
PURCHASING Services Working Together



SHARED PURCHASING SERVICE CONSORTIUM OF GREY-BRUCE



Purchasing Personnel

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What you can learn from this session:

- Why the purchasing process functions as it does (Policies).
- Where we are now – and where together we need to be (by March 2011)
- There's only one team – and Purchasing is only one part of it.
- That you can tell us when or how we can better help you.
- Why as part of the same team we need to help each other.
- ***By working together we will solve problems in the most appropriate manner. By working together we will arrive at the best overall course of action***

About Questions

- Questions?

Write down your question (s). If this presentation doesn't answer your question - or bring up the subject area: *Ask*.

Please try to hold general questions for Q/A period.

Immediate subject specific questions - raise your hand.

Where Do We Go from Here?

- 3 presentation sections:
 - 1 Overview: The Basics
 - 2 What we do now
 - 3 What we Need to be doing to meet new Ministry of Finance Broader Public Service (BPS) mandates

Overview:

What's a Purchase Order and Why is one Needed?

- An approved Requisition is an authorization to purchase – this is sent to the Buyer for action.
- Requisitions are used by accounting to distribute invoice costs to owners (via GL)
- Requisitions are approved by various levels of signing authority depending on \$ value and budget responsibility.
- A signed Purchase Order creates the contract between the seller and the customer (Board)

- Ministry of Finance directives call for division of roles responsibility, and authority to ensure accountability and transparency in public spending practices. Board Policy as written meets this requirement

Overview: Why We Need to Work Together

- We're all part of the same Team
- Ministry of Finance directives for Public Sector spending call for the entire Team
 - To be seen to be spending responsibly,
 - For Transparency in our practices, and
 - To be fully accountable
- This is already true now but closer control is Mandated by the Ministry for the future!

Overview: Duties/Roles.

How We Help Each Other

The acquisition of all services, equipment, and supplies is centralized and supervised by a purchasing department. . .
“(Policy).”

- The Supervisor of Purchasing is responsible to the Senior Business official for matters related to the purchase and disposal of goods and services. “(Guiding Principles)”
- Persons with budget responsibility are responsible for ensuring that purchases are in accordance with the Boards’ Purchasing Policy and Administrative Procedures. “(Guiding Principles)”

Shared Purchasing Responsibilities (1)

Offer Purchasing Process Assistance, and Information to Clients and Vendors:

- ❑ Requests for Quote/ Proposals/ Tender (RFQ/P/T)
 - ❑ Contracts/ Renewals – Organize/ Direct/ Advise/ Assist

 - Vendor relations/ Negotiations
 - ❑ Maintain Vendor list
 - ❑ Organize/ Direct/Advise and Assist with Negotiations
 - ❑ Vendor Relations – performance tracking/ Data Source

 - Disposal of Surplus Goods and/or Property

 - Process Requisitions – ensure Purchase Orders are placed
Commodities: Printing, Software, Supplies, Books,
Maintenance needs, Gasses, Chemicals, Equipment, IT Needs,
Fuel, etc., etc, . . .
-

Shared Purchasing Responsibilities (2)

- Purchasing/Contracts:
 - To help plan, organize, direct, advise, and report on all Purchasing/Contracts related activities
- Policy and Procedure development, implementation and update
 - Procedures compliance monitoring
- Assist in costing proposed purchases and related projects
- Contact and participate with other Boards in related activities to remain aware of current methods, products, and practices.
- P-Card
- Miscellaneous Purchasing related Items (e.g. WSIB, Insurance, and Health and Safety compliance, request for background check (s), etc.)

Overall Purchasing Activity

- Shared Purchasing annually processes over 7,000 Purchase Orders with a varied number of line items.
 - The value of these orders is in excess of \$12million.
- Board cost in processing a single Purchase Order through payment: +/- \$200 (Approx)
- 100 or more formal Tenders issued annually by Shared Purchasing
- Over 25,000 Invoices. Given that purchase orders and invoicing is frequently not “one to one” relationship, the “numbers” and cost of purchases and invoices is varied and being monitored.

General: Purchasing Information

“Competitive Bids or Quotations shall be solicited in connection with all purchasing whenever practical. . . (Policy).”

- Purchases of Goods and Services must be addressed by Purchase Order (or P-Card where applicable)
- Purchasing will assist any department with any type or value of purchase if/as requested

- Does Purchasing always say ‘yes’ to any request (Req)?
 - Purchasing may change specification (in client consultation) if item not available and sub offers better advantage, in use or price. (Req Policy)
 - Team: Clients (needs), ICT, Commodity Committee, H&S, Plant, Purchasing, Employer best interests (incl. Min of Ed. & Min of Finance)
 - Other considerations: Standing Agreements (Govn’t), existing contracts, quality, total cost.

