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## Purchasing Policy

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**Department Policy Number**

N/A

**Effective Date**

April 26, 2010

**Purpose**

The intent of this policy is to guide Athabasca University in achieving maximum value for the purchase of goods and services, while applying fair business practices to ensure the fair treatment of all vendors.

**Scope**

This policy applies University-wide to all purchases of goods and services for administrative, academic and research functions, and all purchases for all accounts administered by the University, irrespective of the sources of funding, including sponsored research, professional development, special purpose and endowment funds. Employment services (salaries, wages and benefits) are excluded from this policy.

**Authority**

The Athabasca University Governing Council in the [Delegation of Expenditure Approval Authority Policy](#) establishes spending authority for operating and capital budgets.

The Manager, Procurement and Contract Services is responsible through the Director, Financial Services to the Vice President Finance and Administration (VPFA) for the administration of this policy.

Purchasing Unit staff, or other staff as designated by the VPFA, are authorized to commit the University, in compliance with this and other relevant policies, to binding commitments.

The Director, Library Services or designate is authorized to commit the University for the procurement of books and periodicals using proprietary library acquisition software.

The VPFA or designate is authorized to commit the University, in compliance with this Purchasing Policy and other relevant policies, to Contracts for Service and other contractual agreements.



## **Definitions**

### **Agreement on Internal Trade (AIT): MASH Annex 502.4**

The AIT is an agreement between the provincial, territorial and federal governments to allow for freer trade between the provinces and territories. Athabasca University respects the principals of the MASH Annex 502.4 of the AIT which governs the purchase of goods and services exceeding \$100,000 and all construction projects exceeding \$250,000.

### **Trade and Labour Mobility Agreement (TILMA)**

Is an agreement between the Alberta and British Columbia governments guaranteeing access to each other's markets. It requires publicly posted competitive processes for purchases of goods or services of greater than \$75,000 and of construction contracts greater than \$200,000.

### **Capital Asset**

A capital asset possesses the following characteristics, as defined in the [Capitalization and Amortization of Assets Policy](#):

1. Has a life expectancy of more than one year under normal use
2. Is an original unit or system costing \$5,000 or more
3. Has an identify that does not change with use
4. Is usually repaired, not replaced, when damaged
5. Is not intended for sale in the ordinary course of business

### **Capital System**

Capital systems should possess all of the characteristics of capital assets and consist of two or more accessories, components or attachments which:

1. do not function independently in their proper or full capacity



2. are acquired for, and identified with, a specific system
3. are bulk purchases of equipment, when acquired as an expansion to existing operations
4. individually possess all the characteristics of capital

**Executive Officer**

For this policy is one of the President, Vice Presidents, Associate Vice-Presidents and Chief Information Officer of the University.

**Maximum Value**

Describes the delivery of the right goods or services to the right place at the best price at the right time.

**Preferred Vendor**

Is a designation that identifies vendors with whom the University has an agreement to purchase goods or services that are purchased on a regular basis throughout the year, established in advance and reviewed periodically to ensure the benefit continues. These types of purchases typically are, but are not limited to, standard computer systems, specific manufactured systems, office supplies, and networked copiers/printers/faxes.

**Purchase Orders (POs)**

Are legally binding agreements generated and approved by the Purchasing Unit and sent to vendors to place an official order of goods or services for Athabasca University.

**Purchase Requisitions**

Are purchasing/stores paper requisitions or electronic requisitions prepared and approved by user departments to initiate an order of goods or services. Completed purchase requisitions are forwarded to the Purchasing Unit for sourcing of the goods or services, and processing of an official purchase order.

**Purchasing Unit**

The group of employees to whom the VPFA has delegated authority to commit the University to purchases. This group includes but is not necessarily limited to the Purchasing and Contract Services Units within Financial Services, the Executive Director and Manager of Finance for Centre of Innovative Management and, for computer equipment purchases only, the Director, Computing Services (or designate) and, for library collection acquisitions only, the Director, Library Services (or



designate). Delegation of purchasing authority to individuals or positions outside of this list must be made in writing.

**Sole Source**

A procurement from a supplier of a specialized good or service without a competitive process. This is usually only done where the good or service can or should be obtained only from one source. Examples include suppliers of some copyrights, books, repair parts and utility services.

**Vendor**

Is a supplier or potential supplier of goods or services.

**Vendor List**

Is a list of approved vendors, maintained by the Purchasing Unit, for the provision of goods and services to Athabasca University.

**VPFA**

Is the Vice-President, Finance and Administration, Athabasca University or designate.

**Western Universities  
Supply Management  
Association (WUSMA)**

Is a group formed of Western universities in Canada, including Athabasca University, to enhance the professional purchasing standards and practices of members.

**Policy**

**1. Authority to Purchase**

The acquisition of goods and services is fundamental to the efficient operation of the University, and represents significant legal and financial commitments.

