

POLICY: <p style="text-align: center;">Purchasing Procedures Policy</p>		POLICY NUMBER: <p style="text-align: center;">AM-028-A2</p>
		PREVIOUS/REPLACES: <p style="text-align: center;">Reviewed January 12, 2024</p>
APPROVED BY: <p style="text-align: center;">Executive Committee</p>	EFFECTIVE DATE AS OF: <p style="text-align: center;">January 31, 2024</p>	PRIOR VERSIONS: <p style="text-align: center;">February 1, 2022</p>

1. Policy Statement

The purpose of this policy is to develop the principles that guide all purchasing decisions made at Herzing College. The College recognizes the need for a purchasing function that is controlled at the appropriate level of authority and will not exceed budget allocations provided.

The College is committed to obtaining the best value for the total acquisition cost of all goods and services purchased and to maintaining the highest ethical standards in dealing with suppliers. Value includes price, quality, and service. To facilitate and encourage the timely purchase of goods and services, and to ensure its commitment to accountability, transparency, efficiency, and equity, the College has adopted the following purchasing policy.

Guiding Principles:

- Purchasing activities shall be consistent with the College’s mission, vision, values, and strategic priorities.
- The College will use a fair and open process when calling for, receiving, and evaluating quotations and bids.
- Purchases must be at “arm’s length.”
- Whenever possible purchases should be made with the use of college purchase orders. In the event purchase orders cannot be used corporate credit cards, petty cash or expense claims can be used. In all cases the appropriate authorization is required.
- Purchasing decisions will be based on value for money, balancing price with economy, efficiency and effectiveness of the goods or services being acquired. Although price is a very important consideration, the lowest bid is not guaranteed to win a bid.
- Conflict of Interest: Refer to the “AM-022-A1 Conflict of Interest Policy.”

2. Scope

This policy applies to all employees of that engage in purchasing activities including use of credit cards, leases, and rentals.

3. Policy Content

1. Authority Levels and Responsibilities:

- a. The Board of Governors of Herzing College, Toronto Campus through its by-laws delegate its signing authority to the President of the College within prescribed limits established by the annual operating and capital budgets. Within this framework, the President of the College has delegated authority levels for the purchase of goods and services.
- b. Purchasing authority levels are delegated in order to enable the College to execute purchase requirements, contracts, and agreements.
- c. Purchasing authorities are based on approved operating and capital budgets. Expenditures that exceed budget authority by \$50,000 annually require approval of the relevant governing board unless such expenditures are offset by equal or greater revenues.
- d. Department heads may order needed and budgeted educational materials and supplies as required for instructional purposes without getting bids for every purchase but must at least annually obtain competitive bids if available.
- e. Payment in advance of the receipt of goods or services is not allowed without the written approval of the Vice President of Finance for the Corporation.
- f. In the case where the relationship with the independent contractor is on an on-going basis such as the use of an external auditor or legal counsel, the RFP/RFQ or tender is required once every five years.
- g. Purchasing authorities in the following tables only apply if they do not exceed the amounts (c) above.

Amount	Purchasing Authority	RFP/RFQ or Tender Required
Less than \$1500	Employee delegated by his/her Campus President	Not Required.

Amount	Purchasing Authority	RFP/RFQ or Tender Required
\$1500 - \$10,000	Campus President	1 written quote, 2 if available.
\$10,000 to \$50,000	Chief Operating Officer (COO) for the Corporation	Quote from a minimum of 2 suppliers.
Over \$50,000 to maximum approved in the operating or capital	Corporate President.	Quote from a minimum of 3 suppliers. May not be possible in certain situations like Microsoft.
Leases (rentals) of over one year in length and Total cost of \$10,000 to \$50,000	COO	Quote from a minimum of 2 suppliers.
Leases or extensions of leases with a total cost of \$50,000 - \$200,000	Corporate President and Vice President of Finance	Quote from at least two suppliers, if a lease of equipment or new premises. If an expansion of existing premises or extension of a lease for existing premises, a lease rates from two comparable properties is required to establish reasonableness of the lease rate,
Greater than \$200,000	Governing Board	Same as immediately above.