General: Quotes/Proposals/Tenders (1)

- School/Dept or Purchasing requests quote < \$10,000

Read procedure – ask questions

Board Terms and Conditions apply.

These are available on website or from Shared Purchasing – must be sent / highlighted to bidders with RFQ – (Policy)

- Results are forwarded to requestor for evaluation (and/or evaluation assistance by Purchasing).
- **Reasons for choice are recorded as part of Req/P.O file**
- Dept notifies Purchasing of recommendation to award via a purchase requisition (Note Quote # on Req)
- **Justification is required, if not awarding to the low bidder (Policy and Ontario signed trade agreements (AIT))**

General: Quotes/Proposals/Tenders (2)

- Req is entered - Purchasing notifies vendor via Purchase Order issuance.
- Award is Always performed on purchase orders through the Purchasing Dept if the quote dollar amount is above P-Card \$ use threshold (Policy)
- Shared Purchasing deals with all purchases with an anticipated value > \$10,000.

These go to formal competitive bid solicitation

Shared Purchasing RFQ/P/Ts

- Purchases over \$10,000 (or as requested by client) are posted publicly or tendered by invitation (limited supply base)
 - Information required from clients
 - Item (work) specifications and suggested vendor (if known)
 - As much information as possible should be sent to the Buyer (incl. est. value if known)
 - Special Instructions
 - Delivery requirements
 - Anticipate possible vendor questions
 - Time for posting – Depends on complexity: Avg. can be 2 days - < 1 week
 - Time posted: 15 working days (per Ontario signed Trade Agreements)
-

Shared Purchasing RFQ/P/Ts (cont.)

RFQ/P/T responses, depending on complexity, are opened, summarized, and forwarded to the dept, project manager, or requestor for input and/or evaluation assistance. Purchasing may suggest a supplier/course of action in keeping with established contracts, practices, laws or policy/procedure.

- Dept notifies Purchasing via req entry to facilitate Purchasing Award (needs Req. entry to initiate purchase order and/or contract award)
- Justification in writing may be required if Award is not to be made to the low bidder (per Ontario signed Trade Agreements)
- *Supplier notification of Award is performed only by Purchase Order issuance **or** only with the express permission of the cognizant Buyer. RFQ/P/T results are publicly posted*

Policies and Procedures

- Policies and Procedures are common to us all.
 - So who's the 'bad guy'? – There isn't one. *We work together as one team to ensure all Policies and Procedures are met.*
 - If there is a problem of any kind – tell us – we can help.

Record keeping

- Records of how purchasing decisions are reached should be kept on file (e.g. quotes with req/ p.o. copy).
- A written ‘decision matrix’ is to be kept with any Purchase file of \$5000 or more. **(more to come on this)**

A ‘decision matrix’ is either

- 1) A one or two page list of criteria for bid evaluation (this can be ‘weighted’ or ‘scored’) **or**
- 2) Support notes on how a decision was reached.

These two are often needed if the low bidder is not chosen

- Purchasing Records are retained for seven (7) years.
 - How is this done in your School?

Meeting Standards

- Standards: Administrators (requestor) ensures that orders meet safety, CSA, ULC or other standards (Guiding Principles)
- Additional Health and Safety requirements (e.g. on-site work)
- Applicable Laws

- In practice, meeting these is a shared responsibility of the team – including the Vendor

New Vendor Number Requests

- Address New Vendor Requests to Shared Purchasing
As much business info as can be obtained is needed
 - Legal name and Common name (if different)
 - Normal and “Pay to” addresses (if different)
 - Sales contact name, fax, phone, and E-Mail
 - Accounts Receivable contact name, fax, phone, and E-Mail
 - Banking info (for E-payment of Invoices)
 - Accreditations (Quality and Safety as applicable)
 - Business References (will be checked)
 - (On-site Contractor) WSIB, gen. and liab. insurance

Requests may be denied by Purchasing or A/P due to current contracts, existing vendors or unfavourable references

Receiving

- BGCDSB:
 - Discrepancies in school shipments are noted on the packing slip by the receiving person.
 - Packing slip sent to Hanover
 - Receiving performed in Hanover
- BWDSB:
 - Usually performed on-line at receiving site.
 - Original Packing slips filed (with P/O copy) at school

“Sole Source” Purchases

- Sole Source means only one source of supply as dictated by specifications or by actual vendor base. *Writing specifications in order to restrict competitive bidding or to ensure ‘sole source’ is not permitted (Policy)*
 - Shared Purchasing may suggest alternate products/sources
 - Only have one source? Check with Shared Purchasing to be sure.

