



University of Toronto
Governing Council

Purchasing Policy
(for the Acquisition of Goods and Services)

October 10, 1995

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Table of Contents

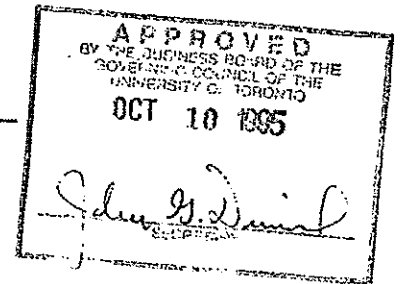
1.	General Policy Objectives	3
2.	Purchasing Principles.....	3
3.	Purchasing Authority and Process	3
4.	Scope and Policy Application	4
5.	Consulting and Professional Services.....	4
6.	Conflict of Interest	5
7.	Personal Acquisitions.....	5
	Purchasing Terms.....	6
	Approved Supplier	6
	Qualified Supplier.....	6
	Oral Quotation.....	6
	Written Quotation (Request for Quotation).....	6
	Invited Tender	6
	Public Tender.....	6
	Request for Proposal	6
	Sole Source	6

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University of Toronto

OFFICE OF THE CHIEF FINANCIAL OFFICER



PURCHASING POLICY (for the acquisition of goods and services)

1. General Policy Objectives

The University of Toronto must maintain high legal, ethical, managerial, and professional standards in the management of the resources entrusted to it, as a publicly and privately funded institution. We must ensure that goods and services are acquired so that the University:

- a) obtains value for money by incurring the lowest cost in the fulfillment of specified needs with appropriate levels of quality and service;
- b) uses a fair and open process when calling for, receiving, and evaluating quotations and tenders;
- c) meets its legal and ethical obligations in the acquisition of goods and services by purchase or lease;
- d) employs trained staff skilled in purchasing techniques including negotiating, contractual terms and conditions, cost reduction techniques, and cooperative buying processes.

2. Purchasing Principles

Goods and services shall be acquired according to the following principles:

- a) Planning - Goods and services should be acquired after consideration of needs, alternatives, timing, and availability of funds.
- b) Sourcing - The process by which suppliers compete for University business shall be open, fair, consistent, and nondiscriminatory.
- c) Purchasing - Goods and services shall be acquired competitively from qualified suppliers to meet specified needs and to achieve the greatest possible value for money expended.
- d) Accountability - Approvals shall be obtained and documentation shall be retained for review and auditing.

3. Purchasing authority and process

All purchases require a purchase order or a written agreement, except for purchases below \$5,000, or in rare situations where the Chief Financial Officer or the Director of Purchasing Services Department approves an exemption.

When the total value of the purchase is \$5,000 or less, the issuance of a purchase order is optional. This type of purchase should be made by use of the purchasing charge card or by approving the supplier's invoice, or for small purchases, by cash.

When the total value of the purchase is \$5,001 to \$25,000 inclusive, at least two quotations shall be obtained from approved suppliers. It is preferable that written quotations be solicited, however if oral quotations are accepted, written notes should be kept on file.

When the total value of the purchase is \$25,001 to \$100,000 inclusive, three written quotations shall be obtained by written invitation to qualified suppliers.

When the total value of the purchase is \$100,001*or more, invited tenders shall be obtained by written invitation to at least three qualified suppliers.

When the total value of the purchase is \$500,000*or more for construction or maintenance projects, public tenders shall be called by the Purchasing Services Department. Public tendering may involve a pre-qualification statement call followed by invited tenders to qualified contractors. Public tenders may also be called for other purchases, at the discretion of Principals, Deans, Directors, Chairs or Heads of administrative departments.

Competitive quotations and tenders are not required for goods or services where:

- a) the only supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government;
- b) a regulatory authority has approved the price or rate; or
- c) the purchase is for media advertising time or space.

Where the acquisition of scientific equipment of a highly specialized nature is available from only one supplier, one quotation is acceptable provided the acquisition of such equipment from that supplier without competitive quotations is approved by a Principal, Dean, or Vice-Dean of Research (or equivalent).

The Chief Financial Officer or the Director of Purchasing Services Department must approve all other exceptions to the requirements for quotations and tendering.

