (specifying terms and conditions)		Procurement & Contracting Officer, Purchasing Services
		Single/Sole Source requires approval from Assistant Manager, Purchasing Services

### Total Procurement Value: \$25,000 up to but not including \$100,000

Process Options	Competition Requirement	Minimum Level of Responsibility/Authority





Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
Supply Managed Contract (SMC)	Invitational competitive procurement with a minimum of three written quotes	Chair/Manager of Ordering Department (or authorized delegate)
High Value Purchase Order (HVPO)		and
Documented contract (specifying terms and conditions)		Procurement & Contracting Officer, Purchasing Services
		Single /Sole Source requires approval from Assistant Manager, Purchasing Services

**Total Procurement Value: \$100,000 or more**

Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
Supply Managed Contract (SMC)	Open competitive procurement made through an electronic tendering system	Chair/Manager of Ordering Department (or authorized delegate)
High Value Purchase Order (HVPO)		and one of the following:
Documented contract (specifying terms and conditions)		For orders up to \$500,000, Assistant Manager, Purchasing Services
		For orders up to \$1,000,000, Manager, Purchasing Services
		For orders up to \$2,000,000, Director, Procurement Operations
		For orders over \$2,000,000, Assistant Vice-President, Finance and Services
		Single/Sole Source requires approval from the Dean/Division Head and one level higher authority in Procurement

**9.2 Consulting Services**

**Total Procurement Value: \$0 up to but not including \$100,000**

Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
High Value Purchase Order (HVPO)	Competitive procurement either by invitation, with a minimum of three quotes, or through an electronic tendering system	Chair/Manager of Ordering Department (or delegated authority)
Documented contract (specifying terms and conditions)		and
		Procurement & Contracting Officer,



Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
		Purchasing Services
		Single/Sole Source requires approval by the President

**Total Procurement Value: \$100,000 or more**

Process Options	Competition Requirement	Minimum Level of Responsibility/Authority
High Value Purchase Order (HVPO)	Open competitive procurement made through an electronic tendering system	Chair/Manager of Ordering Department (or delegated authority)
Documented contract (specifying terms and conditions)		and one of the following:
		For orders up to \$500,000, Assistant Manager, Purchasing Services
		For orders up to \$1,000,000, Manager, Purchasing Services
		For orders up to \$2,000,000, Director, Procurement Operations
		For orders over \$2,000,000, Assistant Vice-President, Finance and Services
		Single/Sole Source, \$0 up to but not including \$1,000,000 requires approval by President, \$1,000,000 or more requires approval by Board of Governors

In the case of Tri-Council funding or other external funding sources where more specific authorizations, e.g. the approval by the principal investigators, are required by the funding sources, these authorities will apply.

**9.3 Single Source/Sole Source (Non-Competitive Procurement)**

Certain purchases may qualify for Single Source or Sole Source Procurement. These purchases are treated as an exception to the competitive procurement requirements of this policy. A signed Single Source / Sole Source Certification form from the requestor, stipulating the reason for the single source or sole source procurement must be included with the purchasing request.

**10 Co-Operative Purchasing**

Where appropriate the University may leverage its buying power through co-operative purchasing initiatives with various groups outside of the University in order to aggregate demand to achieve economies of scale.

Where the University is involved in such activities, purchases are to be made according to the procedures of the co-operative purchasing group, which may not be identical to that of the University but shall be consistent with this policy.

Where appropriate the University may also leverage its internal buying power by aggregating similar purchases across various departments, directorates, colleges, etc. in order to achieve economies of scale and create contracts offering greater benefits accessible to all University departments.

## 11 Contract Management

To ensure the University achieves the expected quality service delivery, contracts must be managed responsibly and effectively by all departments who are involved in procurement activities. The ultimate goal of contract management is to drive improvements of contract performance both financially and operationally while minimizing the University's risk throughout the life of a contract.

### 11.1 Contract Management Roles and Responsibilities

Depending on the roles of each department in a typical procurement cycle, the responsibility of contract management lies with each department who is responsible for that particular contract management activity. If a contract process involves multiple departments, a shared ownership is to be established to make sure every step of the process is managed by appropriate process owners.

### 11.2 Contract Management Activities

Contract management activities include, but are not limited to:

#### Establishment of contract

The terms of the contract should include, but are not limited to, scope, responsibilities, tangible deliverables, payment schedules, dispute resolution process, expense reimbursement rules, and accessibility requirements where appropriate;

For suppliers, including consultants and contractors, expense claims and reimbursement must not include meals, hospitality or incidental expenses; Expenses can only be reimbursed where the contract explicitly provides such and when itemized receipts are provided along with invoices;

For contractors and sub-contractors who work with the public (students, staff, faculty, visitors or other third parties) on behalf of the University, they are required to:

- Comply with the Accessibility Standards and the University's accessibility policies and procedures in effect during the term of the contract.
- Ensure that training on the requirements of the Accessibility Standards are provided to their employees who provide goods, services or facilities to the public on behalf of the University and who participate in developing their organization's policies and procedures.
- Keep records of employee training on the Accessibility Standards and provide the records when required by the University.