By working together we will arrive at the best course of action

“Emergency” Purchases: BWDSB

- What is an “emergency purchase”?
 - “ - made to protect the public health of citizens or when immediate repair is necessary to prevent further damage to public property” (Procedure – Board Definition)
 - Non-capital items only
 - Confirming orders are not acceptable
 - Who can order in an emergency? The Supervisor of Purchasing has ‘discretionary authority’ (Procedure)
 - Call Shared Purchasing for assistance. ***By working together we will solve problems in the most appropriate manner***

“Emergency” Purchases: BGCDSB

- What is an “emergency purchase”?
 - “ - made to protect the public health of citizens or when immediate repair is necessary to prevent further damage to public property” (Procedure – Board Definition)
 - To Be Avoided
 - Non-capital items only
- Confirming order use e-requestor
- Specify “Confirmation Only”

Confirming Orders: BGCDSB Only

- Use Req form
- Must have verbal approval of Supervisor of Business Services or Superintendent of Business
- E-Requestor is used

Furniture

- See Catalogue (s) or consult Shared Purchasing
- Consult H&S for approval if not in catalogue prior to creating req (advise on/with req of H&S approval)
- Purchase of furniture follows normal purchasing policies

Surplus Property

- Surplus Property is property no longer wanted or needed elsewhere by the Board.
- Contact Shared Purchasing to dispose of surplus owned property

Printing Purchases

- Printing – Normal Purchasing Procedures apply
 - Tendering based on anticipated \$ (e.g. Bluewater OYAP calendars).
 - If in doubt, consult Shared Purchasing – there may be an existing supplier, existing artwork, or use of Logo restrictions
 - Special requirements? Consult Shared Purchasing.

Computer or Software Purchases (and AV needs)

- Rule of thumb: Any equipment not chosen from catalogues needs ICT/IT pre-purchase approval
- All licenses administered by IT/ICT
- Product advice available from ICT/IT

- BGCDSB - Computers bought centrally
 - Printers by user from pre-approved list
- BWDSB - Consult ICT (Beam) Self-Help
 - Self- Help - View AV list
 - Advise by “Note to Buyer” on req that ICT has approved (name/date)

Purchasing Card

- Used for small \$ purchases
- Provides flexibility
- Submit approved P-Card request as below to obtain a card
- P-Card Administrator
 - BWDSB: Terri Junker Teresa_Junker@bwdsb.on.ca
 - BGCDSB: Kathy_Knapp@bgcdsb.org

Signing Authority

- **Who can sign agreements or contracts for departments?**
 - Depends on Contract Nature but . . .
 - All Agreements/Contracts (regardless of whether a purchase order is required) are to be reviewed by the Business Superintendent and Shared Purchasing prior to signing.
 - Where applicable, the Business Superintendent and/or Shared Purchasing may recommend legal review prior to signing.
 - Agreement/Contract signature occurs only after the above steps.
 - The Supervisor of Purchasing signs all Purchase Orders.

Authorized and Unauthorized Purchases

- No Purchase Order is Valid unless signed by the Supervisor of Purchasing (Procedure)
 - (Captured in BGCDSB new systems planning)
- Unauthorized Purchases are any Purchase made in the name of the Board without an authorized purchase order or p-card and may be considered an obligation of the person making the purchase and not an obligation of the Board (Procedure)

What's New (1)

Broader Public Service (BPS) Purchasing Requirements:

What are they, what they mean for us all, and how we meet them together

Ontario Buys:

Mandate Ministry of Finance – (BPS) Secretariat

Tasks/ Timelines

BPS Supply Chain Guideline: Twelve Principles to be addressed as follows

- Implement two Principles Phase I - (Code of Ethics) & Policy and Procedure (PPP) - **by March 2010**
- Implement ten Principles Phase II – **by March 2011**
 - Phase II – Common Tendering and Contracting (practices)
 - Phase II – Segregated Approvals and Authorities
 - Phase II – Contracts Data Base
 - Phase II – Metrics (7)

What's New (2)

■ BPS Tasks/Timelines (cont.)

