



Procurement Policy

Category: Financial;

Jurisdiction: Vice President, Administration and Finance; Board Finance & Operations Committee;

Approval Authority: Board of Governors;

Established on: March 31, 2012;

Amendments: February 1, 2013; February 9, 2018.

1. Rationale

Lakehead University procures supplies, equipment and services.

It is the policy of Lakehead University that the procurement of supplies, equipment and services shall be made through a central purchasing authority.

2. Purpose and Scope

- 2.1. This Policy supports the Supply Chain Code of Ethics of the Government of Ontario by ensuring that Lakehead University engages in sourcing, contracting and procurement activities that are ethical, efficient and accountable. This Policy and related procedures apply to all members of the University community and to all procurement and supply chain activities.
- 2.2. It is the policy of Lakehead University to adhere to the Ontario Government's Broader Public Sector Procurement Directive and to spend the funds entrusted to it in a cost effective manner.
- 2.3. This will be accomplished by establishing procedures and standards for the sourcing and procurement of products and services in adherence to the mandatory requirements outlined in the Ontario Ministry of Finance's most current edition of the Broader Public Sector Procurement Directive.

- 2.4. Sourcing, contracting, and procurement procedures must be structured to meet all federal and provincial laws that govern competitive bidding practices in Canada, to protect both the University and the individual purchaser from potential liability that could result from a challenge of a contract award, and to ensure a compliance with provincial, national and international trade agreements and other applicable legislative requirements.
- 2.5. As per Ontario Regulation 191/11 - Integrated Accessibility Standards, Part I, Section 5 designated public sector organizations (i.e. Lakehead University) shall incorporate accessibility criteria and features when procuring or acquiring goods, services or facilities except where it is not practicable to do so. Where it is deemed not practicable to procure or acquire goods, services or facilities that incorporate accessibility criteria and features, the University shall, upon request, provide an explanation.

3. Definitions

- 3.1. **Supply Chain Code of Ethics:** The Supply Chain Code of Ethics defines acceptable behaviours and standards that should be common for everyone involved in supply chain activities such as planning, purchasing, contracting, logistics and payment.
- 3.2. **Broader Public Sector Procurement Directive:** The Broader Public Sector Procurement Directive is a set of standards and procedures that has been prepared to support and improve Broader Public Sector (BPS) supply chain activities. It has two major elements: a supply chain code of ethics and a procurement policies and procedures standard.
- 3.3. **Consulting Services:** The provision of expertise or strategic advice that is presented for consideration and decision making. In accordance with Ontario Government's BPS Procurement Directive, under no circumstances can hospitality as defined by the BPS, gratuities, laundry, dry cleaning and personal telephone calls be itemized and paid as part of any contract between the university and a consultant.

4. The Policy

- 4.1. Generally, this policy of procurement through a central authority is intended to apply to the acquisition of all goods and services from suppliers, particularly where competition in the market place may prove to be financially beneficial to the University. Certain items which are mainly of a non-competitive nature such as taxes, utilities, postage and memberships may be excluded from this Policy. Similarly, certain transactions will be excluded if they have been approved by the Board of Governors, such as those involving real estate. Also excluded are orders placed for books and periodicals by the University Library.
- 4.2. In accordance with Lakehead University's Animal Care Policy, all animal purchases corresponding to approved animal utilization protocols must be ordered through the centralized animal ordering system. Requests for animals must be submitted to the attention of the Research Ethics and Administration Officer in the Office of Research. Animals to be used in teaching or research cannot be charged to Purchasing Procurement cards.
- 4.3. Specific authority to issue a purchase order which commits the University is delegated to the Purchasing Manager. This does not prevent the Purchasing Manager from delegating some of his/her responsibilities to members of his/her Department, but at all times the Purchasing Manager remains responsible and accountable for the results.
- 4.4. The Purchasing Department shall attempt to maintain a competitive atmosphere among suppliers and ensure that each is treated fairly and without preference.
- 4.5. Maximum value should be obtained for budgetary expenditures on supplies, equipment and services. The lowest priced product will be purchased provided quality, service, delivery and other relevant factors are deemed equal to those of competitive products.
- 4.6. The Purchasing Manager is responsible for sale or disposal of surplus supplies and equipment.
- 4.7. Liability for any purchase made without proper authorization (please see University Approval Authority Policy) falls on the person purchasing and not the University.
- 4.8. All amounts referred to in this policy are exclusive of applicable taxes.
- 4.9. Procurement up to but not exceeding \$5,000 - Any one item, or an accumulation of items not exceeding \$5,000 in value may be purchased based on the requisitioner's

