

FN.7.1.3 PROCUREMENT	
Section:	Finance (FN)
Subject:	Procurement
Legislation:	
Effective:	April 24, 2019
Revision:	May 25, 2020; July 21, 2022

APPROVED: _____
President and CEO

POLICY

The policy of the Board of Governors is to acquire property and services and to dispose of obsolete or unnecessary property following formal open tender process, competitive bidding process, or single/sole sourcing.

PROCEDURE

DEFINITIONS

Canadian Free Trade Agreement (CFTA)

An intergovernmental trade agreement between the federal government and the provinces/territories to reduce and eliminate barriers to the free movement of people, goods, services and investments within Canada.

Competitive bid

A method of procurement by which two or more parties are given the opportunity to submit separate bids to the client in connection with the supply of goods and services. A competitive bid process may take place through an open and transparent process (advertised or posted for all vendors to access) or through invitation only.

Contracted supplier

A supplier that has an established contract with SAIT and from which SAIT has committed to make purchases.

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MASH sector

Regional, local, district or other forms of municipal government, school boards, publicly-funded academic institutions, health and social service entities, and any corporation or entity owned or controlled by one or more of the preceding entities.

New West Partnership Trade Agreement (NWPTA)

A trade agreement between Alberta, British Columbia, Saskatchewan and Manitoba that creates a barrier-free, interprovincial market.

Preferred supplier

A supplier that SAIT identifies as being suitable to supply a particular commodity or service.

Pre-qualified vendor

A supplier or contractor that SAIT identifies through a competitive qualification process as being suitable or qualified to supply a particular commodity or service.

Procurement

The act of acquiring, buying, purchasing or leasing goods, services, materials, equipment or other types of property from an external vendor or source.

Procurement value

The estimated total financial cost resulting from procurement, but does not include optional renewals when the compulsory part of the contract is at least one year in duration. The value includes all premiums, fees and commissions and covers only the term of the contract for which the commitment is initially made.

Purchase contract

A legal document between SAIT and a supplier that once signed and executed binds both parties to its terms and conditions.

Purchase Order (PO)

A commercial document that a SAIT purchasing officer issues to a supplier, authorizing the purchase of a specified product or service. It includes a description and specification of the product or service, quantities, pricing, payment and additional terms and conditions associated with the purchase.

Purchase Requisition

A document that initiates a request to purchase supplies, services or other products on SAIT's behalf. It allows for appropriate controls to monitor the legitimacy of a purchase and to identify the business need for the requested purchase.

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Single source purchase	A method of procurement when an item or service must be purchased from a specified vendor without an open and transparent competitive bid process taking place, even though there are multiple sources available.
Sole source purchase	A method of procurement when only one supplier for the required item is available.
Supplier	For the purposes of this procedure, a supplier is also referred to as a vendor or contractor.

GOVERNING PRINCIPLES

1. This procedure is intended to assist SAIT stakeholders and schools/departments in understanding SAIT's procurement-related obligations under provincial and federal trade agreements and legislation.
2. As a publicly-funded post-secondary institution, SAIT falls within the Government of Alberta MASH sector entity. SAIT must therefore comply with provincial and federal trade agreements, including the CFTA and NWPTA.
3. Schools/departments shall consider key environmental and social benefits such as worker health and safety, energy efficiency, minimal packaging, and/or other sustainability aspects over the entire life-cycle of the product or service during the procurement evaluation and decision-making processes.
4. The segregation of duties within the procurement and payment process is critical to effective internal control, reducing the risk of erroneous and inappropriate actions. Within the procurement and payment processes, the purchase requisitioning, budget expenditure approval, receipt of goods and invoice payment functions should be separated among employees, roles and schools/departments.
5. This procedure does not apply to:
 - a) Items that the Bookstore purchases for resale.
 - b) Perishable food commodities that the School of Hospitality and Tourism purchases.
 - c) Book purchases by the Library.

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- d) Internal acquisitions from ancillary operations.

PROCEDURE

A. Authorization and Responsibilities

1. Only those persons who SAIT has authorized to execute a purchase contract may commit SAIT funds to purchase goods or services or may enter into an agreement with a supplier to purchase goods or services.
2. Authority to acquire goods and services on SAIT's behalf must comply with procedure FN.12.1 Signing Authority – Revenue Generating, Expenditure and Other Contracts/Agreements.
3. The Supply Management section, Finance department, is the only authority to determine and manage SAIT's procurement practices, processes, procedures and methodologies.

B. Execution of Procurement

1. All documentation relating to the procurement of goods and services must be executed subject to procedure [FN.12.1.1 Signing Authority – Revenue Generating, Expenditure and Other Contracts/Agreements](#).
2. A competitive bid initiative resulting in a contract award exceeding a five-year term (excluding extension options) requires the approval of SAIT's CFO and vice president, corporate services or designate.
3. Product and supplier procurement decisions and selection shall be based on the procurement evaluation criteria and on the methodology outlined within the competitive bid document, in order to seek out the best overall value and solution for SAIT.
4. Schools/departments must utilize and purchase from contracted or preferred suppliers when those suppliers are able to meet SAIT's purchase needs and requirements.
5. Purchase methods include:
 - a) SAIT authorized Purchase Requisition and Purchase Order process.