All purchases and financial commitments for goods and services are to be handled by members of the Purchasing Unit (as per Definitions section). This should ensure that all purchases are approved according to AU policies, completed in a fair and equitable manner, and handled expertly, in order to meet the requirements of the University end-user, while achieving best value. Special provisions for emergency purchases are outlined in Section 10 below.

Athabasca University students and volunteers have no purchasing authority.

Except as stated in this policy, no Athabasca University staff member is authorized to establish accounts with vendors on behalf of the University, to commit the University to



purchase and pay for goods or services, or to sign any rental, lease, license, agreement or contracts with any vendor.

Orders for goods and services placed in the name of Athabasca University without an authorized purchase order, lease, license, agreement or contract, or process outlined in this policy, will be treated by the University as the obligation of the person placing the order and not the obligation of the University.

## 2. Conflict of Interest

The Manager, Procurement and Contract Services is responsible for ensuring that the University adheres to its legal obligations under competitive bidding law and conducts business in accordance with the Code of Ethics of the Purchasing Management Association of Canada and Athabasca University's [Conflict of Interest Policy](#).

All employees involved in purchasing must be familiar with and abide by the [Conflict of Interest Policy](#).

## 3. Purchasing Process

Designated Purchasing Unit staff are responsible for managing the purchasing process. End-user departments must submit completed and approved purchase requisitions to the Purchasing Unit or Contract Services before a purchase order or contract can be issued. Purchase requisitions and contract for service request forms must be approved according to the [Delegation of Expenditure Approval Authority Policy](#).

A purchase order or other contract will be issued to the qualified vendor whose offer represents the best combination of quality, price and lowest risk to the University. In an effort to achieve maximum value, the Purchasing Unit will consider utilizing government standing offers and purchase consortiums which may be available to maximize buying leverage and minimize prices. In determining risk, the Purchasing Unit, in consultation with the user department, will consider the past performance record of the vendor.

The specifications of a purchase must not be developed in such a way as to deliberately favour one vendor over other similar and competent vendors.

### a. Purchases less than \$5,000 and travel expenses

**Travel expenses**, regardless of dollar value, including airfare, hotels and registration fees for courses or conferences for individual staff members, may be arranged directly without the involvement of the Purchasing Unit in accordance with the [Travel and Expense Claim Policy](#).



**Routine office supplies and paper less than \$5,000** are to be ordered directly by end-users either through the preferred vendor online or through Central Stores supplies. Orders exceeding \$5,000 and specialty orders require the submission of a purchase requisition or contract for service request form to the Purchasing Unit and the normal purchasing process applies.

**Library acquisitions less than \$5,000** (includes books, periodicals, online resources such as E-books and online periodicals) are managed by Library acquisitions staff using the library acquisitions program. Refer to the [Athabasca University Library Collections Development Policy](#). The normal purchasing process through the Purchasing Unit applies to library acquisitions of \$5,000 or more.

**For all other purchases and rentals of less than \$5,000** authorized staff may submit a purchase requisition to the Purchasing Unit, make a direct purchase using an approved procurement card (PCard) or seek expense claim reimbursement for out-of-pocket business expenses (refer to [Travel and Expense Claim Policy](#)).

**b. Purchases of \$5,000 or more**

**\$5,000 to \$75,000** - The Purchasing Unit will determine the most advantageous purchase method for each purchase, which could include purchasing from a preferred vendor based on standing quotes, soliciting quotations from vendors on the approved vendor listing, or approving a sole source purchase.

Unless the Purchasing unit at their sole discretion determines that a sole source arrangement is justified and required, purchases of goods or services greater than \$75,000 and construction projects greater than \$200,000 will require the Purchasing Unit to conduct a publicly posted competitive process. This process may include a prequalification stage.

The above limits apply to groups or bundles of goods or service purchases. All staff are prohibited from splitting orders in order to affect the required procurement method. The Purchasing Unit has the final authority to determine if a group of purchases should be bundled in order to determine the appropriate purchasing methodology.

**4. Political Donations and Fundraisers**

The University is prohibited under the Alberta Election Finances and Contributions Disclosure Act from making any contributions to a registered (political) party, constituency association, or registered (political) candidate. This included any contribution made to attend political fund raising events. See 'Gifts and Donations Made by the University Policy' for more information.



## 5. Sole Source Purchases

The Purchasing Unit is authorized to approve sole source purchases. If end-user departments believe a sole source purchase is justified, they should submit with the purchase requisition a written justification for a sole source purchase or explain why alternative vendors are not acceptable.

Published course materials (e.g., books) and license fees are considered eligible for sole sourcing under this policy and written justification is not required.

For sole source purchases over \$75,000 and construction projects over \$200,000 the Purchasing Unit's approval will be based on the sole source criteria set out in the AIT 502.4 MASH Annex which includes:

Ensuring compatibility with existing products; recognizing exclusive rights, such as exclusive licenses, copyright and patent rights; or maintaining specialized products that must be maintained by the manufacturer or its representative.

Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier, and no alternative or substitute exists.

For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or original work.

The Purchasing Unit has final authority to determine if a sole source purchase is justified.