knowledge and experience with the supplier, knowledge of last purchase price or verbal quotation. Procurement up to \$5,000 should be made on the LU Purchasing Card. Please refer to the Purchasing Card Program Procedures Guide which is part of this Policy. In the event that a supplier requires a Purchase Order (hereinafter "PO") to be issued, the requisitioning department should obtain a quotation, and forward the quotation plus any other original documentation to the Purchasing Department, prior to the issuance of a PO.

- 4.10. The Purchasing Manager is authorized to purchase in the open market, goods and contractual services provided such purchases have been approved in accordance with the University Approval Authority Policy. PO's to suppliers may be issued by the Purchasing Department on the authority of an approved electronic purchase requisition.
- 4.11. Procurement over \$5,000, and up to \$100,000 - Any one item, or an accumulation of items over \$5,000 but not exceeding \$100,000 in value must be purchased on the basis of written competitive quotations from no fewer than three (3) suppliers except in cases where provisions of section 8 below apply. If the requisitioning department obtains the quotations, all original quotations must be forwarded to the Purchasing Department, prior to the issuance of a PO.
- 4.12. The Purchasing Manager may request that any item or related items be tendered or more quotations be secured by the Purchasing or Requisitioning Department before a PO will be issued. The Purchasing Manager may also request the posting of tenders electronically and/or in the newspaper when appropriate.

5. Deposits and Prepayments

The University does not encourage the use of deposit/prepayments. This is to ensure that the University is not held at risk, should the supplying vendor fail, or be placed in the position of being the banker.

6. Conflict of Interest

- 6.1. A conflict of interest exists with respect to a particular transaction when an employee can make personal gains from an outside interest by their ability to influence dealings

for the University or when the impartiality of the employee's business judgment is otherwise inhibited. Consequently, the University as a general rule does not enter into purchasing contracts with students, faculty, and staff or members of their immediate families. For additional information please refer to Lakehead University's Conflict of Interest Policy (<https://www.lakeheadu.ca/faculty-and-staff/policies/general/conflict-of-interest/node/1067>), and the Employee Code of Conduct (www.lakeheadu.ca/faculty-and-staff/policies/human-resources/employee-code-of-conduct).

6.2. Acquisitions from a business in which a student, faculty member, staff member or member of their immediate family has an interest are prohibited unless full disclosure of the background facts are presented to the Purchasing Manager. This information is reviewed by the Purchasing Manager for a decision on whether a conflict of interest is present and, if so, what course of action is to be taken.

7. Gifts and Gratuities

In serving the interests of the University, no employee shall use his/her authority of office for personal benefit. To preserve the image and integrity of the employee and the University, business gifts other than items of small intrinsic value should not be accepted. Reasonable hospitality is an accepted courtesy of a business relationship. However, the frequency and nature of the gifts or hospitality accepted should not be allowed whereby the recipient might be or might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts. Further information can be obtained from sub-section 2.1.4.5 of Lakehead University's Employee Code of Conduct.

8. Non-competitive Procurement - Exceptions to Competitive Pricing - Sole/Single Sourcing

8.1. Lakehead University will utilize open competitive process as required and whenever possible to increase the possibility of achieving the greatest value for money. However, in some specific situations as described in this section, competitive procurement processes may not be reasonable and so may not be required.

