

<u>Title:</u> Centralized Purchasing	<u>Date Issued:</u> October 27, 2015	<u>Policy #:</u> OP7.2
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I. POLICY STATEMENT

The role of centralized purchasing is to coordinate the acquisition of goods and services in a fair and open approach ensuring the greatest benefit to Bethesda's stakeholders while maintaining full compliance to Ministry guidelines, generally accepted accounting practices, purchasing management practices, and agency policy and procedures.

The coordination of the acquisition of goods and services will maintain the following responsibilities and objectives:

Responsibilities

- Develop and manage competitive quoting process and or preferred vendor contracts to be reviewed at minimum every 2 years
- Ensure the agency conducts its procurement business in a fair and transparent manner
- Supplier/contractor relations development
- Management of supplier/contractor performance
- Review and make recommendations to change contracts

Objectives

- Reduce cost and time of the order cycle
- Increase ease of ordering goods and services at the department level
- Consolidate requests to leverage pricing and other important considerations
- Develop and maintain strong department and supplier relationships

Bethesda is classified as a Broader Public Sector (BPS) agency and is required to access the Vendor of Record listing set by the Province of Ontario Supply Chain Management Directive, April 2015.

The acquisition of departmental general operating expenses authority has been delegated to the respective manager. The manager will ensure adherence to the purchasing policy and procedures set forth in the code of ethics, general purchase requisition and referencing the approved vendor list as published as well as adherence to Bethesda's mission and vision statements.

It is the responsibility of each employee involved in the purchase and/or reimbursement of goods and services to ensure compliance to this policy.

II. PURCHASING CODE OF ETHICS

The code of ethics goal is to ensure ethical, professional and accountable acquisition of goods and services in compliance with standards set by the federal and provincial government, internal policies, purchasing management association practices and the Broader Public Sector Supply chain Management Directive.

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The management and staff will operate and conduct decisions and actions in procurement activities based on the following ethical behaviour values:

1. Personal Integrity, Professionalism and Honesty
 - Individuals involved with Supply Chain activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all Supply Chain activities within and between BPS organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. Participants must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.
2. Accountability and Transparency
 - Supply Chain 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 public funds. All participants must ensure that public sector resources are used in a responsible, efficient and effective manner.
3. Compliance
 - Individuals involved with purchasing or other Supply Chain activities must comply with this code of ethics and the laws of Canada and Ontario.
4. Continued Improvement
 - Individuals should continuously work to improve Supply Chain policies and procedures to improve their Supply Chain knowledge and skill levels and to share leading practices.

III. PROCEDURE

Purchase Requisition

A purchase requisition must be completed by the staff and approved by the immediate superior prior to the purchase. A requisition can be prepared by any level of staff and must follow the appropriate approvals as indicated in the table. Ensure all pertinent information is completed on the general purchase requisition as follows: the description, price and amount of the requested item or service, the name of the person making the request, and the name and signature of the person approving the request.

- Staff and manager must sign the form
- Once form is completed and approved, proceed with purchase
- On receipt of item(s), ensure accuracy and packing slip (if applicable)
- Forward the general purchase requisition, packing slip and invoice/receipt (if applicable) to the accounting department for processing of payment

Exceptions to completing a general purchase requisition:

- Utilities (gas, phone, hydro, cable, satellite, bulk water delivery)

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- Items that qualify as a major purchase
- Items that qualify as contracts
- Items purchased through petty cash accounts not meeting criteria of major purchase (groceries, household supplies, miscellaneous stationery supplies, parking fees for appointments)

Purchase Orders

A purchase order is presented to a vendor where Bethesda has charge accounts. The purchase order is requested for items \$750 or greater and is requested via email by the manager to the Purchasing Supervisor.

