



## **POLICIES and PROCEDURES**

Responsible Unit	Purchasing Services
Policy Number	P-6
Date Last Updated	27 July 2010
Approving Sector Head	Associate Vice President, Finance & Treasurer
Policy	<b>PURCHASING SERVICES</b>

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### 1. General

It is the policy of the University to expend the funds entrusted to its jurisdiction on goods and services in such a manner as:

- (a) to ensure that purchases are made with consideration to the objectives and policies of the University
- (b) to obtain maximum value for each dollar disbursed, subject to the Atlantic Procurement Agreement and the terms and conditions made by donors, grantors, and government agencies. This objective will be achieved through the means of competitive bids, or other forms of negotiation, solicited by and received in the University's Purchasing Department. Business will be placed with those firms offering the best value consistent with specifications and required quality, delivery and service.
- (c) to grant all competitive bidders equal consideration; to regard each transaction on its own merits and to foster and promote fair, ethical and legal trade practices
- (d) to ensure proper internal controls are followed

Given the increased complexity of government regulations regarding transportation, taxes, etc., it is very important that procedures be adhered to in order to ensure the prompt and proper delivery of products and services requested.

This purchasing policy applies to all funds administered by the University, irrespective of the sources of funding.

### 2. Award of Purchase Orders

Donor and local firms will be given preference in the award of business under competitive quotation conditions only when the other factors of price, quality, delivery, service and other factors as determined by Acadia University are considered to be equal. Reciprocity will not be a condition of purchase for the University.

3. Responsibility

The application and interpretation of this policy is the responsibility of the Chief Financial Officer & Treasurer, and the necessary controls and procedures to safeguard the legal liabilities and contractual obligations of the University shall be established by him/her and applied through the Purchasing Department.

4. The Purchasing Department

- (a) The Department is located on the third floor of University Hall and is responsible for purchasing the equipment, supplies and services required by the University for all its departments and operations, with the exception of the Physical Plant, the Campus Store and Library books.
- (b) The Purchasing Department, in all instances, is required to be responsible for, and to exercise judgment in placing all orders. This includes but is not limited to:
  - choosing the supplier
  - obtaining the lowest cost consistent with the quality, service and delivery required, and
  - in consultation with the Chief Financial Officer & Treasurer, determine whether to place an order directly, or call for a quotation, bid tender, Request for Proposal, or Request for Information.
- (c) It is recognized that in certain areas, technical expertise and scientific knowledge will be required in the selection process of particular equipment and supplies, as indicated by the department concerned. This is clearly understood. Nevertheless, the ultimate responsibility for the arrangements for procurement is vested in the Purchasing Department.
- (d) In general, the Purchasing Department is responsible for:
  - conducting interviews with suppliers' representatives, obtaining information, specifications, quotations, etc., on any item required, and handling correspondence and negotiations for procurement
  - placing the order
  - expediting deliveries
  - monitoring customs
  - approving invoices and freight charges for payment
  - making all claims for loss or damage in transit
  - arranging shipment and export documents, if necessary, for equipment being returned for adjustment and repair
  - maintaining a library of catalogues, price lists, reference data, etc.
- (e) The responsibility for purchasing is limited to that of University business. No negotiations may be entered into or transacted on behalf of individuals or groups in their private capacity.

5. Requisitioning

Departments are required to utilize the on-line purchase requisition facility in the Datatel financial system. Hard copy purchase requisitions are still available but departments should make the transition to the on-line system. The procedures indicated apply to both the on-line purchase and hard copy requisitions.

- (a) Wherever possible a department should determine its requirement of an item as far in advance as possible. This enables the Purchasing Department to obtain quotations and get the greatest value for the money expended. Based on the thresholds established by the Atlantic Procurement Agreement, realization of the purchase may require the issuance of a Tender, Request for Proposal (RFP), Request for Quotation (RFQ), or Request for Information (RFI). The issuance of Tenders, FRP's, RFI's, and RFQ's and management of the related processes is facilitated by the Purchasing Department including compiling and distributing the appropriate documents, posting notices and serving as the primary contact point/liason for vendor questions and responses. All proposals submitted, as a result of any of the above noted processes will be held in strictest confidence. Information submitted by a vendor will not be shared with any other unless the third party signs a release permitting the University to share such information.