8.2. Exceptions to Competitive Pricing

8.2.1. Sole Sourcing: Acquisition of unique goods or non-consulting services from the only source of supply available in a given market area.

8.2.2. Single Sourcing: Acquisition of goods or non-consulting services from one vendor without extending the opportunity to others equally qualified to supply the same goods or services in a given market. Single sourcing will be used only in narrowly defined circumstances, such as urgent need, necessity to match existing equipment, or difficulty in or impossibility of obtaining three bids.

- 8.3. Circumstances in which sole or single sourcing may be considered must be justified and documented in advance by the requisitioner on the Sole or Single Source Certification Form, (available from the Purchasing Department or online on the Financial Services website under Forms <https://www.lakeheadu.ca/sites/default/files/forms/Single-Sole-Source-Revised-nov-2015.pdf>). The Sole or Single Source Certification Form must receive prior approval by the Account Approver and the Account Approver's superior in accordance with Lakehead's Approval Authority Policy. In the event that the Requestor/Originator and the Account Approver are the same individual, the approval of the superior of the Account Approver's superior will be required in accordance with Lakehead's Approval Authority Policy.
- 8.4. For non-competitive consulting services, the Sole or Single Source Certification Form must receive prior approval in accordance with Lakehead's Approval Authority Policy. Where the value of the consulting service is less than \$1 million the President's approval will be required and where the value is greater than \$1 million the approval of the Board of Governors will be required.

9. Sustainability

The University will endeavour to support environmentally positive initiatives. Consideration will be given to products that are proven to have less negative impact on the environment than other products of the same or similar quality. Development of commodity specifications for construction tenders valued over \$10,000 should reference environmental considerations such

as reduction, re-use and recycling measures. The University will always consider environmentally superior product choices in its procurement decisions.

10. Emergency Situations

The procedures of this policy are superseded if the matter is one of preserving life/limb or the likelihood of substantial damage to property or equipment.

11. Review

The Vice-President (Administration & Finance) will review this policy within five years to ascertain if any amendments are necessary.

Competitive Procurement Thresholds

Goods, Non-Consulting Services and Construction	
Total Procurement Value	Means of Procurement
\$0.00 up to \$5,000	Procurement Card (P-Card)
Greater than \$5,000 up to \$100,000	Purchase Order required, Invitational competitive procurement process (minimum of 3 suppliers are invited to submit a bid).
Greater than \$100,000	Purchase Order required, Open competitive procurement process via electronic national tendering system (Merx).
Consulting Services	
Total Procurement Value	Means of Procurement
\$0.00 up to \$99,999.99	Purchase Order required, Invitation or open competitive procurement process
\$100,000 and greater	Purchase Order required, Open competitive procurement process via electronic national tendering system (Merx).

PURCHASING CARD PROGRAM: PROCEDURES GUIDE

The purchasing card program operates as an addendum to the purchasing policy.

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1. Introduction

This Purchasing Card Guideline covers the use and administration of the Lakehead University Purchasing Card (“P-Card”). The program consists of a card issued in both your name and that of Lakehead University. It includes having access to your visa statement via the internet (US Bank Access Online).

Policy Objectives

To provide a convenient method of procuring and procuring and paying for low value goods and services by simplifying the procurement process, reducing paperwork, speeding up vendor payments and empowering faculty and staff.

Policy Statement

It is the University policy to use purchasing cards for departmental and research procurement and payment of goods and services (within the levels of procurement authority delegated) where it is efficient, economical and operationally feasible to do so. The purchasing card is not to be used for travel and/or hospitality related expenses.