#### Contract Signing

Contracts must be signed by an appropriate authority in accordance with the [University's Signing Authority Register](#) [6]. This is to be used in conjunction with the [Signing Authority Policy](#) [6] and is intended to identify authorized signatories in addition to those Officers identified under the Board of Governors' Bylaw No.1.

[Monitoring and evaluation of contract performance](#)

Track critical process indicators and tangible deliverables, monitor performance compliance, and document user feedback;

### Issue management

Communicate potential issues and risks, address problems and concerns, and implement resolutions and corrective actions;

### Payment

Invoices are approved and payments are made in accordance with the provisions of the contract;

### Document Retention

All documents, information and communication related to procurement and contract are retained in a recoverable form for a minimum of seven years. Suppliers' confidential and commercially sensitive information are handled, stored and maintained in an appropriate manner to safeguard the confidential nature of the information.

## 12 Definitions

**Accessibility Standards:** The rules that businesses and organizations in Ontario have to follow to identify, remove or reduce barriers to access for people with disabilities. For more information is available on the Ontario Government website at <http://www.uoguelph.ca/hre/disability.shtml> [7].

**Competitive Procurement:** A set of procedures for developing a procurement contract through a bidding or proposal process.

**Consultant:** A person or entity that, under an agreement other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

**Consulting Service:** The provision of expertise or strategic advice that is presented for consideration and decision making.

**Contract:** An agreement entered into by two or more parties with the intention of creating a legal obligation. It is a legally enforceable, and sufficient certainty regarding, contract, a mutual intention of consent or consensus in fact, and

**Electronic Tendering System:** A computer-based system that provides suppliers with access to information related to open competitive procurements.

**High Value Purchase Order (HVPO):** A formal contractual order placed by Purchasing Services or Purchasing

**Invitational Competitive Procurement:** A form of competitive procurement conducted by inviting three or more qualified suppliers to submit written proposals to supply goods or services in response to the defined requirements outlined by the procuring organization.

**Low Value Purchase Order (LVPO):** A user-generated purchase order placed by departments directly with supplier for commitment of University funds up to a certain value.

**Open Competitive Procurement:** A form of competitive procurement conducted by inviting, through an electronic tendering system, any qualified supplier to submit a written proposal to supply goods or services in response to the defined requirements outlined by the procuring organization.

**Purchase Order:** A written offer made by a purchaser to a supplier formally stating the terms and conditions of a

proposed transaction.

**Request for Proposal (RFP):** A document used to request suppliers to provide solutions for the delivery of complex products when the need for the contract is not an immediate option or solution. It is a process that uses predefined evaluation

**Request for Quotation (RFQ):** A document similar to a RFP where an organization describes exactly what needs to be purchased and the evaluation is based solely on price and delivery.

**Service:** An intangible product that does not have a physical transport, 1) transfer of possession, and 3) it takes place at the time the sale occurs for consumer goods.

**Single Source:** A non-competitive procurement of goods or services from a particular supplier in situations where there may be more than one supplier capable of delivering these goods or services.

**Sole Source:** The use of a source or competitive procurement process to acquire goods or services where there is only one available supplier.

**Supply Managed Contract (SMC):** Contract established by the University with pre-negotiated suppliers for the streamlined buying process, supply invoicing and electronic payment processes. It may include improved pricing,

**University Procurement Cards:** A University sponsored credit card program primarily used for low-value purchases. It may be used for personal or non-university-related purchases, unrelated goods and services. Under no circumstances

**University Signing Officer:** Any officer of the Board of Governors and any officer of the University so designated by the Board of Governors in accordance with policy [Officers, Signing Officers, Signing Authorities Execution of Documents, and Further Delegation](#) [8].

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**Source URL:** <https://www.uoguelph.ca/finance/purchasing-policy>

#### Links

[1] [http://www.fin.gov.on.ca/en/bpssupplychain/documents/bps\\_procurement\\_directive.html](http://www.fin.gov.on.ca/en/bpssupplychain/documents/bps_procurement_directive.html) [2]

<https://www.uoguelph.ca/hr/staff-faculty-hr-policies-all-employees/317-conflict-interest> [3]

<http://www.uoguelph.ca/governors/pdf/policies/codeofconduct.pdf> [4] <https://www.uoguelph.ca/finance/node/2195/> [5]

<https://www.uoguelph.ca/finance/sites/uoguelph.ca/finance/files/Approvals.pdf> [6]

<https://www.uoguelph.ca/secretariat/office-services/university-policies> [7] <http://www.uoguelph.ca/hre/disability.shtml> [8]

<http://www.uoguelph.ca/finance/node/2190/>