Purchase orders are required at the following vendors:

- Wal-Mart

Blanket Purchase Orders

Blanket purchase orders for a specific period and/or a specific dollar amount will be issued under the following circumstances:

- Where the purchase order covers goods and/or services to be provided over a specific period at pre-determined quantities and prices, which are both of constant and recurring nature.
- Where the purchase order covers goods and/or services to be provided on a continuing basis or as requested where it is impractical to issue purchase orders each time goods are picked up or delivered or services rendered, for example, document shredding.

Major Purchases over \$750

Maintaining the responsibilities and objectives of Bethesda's purchasing process for goods and services, purchases over \$750 will be considered a major purchase. An email from a manager is sent to a director as a formal request for the purchase. The director considers the request and on approval will forward the initial email to the Purchasing Supervisor noting approval to proceed with competitive quotes.

Major purchases over \$1500 will be made through purchasing and are required to be processed through a fair and transparent competitive quoting process. An email from the manager and director requesting the item needs to be received by the Purchasing Supervisor.

Following the competitive quoting process, ensure the following:

- Demonstration of value received for Bethesda's goods and services requirements
- Clearly documented records of parties obligations and goods and/or services
- Ensures the procurement activity complies with all applicable Federal, Provincial and internal guidelines.
- Accepted as good business practice

Sole Source

Sole source may occur when there is only one source of supply in the open market, for



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example, compatibility with goods and/or services previously acquired or where only one contractor has the unique qualifications, special knowledge, skills, expertise or experience for the project. Vendors providing sole source requirements will be reviewed and approved by the Purchasing Supervisor.

Sole source procurements may be made in the following circumstances:

1. When products or services can be obtained from only one (1) person or firm.
2. When competition is precluded because of the existence of patent rights, copyrights, confidential processes, control of raw material or other such conditions.
3. When the procurement is for electric power or energy, gas, water or other utility services where it would not be practical to allow a contractor other than the utility company itself to work upon the system.
4. When the procurement is for technical services in connection with the assembly, installation or servicing of equipment of a highly technical or specialized nature.
5. When the procurement is for parts or components to be used as replacements in support of equipment specifically designed by the manufacturer.
6. When the procurement involves construction where a contractor is already at work on the site (based on an existing purchase order) and it would not be cost effective to engage another contractor.
7. When the procurement involves an emergency as defined under Emergency Purchases within this policy.
8. When competitive bids are solicited and no responsive bid is received, or only a single responsive bid is received and is rejected.
9. With respect to product or technology, Bethesda wishes to experiment or test a new source and evaluate its service or reliability.
10. When a provider of services has unique qualifications.
11. Standardization of a component on the basis of compatibility or maintenance reliability.

Signing Authority and Approval Procedure

To outline the responsibilities for those individuals within Bethesda who have the authority to expend or release funds. See signing approval limits in Policy 7.0.

To outline the responsibility for approval and allocation of funds for the purchase of goods and/or services by Bethesda management based on operational budget. The chart below outlines the positions within the organization that have authority to expend or release funds. This procedure acts as an internal control mechanism to provide assurance that the expenditures are in compliance with policy and procedures where applicable for expenditures where there may be a potential or perceived conflict of interest and to provide assurance that the expenditure is appropriate and is required for Bethesda operations.

Segregation of Duty and Signing Authority

One over One – when the requesting and approving authority are the same individual on a purchase of goods and/or services or reimbursement, the approving signature must be a minimum of one level above the requesting/approving position.



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Emergency Purchases

Emergency maintenance goods and services must be reported to purchasing as soon as possible after the situation has been resolved. Purchasing will ensure the information is entered into the tracking system for audit purposes.

Definition of emergency: an occurrence of a serious and urgent nature, or the threat of an impending situation, which may affect the environment, the life, safety, health and/or welfare of the individuals, staff and/or general public, or the property of the Board, or to prevent serious damage, disruption of work or to restore or to maintain essential service to a minimum level.

Exceptions:

- The potential loss of funds at the end of a fiscal year is not considered an emergency.
- Lack of planning does not constitute an emergency.

IV. CONTACT FOR INTERPRETATION

Immediate Manager/Program Director