Control of the Card

- Your card is the property of the issuing financial institution, US Bank Canada
- Cards are assigned to the cardholder and are not to be loaned to others
- All charges will be paid by the University and are to be charged to the account under the control of the cardholder or the budget officer who assigned the card to the cardholder
- Cardholders must return their card to the Office of Financial Services if requested by the Purchasing Card Administrator
- Personal use or willful misuse of the card will subject the cardholder to disciplinary action

Responsibility

You are responsible for all purchases made with your card and you must produce all supporting documents such as original receipts/invoices and/or proof of the transaction. You must arrange for the statement (with attached documents) to be approved by the next highest level of budget signing authority for all codes to be used and to ensure all documents are forwarded to the Purchasing Card Site Coordinator.

All documents are due in Financial Services with all correct signatures and documentation on the last business day of the month.

If you erroneously use your p-card for a personal purchase, contact the Visa Site Coordinator for direction on how to reimburse their default budget code. As p-cards are paid by the University, cardholders should never make a payment to their p-cards directly.

Research Grants and Contracts

For staff reporting to the grantee, the statement is to be approved by the grantee or principal investigator.

For the grantee or principal investigator, the statement is to be independently reviewed and approved by the department chair, director, or dean (in the case of Business Administration, Forestry, and Education).

2. Getting a Purchasing Card

If you need a card, contact the Purchasing Card Site Coordinator in the Office of Financial Services, or obtain an application from the forms database on the Lakehead University web page.

Authorizations

Your supervisor reviews your card application and authorizes the need for a card and the appropriate credit limits.

Acknowledgements

By signing the Card Acknowledgement Form (10), you are acknowledging your understanding of the terms.

Receipt of the Card

You should receive your card within approximately 7-10 business days. The Purchasing Card Site Coordinator will advise you on the use of your card and on using the Access Online website (instructions below).

Card Activation

Sign the back of your card immediately and keep it in a secure place. Before using your card for the first time, activate it by calling the 800 number indicated on the card sticker.

3. Types of Purchases

Use your P-Card to purchase and pay for most low-dollar value goods and services.

Restricted Purchases

The card is not to be used for:

- Cash advances
- Purchases greater than \$5,000.00
- Hazardous chemicals or materials
- Contributions to political fundraisers
- Laboratory or research animals
- Leasing or rental equipment in excess of 60 days
- Maintenance contracts/long-term agreements
- Personal use
- Membership dues that can be used for personal use (for example: Amazon Prime, iTunes, Paypal, Spotify, Netflix)
- Radioactive materials
- Salaries, wages, or consulting
- Vehicle rentals or leasing (use Corporate Travel Card)

Blocked Merchants

US Bank applies a standard template to all of their cards, which includes blocking “High Risk” merchants. This category block is in place to prevent money laundering. “High Risk” merchant categories include Pawn Shops, Antique Shops, Casinos, and Jewelry/Watches/Clock shops. US Bank has no ability to change how a merchant is categorized.

If you need to make a purchase at a vendor that is categorized as “High Risk,” please contact the Visa Site Coordinator, who can assist with potentially lifting the block.

Gift/Gift Card Purchases

Any gift purchases, include gift cards, must include documentation indicating the purpose of the gift (event details, including poster or communication bulletin if applicable) and each recipient. Recipients should sign when picking up the gift as documentation that the gift was distributed; the signature should then be attached to the reconciled p-card statement (see Procurement Policy, Section 7, for details).

Card Limits

The card is to be used only for transactions that in total are \$5,000.00 or less (excluding all taxes). A transaction cannot be split into two (2) or more transactions to bypass the single transaction dollar limit. The regular purchasing process is to be followed for orders that exceed the \$5,000.00 value.

Do NOT exceed the maximum purchase credit limits established by your card. If your monthly limit needs to be reviewed, contact the Purchasing Card Site Coordinator.

Types of Cards

In order to better control the types of expenditure that are charged to the Purchasing Card, three types of cards exist whereby different types of vendors are blocked on each card:

Type 1: Standard Card

All airlines, car rentals, hotels, restaurants, travel agencies/services, other travel, including cruise lines, Manual/ATM Cash/Courtesy Cheques and Miscellaneous Financial Services are blocked from use by these cardholders. The Corporate Travel Card must be used for travel and hospitality related expenditures.