Reportable Measurable Metrics (March 2011)

- ❑ % of Total Spend through Group Purchasing Initiative *
 - ❑ % of Total Spend under Contract *
 - ❑ % of Invoices Paid within Due Date *
 - ❑ Dollar Savings as a % of Total Spend *
 - ❑ Productivity Savings as a % of Operating Costs *
 - ❑ Cost Avoidance Savings as a % of Total Spend
 - ❑ Investment in education and Skills Development
- * Areas of Opportunity?

What's New (3)

Ministry of Finance Principles Guiding the BPS Initiative

- ❑ Standards are Policies and Procedures that enable consistent controlled business processes (commonality of methods beginning with Ministry)
- ❑ Compliance with Policies and Procedures must be tracked
- ❑ Standardized processes: Procurement Policies and Procedures should be accessible and useable across the organization.
- ❑ Code of Ethics: Accountability and Transparency – Purchasing to be fair, transparent, and with a view to obtaining the best value for public money
- “As far as is feasible or practical, at least ***three*** bids shall be sought for any purchase” (Agreement on Interprovincial Trade (AIT) + Admin Procedure).
- Board Policy
Current Policy Meets the above initiative as written if the policy can be demonstrated to be followed by consistent procedures and practices
 - ❑ “Competitive bids or quotations shall be solicited in connection with all purchasing whenever practical” – Board Policy

What's New (4): How can we together easily achieve “Consistent Demonstration”?

By Minor Changes to Current Board Practices:

- > \$5,000 Three written quotes to be obtained (confirming note on Req)
- > \$1,000 Three written quotes should be obtained**
- < \$1,000 Verbal quotations acceptable **
** inherent risk in verbal quotes

- The Supervisor of Purchasing may ask to see quotes at any time and may “spot audit” as needed (consistent compliance demonstration).
- Exceptions: Policy, Existing Tendered Contract, Match to Existing Systems Chosen by Tender, Sole Source, Emergency (see Purchasing - Confirmation Orders)

What's New (5): How can we together easily achieve “Consistent Demonstration”? (cont'd)

- Consistent Methods and Document retention: (quotes, notes, etc. retained in purchase order file)
 - **Common RFQ form created by Purchasing and posted for general use**
 - **Common Document Checklist to be created by Purchasing / posted for general use**
 - **Common New Vendor Information collection form created by Purchasing/ to be posted for general use**
- Written Justification for Non - Competitive bidding (new)
 - **Draft form with Purchasing > \$5000 *suggested* initial step use.**
- Increased use of Ministry of Agreements/ Information (e.g. Purolator, Tax Compliance, etc.)
- Increased use of Ministry ‘Vendors of Record’
- Greater internal Purchasing communication/ help/ interaction (Website, Presentations, site visits)
- Increased use of shared information from other Boards and Government depts.

What's New (6) - What do our Neighbours do?

- Thames Valley District: > \$1,000 three written quotes
- Waterloo Region District: > \$5000 three written quotes
- Niagara District > \$3,000 three written quotes

- All Must comply with BPS initiative

What else is New? (1)

- Use of Board Website (s)
 - For General Purchasing Information/Communication
 - Shared Purchasing Staff contact list
 - Standard T& C's and Forms Used by Purchasing
 - Policies (BWDSB)
 - Contractor Health & Safety Requirements (BWDSB)
 - For Public Tendering (by Shared Purchasing)
 - For Publication of Tender Results

What else is New? (2)

Specific Documents posted on Website (s) - Who Uses/Receives/files?

- Standard T&C's (website only official version – **required by all bidders** (Policy))
- Vendor Conflict of Interest Disclosure Form (\$5,000 and over – **all bidders**)
- Tax Compliance Form (Shared Purchasing use over \$25,000)
- Closer pre- purchase examination of Broader Public Service (BPS) existing Standing Agreements
- Increased inter-board Purchasing co-operation/communication (BPS mandate)

What else is New? (3)

- Watch for new Common Forms/ Guidelines to be posted to the websites shortly:
 - Common RFQ Form/Guideline
 - Common New Vendor Information Request Form
 - Common “Checklist”: Information re what local Quotation/ Purchase information needs to be retained (What goes into a P/O file)
 - Purchasing Justification Form (To be used when lowest bidder is not chosen > \$5000)
- Watch for information on how to critique received products or suppliers.

Did you learn from this session?

- Why the purchasing process functions as it does (Policies).
- Where we are now – and where together we need to be (by March 2011 - BPS)
- There's only one team – and Purchasing is only one part of it.
- That you can tell us when or how we can better help you.
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