Through Acadia's association with the Atlantic Association of University Purchasing Managers, and Interuniversity Services, a number of commodities can be obtained through contracts already in place with suppliers. Also, in many cases, bulk or contract orders (blanket orders) can be placed for items that are required weekly or monthly, and releases made against this order as required. This eliminates repetitive requisitions and purchase orders, obtains quantity prices and results in the greatest overall economy.

- (b) On-line Purchase Requisition - Training is available through the Purchasing Department in the Acadia University Business Office. As much information as possible should be given on the requisition to enable the purchasing department to expedite the order quickly. This should include suggested suppliers, part number, catalogue number, technical specification (physical dimensions, rating, voltage, etc.) and quantity. When placing orders for equipment, indication should be given as to whether any special installation is required, or whether Physical Plant has been contacted concerning installation.
- (c) Hard Copy Purchase Requisition – A two-part requisition form with carbon insert is used. The forms are in books and each form is perforated for removal. The original (white) is sent to the Purchasing Department. The duplicate is retained as a file copy for the issuing department. The same information as in item (b) above must be included on the requisition.
- (d) Material which would normally be supplied by different suppliers should be requisitioned on separate forms. Estimated unit prices should be shown as well as the total cost. The source of these prices must be indicated, i.e., telephone information, previous order, price list or formal quotation from supplier. If the latter is the case, a copy of the quotation must be attached to the requisition.
- (e) For delivery requirements, please state a specific date as well as any specific delivery instructions, if necessary. This is most important, since the follow-up and expediting is done by Purchasing, working to meet your requirements.
- A Purchase Requisition signed by the Head of the Department is required for the supply of all good, equipment and contract services. When a purchase is to be charged to research funds, the grantee must sign the requisition.
  - Requisitions for miscellaneous office supplies may be sent to the Acadia Bokstore. However, this must not include major office equipment (desks, files, tables, etc.).
  - Work to be performed by the Physical Plant will be detailed in a letter and sent to the General Manager of the Physical Plant for costing. If the cost of the work is to be

absorbed by Physical Plant, the work will be carried out in the normal way. If the cost is chargeable to the Department requisitioning the work, the department will be provided with a cost estimate. The standard "Requisition for All Purchases" will then be forwarded to the Purchasing Department, showing the applicable account number for processing through the Physical Plant.

6. Interdepartmental Transfer

Where material is to be transferred from one department to another, the Interdepartmental Transfer Form (3 part) is to be used. The procedure is as follows:

- (a) The department requisitioning goods originates the Interdepartmental Transfer form. The form, after filling in the appropriate area, is forwarded in its entirety to the department providing the goods. The form is then completed by the supplying department and distributed as follows:
- white copy (original) – Business Office
  - yellow copy (2<sup>nd</sup>) – department requesting
  - green copy (3<sup>rd</sup>) – department supplying

7. Surplus Equipment

Any department wishing to sell or dispose of materials and/or equipment must first inform the Purchasing Department in writing. Determination will be made by the Purchasing Department as to the method of disposal. Any equipment considered surplus to a department will be advertised for sale. Offers made by other departments will be given first consideration. Please refer to the policy: Disposal or Purchase of Used Equipment and Materials.

8. Request for Quotation (Internal)

Requesting quotations is an integral part of the purchasing process. This is facilitated through the requisition process and includes cases where a department requires information on material or equipment. Complete information will be obtained by Purchasing regarding availability, sources of supply, delivery and prices. The department will be notified by the Purchasing Department upon compilation of requested information.

It is the intention of the Purchasing Department to obtain prices and delivery costs prior to placing any order. Naturally there will be exceptions to this rule, but it is the Purchasing Department's desire to keep exceptions to a minimum. Where substitutes are offered by suppliers or where prices materially differ from estimates, it is the policy of the Purchasing Department to confer with the party ordering before placing the order.