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- b) SAIT purchase contract.
- c) SAIT-issued credit card.
- d) Other methods as approved in advance by Supply Management.

C. Supplier Payment for Goods and Services

- 1. Supply Management shall negotiate favorable alternative payment terms, including payment discounts, whenever feasible.
- 2. The manager, supply management, must review and approve all alternative payment terms involving pre-payments, deposits or progress payment schedules before any Purchase Order is issued or any purchase contract is signed.

D. Receipt of Goods and Services

- 1. Goods or services will be delivered per the delivery instructions outlined in the Purchase Order or purchase contract.

E. Procurement Guidelines and Associated Thresholds

- 1. The CFTA and NWPTA agreements govern SAIT’s procurement processes. SAIT shall comply with applicable government legislation and, when applicable, shall use open, non-discriminatory and competitive procurement processes in situations where the anticipated costs of the procurement requirement are at or above the following thresholds or procurement values:

Procurement of:	NWPTA Threshold or Annual Procurement Value:
Goods	\$75,000
Services	\$75,000
Construction	\$200,000

- 2. To ensure compliance with the procurement requirements of the government trade agreements, Supply Management will determine the appropriate method of procurement (i.e. competitive bid, sole or single source) to be used in relation to a

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purchase request and will make the final purchasing recommendation and decision after consulting with school/department stakeholders.

3. SAIT shall endeavor to demonstrate strong stewardship of funds by procuring goods and services through contracted suppliers or by obtaining competitive pricing whenever possible and practical. In particular:

3.1 Goods and Services Procurement	
Purchase Value	Purchase Methodology
< \$75,000	Procurement methodology is at Supply Management’s sole discretion. Supply Management may competitively bid or source directly from one supplier through a Purchase Order or SAIT credit card program. Procurement should be acquired through preferred supplier contracts whenever feasible and possible. This is for a one-time occurrence for one particular good or service with the vendor and is not intended to have a cumulative effect whereby the spend exceeds \$75K over the term with the vendor.
\$75,000 +	A formal open and transparent competitive bid process is required. A sole or single source justification form must be completed and approved for non-competitive purchase acquisitions outlined in the NWPTA agreement.

3.2 Construction Procurement	
Purchase Value	Purchase Methodology
< \$200,000	Procurement methodology is at Supply Management’s sole discretion. Purchasing officers and/or requesting schools/departments shall endeavor to obtain a minimum of three competitive bids from SAIT pre-qualified or preferred suppliers identified previously through a current competitive prequalification process.
\$200,000 +	A formal open and transparent competitive bid process is required.

4. Splitting procurement into smaller pieces with the intent to circumvent the procurement trade agreement thresholds or to avoid an open and competitive process is not acceptable.

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F. Alternative Procurement Methods

1. Supply Management may in some circumstances use alternative procurement methods, including sole source purchasing or single source purchasing. However, the alternative procurement method must comply with the provisions of the applicable government trade agreements.
2. Alternative procurement activity, including sole source purchasing or single source purchases, shall be supported by documentation providing an objective and robust rationale for that activity. The rationale must support a transparent award process and withstand public scrutiny. See the Sourcing Justification Form, Schedule A, an Associated document to this procedure.
3. In all “sole or single sourcing” procurement circumstances, the following written approvals must be obtained before this process is undertaken:

Contract Amount	Required Approval
< \$500,000	manager, supply management, finance
≤ \$1,000,000	associate vice president, finance
> \$1,000,000	CFO and vice president, corporate services

G. Procurement Records, Contract Review, Retention and Reporting

1. Supply Management manages all procedure documents and records, including purchase contracts and competitive bid documents. Storage, retention and disposal of procurement related records shall comply with SAIT’s Records Management policies and procedures.
2. Supply Management shall ensure a SAIT-approved purchase contract or Purchase Order is issued for acquisitions covered under this procedure.
3. Supply Management is responsible for the administration and scheduled review of purchase contracts and shall ensure contracts comply with this procedure and with applicable government trade agreements.

H. Conflict of Interest/Gifts and Gratuities

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1. All participants responsible for or directly or indirectly involved in SAIT procurement-related activities must comply with procedure [HR.4.11.1 Conflict of Interest](#). This includes not using their position to influence or seek to influence procurement decisions made by SAIT that further their own private interests. This also includes complying with the provisions of procedure [HR.4.11.1 Conflict of Interest](#) relating to the acceptance of gifts or complimentary items.
2. If a conflict of interest exists or appears to exist in relation to an employee's concurrent outside work or a personal business venture, the employee must disclose that conflict of interest to SAIT's Conflict of Interest Review Committee for determination and resolution, as per the provisions of procedure [HR. 4.11.1 Conflict of Interest](#).

I. Asset Disposal

1. SAIT assets (operating or capital) shall be disposed of in an environmentally safe manner and shall comply with SAIT Capital Asset disposal policies and procedures.

ASSOCIATED DOCUMENT

Schedule A Sourcing Justification Form

POLICY/PROCEDURE REFERENCE

FN.7.1 Procurement policy
FN.7.1.4 SAIT Credit Card procedure

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