



## MEMO

To: Carrie Takeyasu  
From: Kim Ordway  
Date: January 12, 2018

### Re: Procurement of Goods and Services Policy – summary of changes

The University's procurement program has been reviewed and I recommend a number of changes, most significantly creating a policy that incorporates the numerous aspects of our procurement program. The policy and its appendices replace "Exceptions to Materials Management Requisitions", "General procedures for Tendering" and "Purchasing Policy Manual", currently on the University Policy website.

The existing documentation did not adequately define the university's policies, provide adequate information for the University community to understand the program, and in some cases, included administrative work that was not achieving a desired end such as reducing risk or following legislation. These issues provided an opportunity to consider the entire program, define the purpose of managing the University's procurement and realign our policy statements to meet this desired end.

The purpose of the Procurement of Goods and Services Policy is:

***To create a procurement environment that adheres to legislative requirements, promotes financial stewardship across the University consideration for fair and transparent processes and manages procurement risk for the purchase of all University goods and services, regardless of funding source.***

- Legislation requirements – Imposed legislations are far reaching in the procurement arena – personal tax issues, GST/HST, all cross-border activities include reporting, duty and tariff implications, fair trade agreements and thresholds driven public posting requirements. All requirements are built into the policy statements, transaction guidance and review processes for the University community to follow
- Financial stewardship – There is clear direction and need to maximize the value we receive for each dollar we spend, which encompasses ensuring the purchase is truly required and allowed by those with budget authority and ensuring quality and price lead to the best value. In a decentralized purchasing environment like ours where most university employees have the ability to initiate a purchase, we restrict the use, thresholds, eligibility and purpose of various purchasing processes and methods to reduce risks. We are cognizant of how valuable time is for every member of our community and strive to remove steps that don't achieve the program goals.

The policy statements are not new requirements, however, they may not have been widely adopted by the University community. I anticipate situations and questions will arise upon implementation requiring us to revisit the policy, and possibly find alternative solutions to balance institutional needs. We welcome those conversations and are committed to improving University procurement functions for all.

Due to the wholesale changes made and reorganization of existing documents, a track-change version is not available to review. The attached table highlights goals of our review, changes from existing documentation, and the expected chain reaction/outcomes that can be anticipated.

Respectfully submitted,

Kim Ordway  
Director, Financial Operations

Goals	Changes from existing policy	Chain reaction
1. <b>Adjust policy requirements to maximize risk reduction and legislative compliance</b>	<ul style="list-style-type: none"> <li>• Increase the threshold for requisition/PO from \$0 to \$5,000 (\$25,000 for capital has not changed), while still allowing requisitions at any value if department believes market investigation can produce beneficial results in reducing costs or adding value</li> <li>• Para. 3.6 Contracts sets specific requirements for contracts</li> <li>• Para. 3.7 Single Source Justification – now clarifies approval of the form is required before the negotiation, contract or purchase is made, specifies not for tenders</li> <li>• Appendix A – Procurement processes and methods: Requirement for 3 quotes raised from \$1,000 to \$15,000 however if the goods/services are available from internal departments (i.e. Ancillary Services) then the internal departments must be given the opportunity to provide a quote for the goods/services.</li> </ul>	<ul style="list-style-type: none"> <li>• Anticipate an increase in PCards issued/used (not able to track expenses by vendor in Banner)</li> <li>• Anticipate an increase in direct pay invoices</li> <li>• Purchase method determination guided by understanding market conditions – Purchasing Agents need to work closely with departments</li> </ul>
<b>2. Clear, concise direction– improve resources</b>		
a. Clarity of legislative environment	<ul style="list-style-type: none"> <li>• Para. 3.8 Non Canadian Sourcing – provides considerations when purchasing out of country</li> <li>• Para. 6. Governing Agreements listed</li> </ul>	<ul style="list-style-type: none"> <li>• Expect more questions about legislative impacts by departments</li> <li>• Anticipate increased understanding and compliance</li> </ul>
b. Clarity of purchase methods and their optimal use	<ul style="list-style-type: none"> <li>• Appendix A – Procurement processes and methods</li> </ul>	<ul style="list-style-type: none"> <li>• Anticipate increased understanding and compliance</li> </ul>
c. Create efficiencies across the institution	<ul style="list-style-type: none"> <li>• Policy includes thorough list of procurement factors and considerations to guide the University community</li> </ul>	<ul style="list-style-type: none"> <li>• Anticipate increased understanding and compliance</li> </ul>
d. Link policy to other University documents for more complete direction to users	<ul style="list-style-type: none"> <li>• Provide reference to other university documents related to procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Throughout document, underlined documents</li> </ul>
e. Communicate responsibilities	<ul style="list-style-type: none"> <li>• Para. 4 Responsibilities – no change in content, but now formally communicated</li> </ul>	<ul style="list-style-type: none"> <li>• Expect some changes will be required to wording to meet all stakeholders needs</li> </ul>
3. <b>Intentionally move administration to high risk or value added activities</b>	<ul style="list-style-type: none"> <li>• With reduction in small dollar requisitions and purchases where our Purchasing Agents cannot add significant value, buyers will focus more time building relationships with departments, understanding current and future procurement needs, challenges departments are facing and partner to develop solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of procurement issues in departments through buyer discussions</li> <li>• Buyers identifying and communicating to departments where they can add value to the procurement needs of departments</li> <li>• Buyers able to monitor policy compliance and in turn legislative compliance to determine training and communication needs.</li> </ul>
4. <b>Remove procedures from the document</b>	<ul style="list-style-type: none"> <li>• Policy layout</li> </ul>	n/a
5. <b>Communicating contract requirements</b>	<ul style="list-style-type: none"> <li>• Para. 3.6 Contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Predict adjustments required from a legal and risk perspective</li> </ul>
6. <b>Petty cash limit</b>	<ul style="list-style-type: none"> <li>• Increased per item limit from \$25 to \$100</li> </ul>	<ul style="list-style-type: none"> <li>• Petty cash documentation to be updated if approved. This increase does not eliminate the restricted use of petty cash (e.g. cannot be used for travel, registrations, gift cards)</li> </ul>