Purchasing will not reveal prices quoted or paid at any time to another vendor unless the third party signs a release permitting the University to share such information.

9. Purchase Order

- (a) The Purchase Order is a four-part form:
- Original – Supplier
  - Copy, numbered 2 – Purchasing
  - Copy, numbered 3 – Ordering Department
  - Copy, numbered 4 – Receiving – Accounts Payable

- (b) The Purchasing Department copy is filed with the original requisition and any supporting documentation attached.
- (c) The Purchase Order is committed to departmental budgets when processed through the Purchasing Department.
- (d) The ordering department's copy of the purchase order should be attached to the file copy of the requisition for this material. This gives the department a check against the requisition to insure material specification, delivery, etc., is exactly as required. If and when information is requested about a particular order, the order number and supplier must be referred to.

10. Approval of Invoice

- (a) The receiving copy will be forwarded to the requisitioning department along with the copy for the department's file. The receiving copy is, upon receipt of goods, to be signed indicating goods have been received in good order, and then returned to Accounts Payable. The returned receiving copy will act as approval for payment when matched with the invoice and Accounts Payable's copy of the purchase order. All prices and extensions will be checked and approved by Accounts Payable. Excessive and/or unwarranted charges will be brought to the attention of the supplier.
- (b) It is expected that all departments will process receiving copies promptly upon receipt of goods in order that Acadia may take advantage of any supplier discounts offered on invoices.
- (c) All suppliers are requested to send invoices to Accounts Payable. Should any invoices be sent directly to a department by suppliers, please send them to Accounts Payable for processing.
- (d) Any invoices received in Accounts Payable that do not refer to a purchase order number, or field order number, will be returned to the supplier for clarification.

11. Emergency Orders

Purchase order numbers will no longer be issued by telephone to requisitioning departments. Emergency orders should only exist in very limited circumstances, and the staff of the Purchasing Department will handle these occurrences on an individual basis.

12. Damaged Shipments

- (a) It is important that all shipments be checked at delivery, and all obvious damage reported immediately, by telephone, to both the supplier and the Purchasing Department. If damage is discovered subsequent to opening, it too should be reported to both the supplier and the Purchasing Department.
- (b) If a shipment is received in an obviously damaged condition, the delivery person should be asked to note this information in writing on both copies of the freight receipt, i.e., the copy left with the department and the copy retained. After a telephone call to the

Purchasing Department, the noted freight bill should be forwarded to the Purchasing Department.

- (c) In the case of damage, the Purchasing Department will then notify the carrier and arrange for an inspector to come to the department to examine and determine the extent of the damage or loss. It is necessary that the wrappings and the carton, box or other container be retained so that the inspector may assure himself that the damage occurred from external causes in transit. The inspector should complete a damage report, which should be delivered to the Purchasing Department. If it is inadvertently left at the department, please be sure that it is forwarded to the Purchasing Department immediately.
- (d) It should be noted that the suppliers have fulfilled their obligations when the carrier has accepted the goods from them. The supplier, therefore, must be paid in full, and any claim for loss or damage or replacements must be made on the carrier, as well as for the pro rata loss on the transportation charges (except packing damage – see below).
- (e) The Purchasing Department is responsible for preparing and submitting all the “claims” documents as required. It will be the policy of the Purchasing Department to confer with the Department to see which items need to be replaced and/or repaired.
- (f) In such cases, where the carrier refuses to accept responsibility for the damage because of improper packing by the supplier, the Purchasing Department will proceed with a claim directly against the supplier.
- (g) The proceeds of claims as received will be credited back to the Department concerned.
- (h) For damage to parcels received through Parcel Post, the procedure is generally the same as the foregoing, except that the Parcel Post delivery person will not be able to make any note of apparent damage on a delivery bill. The departmental procedure is otherwise the same, stressing the need for immediate reporting of the damage to the Purchasing Department, with the retention of the parcel wrapping and container for examination by the Postal inspector.