## 6. Competitive Purchasing Process

Working closely with the end-user departments, the Purchasing Unit is responsible for coordinating competitive purchasing processes.

Orders for purchases of goods and services over \$75,000 and construction projects over \$200,000 that are subject to an electronic competitive process are to be posted on websites at:

WUSMA: <http://www.wusma.ca/>

AU Purchasing Unit: <http://depts.athabascau.ca/finance/>

Alberta Electronic Tendering System (AETS): <http://www.purchasingconnection.ca>

Construction Opportunities On-Line Network:  
<https://www.albertacanada.com/business/industries/ec-coolnet.aspx>



The Purchasing Unit, end-user departments, and other University stakeholders as appropriate will together review the responses and recommend a preferred vendor using pre-established criteria such as cost, conformance to specifications, quality and vendor performance history. The final selection will be made in consultation with the appropriate executive officer.

Vendors that provide responses may request successful vendor information after the response deadline. The total bid price and successful vendor name only, will be provided by the Purchasing Unit to the requesting vendor. This information will be provided within 30 days of receipt of a written request or the date of the completion of the purchasing process, whichever is later. All other vendor terms and conditions of bids, responses, contracts and purchases are confidential.

## **7. Vendor Selection**

A vendor list for the purchase of goods is approved and maintained by the Purchasing Unit for use in selecting appropriate vendors.

The capability of vendors to do business with the University will be assessed considering reputation, stability, reliability, quality of products and/or services and competitive pricing. Vendors will be removed for unsatisfactory products, unsatisfactory service and non-performance.

Vendors identified as major suppliers will be designated preferred vendors. Agreements will be negotiated with major suppliers that give best value to the University. Justifications for preferred vendor status will be assessed periodically.

Requests to purchase from other than approved vendors may be submitted by end-user departments in writing or by e-mail to the Purchasing Unit. The Purchasing Unit will assess the vendor and, if qualified, add the vendor to the approved vendor list.

The Purchasing Unit is the primary contact for all vendors.

## **8. Capital Assets**

Capital assets must first be included on the approved capital budget list or be approved by the VPFA or designate, prior to a purchase requisition being prepared, and purchase order or tender being issued.

## **9. Contracts for Service**

The purchase of services is usually more complex than the purchase of goods, as detailed terms and conditions are usually required for services to ensure:

legal and other risks to the university are minimized;





responsibilities and obligations of each party are clearly set out;

services are not employment in nature; and

service deliverables are clearly identified.

For such purchases, the university issues contracts through the Contract Services Unit.

Contracts for Service are initiated by user departments by completing a [Contract for Service Request Form](#) and forwarding it to the Office of the Contract Services Unit for contract preparation and signing. Typically, three categories of Contracts for Service exist:

**General** - consulting, facilitation and other professional services

**Subject Matter Expert (SME)** - course development and course revision contracts (typically Phases III, IV, and VII)

**Instructional services and support** - graduate program sessional instruction contracts

SME, and instructional services and support contracts are normally sole-sourced.

**10. Other contractual agreements** should follow the purchasing process under Section 3, and include:

maintenance agreements

software and other license agreements

operating and capital leases

professional services which are not consulting in nature such as information technology, banking, investment and trades services.

The Contract Services Unit office will review all contracts and, if satisfactory, approve them.

Reference the Contract Administration Policy for detailed information and due diligence requirements on Contracts for Service and other contractual agreements.

**11. Emergency Purchases**

As authorized by an executive officer or designate, an immediate purchase of any good or service may be made without recourse to this policy, should emergency situations such as, but not limited to the following, arise:



where staff, student or public safety is in question  
prevention of damage to university property  
restoration of essential pieces of equipment to service  
restoration of essential university services

In a case where the emergency purchase will be billed to the University, the person who initiates the order must forward the particulars to the Purchasing Unit.

## **12. Staff Personal Purchases**

The Purchasing Unit will not normally process personal orders for staff. Professional Development purchases are not considered personal orders.

### **Approved by**

President (Executive Group) July 5, 2006

### **Amended Date/Motion No.**

Executive Group April 20, 2009

Executive Group April 26, 2010

### **Related References, Policies, and Procedures**

[Athabasca University Library Collections Development Policy](#)

[Capitalization and Amortization of Assets Policy](#)

[Conflict of Interest Policy](#)

Contract Administration Policy

[Delegation of Expenditure Approval Authority Policy](#)

[Delegation of Expenditure Approval Authority Procedures](#)

Gifts and Donations made by the University Policy

Procurement Card (PCard) Policy

Purchasing Management Association of Canada, Code of Ethics

[PC Purchase Authorization Form](#)

[Travel and Expense Claim Policy](#)

### **Applicable Legislation/Regulation**

[Agreement on Internal Trade - MASH Annex 502.4](#) (page 34 of pdf)

Trade and Labour Mobility Agreement



**Responsible Position/Department**

For further information, contact the Manager, Procurement and Contract Services.

**Keywords**