4. Scope and Policy Application

This policy governs the acquisition of goods and services, by purchase or lease, with University funds from all sources including the operating, research, capital and ancillary funds and all other funds held in trust or at its disposal. The Purchasing Services Department has overall responsibility for administering this policy under the general direction of the Chief Financial Officer, and recommends the designation of buying centers and specialized buying units.

The interpretation of this policy and the establishment of the buying centres and specialized buying centres are the responsibility of the Chief Financial Officer who will provide the administrative direction to carry out the policy by stipulating the procedures and controls necessary to ensure that expenditures are made according to sound business practices with appropriate accountability.

*Ontario universities have been made subject to the Agreement on Internal Trade, 1995, signed by the first ministers of Government of Canada, the Provinces and Territories. That agreement requires the calling of public tenders for the purchase of goods and services at or above \$100,000 and for construction or renovations at or above \$250,000. The Purchasing Services Department is responsible for calling public tenders at the University of Toronto.

5. Consulting and Professional Services

The policy "Selection of Architects" governs the engagement of all architects or architectural consultants.

For all other consultants and professional services:

a) For a budgetary unit:

The head of a budgetary unit may engage consultants or contract for professional services of a non-employment nature, up to a maximum of \$25,000 per supplier per year. The budgetary head may delegate this authority provided it is in writing. A purchase order or a written agreement is required. It is good business practice to obtain competitive bids. For engagements over \$25,000 per supplier per year, approval of a Vice-President or Chief Financial Officer is required.

b) Regular ongoing central consulting and professional services:

The appropriate Vice-President or Chief Financial Officer may engage consulting or professional services without reference to the Purchasing Services Department and without raising a purchase order. Terms of reference must be established in writing for all engagements. These central services include, but are not necessarily limited to, audit, architectural, legal, employee benefits consulting, pension and actuarial consulting, banking, investment management and investment custodial services.

The appropriate Vice-President or Chief Financial Officer is responsible for conducting regular reviews of contracted consulting or professional services. Such ongoing services will be subject to review approximately every five years. These reviews will be conducted on a rotational basis so that there will likely be at least one review each year.

A review will not necessarily lead to a tender call if the Vice-President or Chief Financial Officer deem it advisable to continue to engage the same supplier of the service. If it is decided to conduct a tender call, this does not necessarily exclude the existing supplier from consideration. In fact, a previous relationship with a supplier may be a very positive factor for continuing with that supplier especially with regard to a history of very good performance. Factors to be considered in conducting reviews and evaluating tenders when called will include price, service, quality, personnel deployed and track record.

6. Conflict of Interest

University employees are governed by policies on conflict of interest which prohibit the acceptance of gifts in any form from suppliers doing business with or soliciting business from the University.

7. Personal Acquisitions

The services of the Purchasing Services Department are not available to employees or others for personal purchases. The use of the University's identity for personal reasons is not permitted.

October 10, 1995

Date



Robert G. White Chief Financial Officer

PURCHASING TERMS
(Appendix to and forming a part of the Purchasing Policy)

Approved Supplier

A vendor who meets minimum performance criteria with respect to service, delivery, quality and other criteria and has been added to the University's data base of approved suppliers.

Qualified Supplier

Any vendor able to meet specifications of a tender call whether or not an approved vendor.

Oral Quotation

An oral quotation from an approved supplier, used primarily for low value purchases of off-the-shelf commodities where availability and quality are equal and price is the deciding factor.

Written Quotation (Request for Quotation)

A written quotation or bid from an approved or qualified supplier, used for purchases of goods and services where criteria including service, quality, delivery, will be evaluated as well as price.

Invited Tender

Written solicitation to selected qualified suppliers normally used for large value purchases. Tenders are normally requested by a specific time and are opened and evaluated by a committee.

Public Tender

Advertised solicitation to qualified suppliers normally used for very large purchases, projects, or contracts, especially when the purchase is over \$500,000. Public tenders are advertised in appropriate publications and differ from invited tenders in that any supplier may respond.

Request for Proposal

An invitation to a supplier to submit an offer to provide a solution to a problem or a need that the University has identified. An RFP is a process in which the supplier's experience, qualifications and proposed solution may take precedence over price.

Sole Source

The supply of a good or service is available from only one supplier. Often technical barriers such as patents exist to preclude other suppliers from offering the product.

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