2. Purchasing Process:

- a. Purchases shall generally be made by means of a purchase order as this is an indication of prior approval at the appropriate level. Completion of an expense report is also permitted. Use of a corporate credit card is an acceptable method of purchase only where a purchase order is not feasible.
- b. The petty cash fund may be used to make purchases if there are no other alternatives available up to a maximum of \$50.00 per occurrence/day.

- c. When a product is received the person who receives the product must sign and date the packing slip; the signed slip should then be submitted to the administrative office. If no packing slip was received or there is a charge for services, then an email is sent to the campus administrative office verifying receipt of the product or service. In the alternative a copy of the related invoice is to be signed and approved by the person receiving the product or service and forwarded it to the administrative office. All invoices are to be approved by the Campus President or a designated alternative to be approve by the COO and Vice President of Finance.
 - d. Certain supplies and services are purchased on an ongoing basis throughout the year and an RFP is not possible because the specific items required are not known until the point when they are required. Examples of supplies and services that would fall under this regulation are:
 - administration office supplies;
 - program specific supplies and materials;
 - e. Annually, the person responsible for departmental/program purchasing will contact a minimum of two vendors for the supply and service in situations where the cumulative value of the contract is significant to ensure the College is receiving the best value for its money and attempt to negotiate a reduced rate for the following year.
 - f. The employee responsible for departmental or program purchasing shall submit a report to the respective budget centre manager when these negotiations take place or indicate the reasons should negotiations have not been completed.
 - g. Specific procedures of ordering and purchasing of certain supplies can be developed by the accounting department in order to facilitate the purchase process. These procedures must be approved by the COO and Vice President of Finance.
3. Records Retention
- a. All procurement documents as well as any other pertinent information for reporting and auditing purposes must be maintained for a period of seven years and be in a recoverable form if requested. The Vice President of Finance is responsible to follow other auditing or legal requirements for financial record retention.
4. Process for Handling Disputes
- a. The dispute resolution process allows suppliers to submit a protest concerning any aspect of the procurement process. The process is as follows:
 - b. Where a dispute arises, resolution will first be addressed by the staff member named on the purchase order;

- c. If a resolution cannot be resolved, the dispute shall be forwarded in writing which communicates concerns or complaints to the accounting department who will contact the supplier to discuss the dispute.
- d. If no satisfactory resolution has been reached, the supplier may appeal in writing to the Vice President of Finance, whose decision will be final and conclusive.

4. Administration

The Vice President of Finance will oversee the administration and enforcement of this policy.

5. Review

The Vice President of Finance will review this policy annually and provide any recommended changes to the Executive Committee.

6. Reference

- AM-022-A1 Conflict of Interest Policy
- AM-023-A1 Employee Ethics and Reporting Standards Policy
- AM-024-A1 Whistleblower Policy

7. Definitions

Arm's Length – The condition or fact that the parties to a transaction are independent of each other and do not have a special relationship, such as being a relative or close personal relationship.

Capital Items – Capital items refers to any tangible item (e.g., land, buildings, site improvements, furniture or equipment) or intangible items (e.g., purchase of software license) with a cost in excess of \$5,000 and is intended to have an economic life of more than one year.

Purchases – Defined as goods and services including both operating and capital acquired for the operations of the College

Request for Quote (RFQ) – Request for Quote (RFQ) refers to a bidding process where suppliers submit pricing to the College for a specific good or service. The RFQ is typically used when discussions with bidders are not required (mainly when the specifications of a product or service are already known) and when price is the main or only factor in selecting the successful bidder.

Tender – A tender refers to a bidding process for large projects in excess of \$75,000. Tenders are widely disseminated. The invitation to tender document contains detailed specifications for the performance of the work as well as detailed qualifications and requirements that the bidders must meet.

The Corporation – Refers to the corporation of which the Campus is a part, namely Herzing Institutes io Canada, Ltd.