### 13. Goods Returned

When any goods are to be shipped or returned for any reason, i.e., credit, exchange, shipped in error, repair, etc., the Purchasing Department must be advised. This is necessary to allow Purchasing to complete the required paperwork, and allow the exchange, repair, etc., to be effected smoothly.

### 14. Customs

- (a) In order to clear shipments imported into Canada through Customs, it is necessary for the Purchasing Department to obtain Customs Invoices from the supplier. The university purchase order, when sent to foreign suppliers, requests that these invoices be sent to the Purchasing Department. It is therefore essential that if any Customs Invoices or related documents are received by the requisitioning department they should be sent to the Purchasing Department immediately.
- (b) Customs clearance procedures are currently being handled on behalf of the Purchasing Department by a Customs Broker (a vendor hired by contract) for all international mail

shipments. Air shipments are also cleared at the airport of arrival by a Customs Broker. Shipments arriving by other modes of transportation will be assessed, and the most efficient method will be determined for clearance.

- (c) When having personal shipments, originating outside Canada, sent to an address at Acadia University, please advise your supplier to have the attending documentation marked as “personal”. Any personal shipments can be cleared by the individual at Canada Customs personally, and thereby the individual will avoid paying the fees that Acadia University pays to have shipments cleared by a broker.

15. Field Orders

- (a) Department Heads shall designate, from amongst their staff, a custodian to whom Field Orders will be issued in reasonable quantities by the Purchasing Department. The issue of Field Orders by the Purchasing Department is no indication that there are adequate funds in the recipient’s budget to cover the value of the orders. Expenditure control remains the responsibility of the Department Head or the Grantee.
- (b) The custodian is responsible for keeping both numerical and physical control of Field Orders and will be required to sign for each supply of orders received from Purchasing. Field orders will not be sent through interdepartmental mail. The Purchasing Department will maintain a numerical record of orders issued to custodians and their ultimate disposition.
- (c) The custodian is responsible for tracking all local field orders entrusted to him/her. Employees will sign for orders as they are issued.
- (d) Distribution of the multi-part Field Order form, when completed, will be as follows:
- Original – Supplier
  - Pink – Department
  - Canary – attached to invoice or sales slip and sent to Accounts Payable
- (e) The invoice or sales slip must be obtained when the goods are picked up, and promptly sent, with the canary copy of the field order attached, to Accounts Payable for payment. When it is not possible to obtain the original sales invoice, a copy will suffice. Field orders are to be used on a “goods received and picked up basis”; therefore, there will be no back orders. If an item in a list of items is not available until a later date, another order is required for its purchase.
- (f) If a local field order is not used, due to error, second thought, etc., it is to be returned by the employee to the custodian, and used in the system or voided and returned to the Purchasing Department. If the order becomes lost, the employee is to notify the custodian. In these situations, the custodian is to keep appropriate records of such occurrences and forward this information to the Purchasing Department.
- (g) Field orders may not be accepted by some suppliers. Therefore, to avoid problems and embarrassment for both parties, the custodian should call in advance to ensure acceptability.

- (h) Part of the custodian's responsibility is the accounting for Field Orders in his or her custody. Until signed for by an employee, the custodian should keep all orders in a safe and secure location.

16. Blanket Orders

A purchase order number is issued for blanket orders usually at the beginning of the fiscal year. Once the order is established, the requisitioning department is requested to phone the supplier directly for any merchandise to be charged against the blanket order. The requisition should then be sent to Purchasing with the blanket order number clearly marked. This requisition will be attached to the Purchasing Department's file copy of the purchase order.

17. Freight

- (a) Courier services are offered through a contract with Interuniversity Services Inc. When requiring courier service, items are to be brought to the Mailroom pre-packaged, with the full address (no PO box numbers accepted), and the account number to which the service is to be charged.
- (b) All packing slips, waybills, etc. must be sent to Accounts Payable when goods are received. Accounts Payable can then keep track of goods received.

18. Personal Purchases

Personal purchases are prohibited and must not be ordered through the University and are not to be invoiced to the University. The Purchasing Department will not be responsible for tracing accounts that have been incurred by individuals.