Type 2: Administrative Assistant Card

All car rentals, Manual/ATM Cash/Courtesy Cheques and Miscellaneous Financial Services are blocked from use by these cardholders. Administrative Assistants need to arrange travel for Visiting Lecturers and recruitment purposes (incoming travel). This

type of card can be used to book such travel and will be issued to Administrative Assistants for these purposes only. When submitting the reconciled statement, details of the travel (reason/event, etc.) should be included. The Corporate Travel Card must be used for travel and hospitality related expenditures.

Type 3: Research Field Work Card

All airlines, car rentals, travel agencies/services, other travel including cruise line, Manual/ATM Cash/Courtesy Cheques and Miscellaneous Financial Services are blocked from use by these cardholders. This gives the Researcher working in the field for periods greater than one month the ability to charge living-type expenses to the card and have them paid by LU during the time they are in the field and may not be in a position to pay the corporate card. The Manager of Accounting Research is responsible for advising who receives this type of card. The Corporate Card must be used for all other travel and hospitality related expenditures.

U.S. or International Purchases

The card may be used for U.S. or international purchases up to \$5,000.00 equivalent Canadian Dollars (CAD) providing the cardholder arranges to clear the shipment through Customs. If the cardholder does not wish to clear items through Customs, then the current procedure should be followed where the requisition is prepared and forwarded to Purchasing, who will place the order and arrange to clear the shipment.

Government Relations

Government regulations require that all electrical equipment purchased outside of Canada must be CSA (Canadian Standards Association) and/or ESA (Electrical Safety Authority) approved and marked accordingly. Some acceptable markings are ULC and CUL.

4. P-Card Purchases

You can use your P-Card to make purchases in person, by phone, online, mail, or fax.

Supplier Instructions

Contact the supplier directly and arrange for purchase and delivery to required location.

Instruct the Supplier

On how to ship the goods and to send a receipt or packing slip directly to you and NOT to Accounts Payable.

Returning Goods

You are responsible for the return of goods and for obtaining a credit against your card number. Do NOT accept a cash refund.

Declined Transaction

If a transaction is declined, you should contact the US Bank Commercial Card Center at 1-800-588-8065 to determine the reason.

5. Taxes

Items purchased with your P-Card anywhere in Canada would normally include applicable sales tax. The amount of sales tax shown on your statement is calculated by the software based on the total price and province of vendor.

6. Statement of Reconciliation and Payment

The cycle cut-off date is the 27th of each month (issue date). Shortly after, you will have access to your electronic statement identifying all purchases posted to the previous billing cycle. Your electronic statement will be available one day after the cycle date; however, if the cycle date falls on a weekend or a holiday, your statement will cycle on the next working day and your statement will therefore be available one day after the program cycles.

You have until the last business day of the next month to complete the verification, reallocation, and reconciliation process and to forward the statement to the Office of Financial Services. For example, a January statement will be due on the last working day of February.

Reconciliation Timeline

15 Days from Issue Date: Financial Services will post transactions to default accounting code.

30 Days from Issue Date: Cardholder will submit fully reconciled statement (signed by all necessary budget approvers, with itemized receipts attached).

45 Days from Issue Date: Financial Services will post adjustments indicated on statements received by deadline.

90 Days from Issue Date: Card privileges will be revoked if a statement is not received within 90 days. Privileges will be reinstated once all outstanding reconciled statements are received by Financial Services.

Statement of Reconciliation

As part of the statement reconciliation process, you are responsible for verifying the completeness and accuracy of the statement as follows:

- Verify that all transactions listed on the statement are valid;
- Update any account codes as necessary;
- Attach supporting documentation and receipts for each transaction;
- Finally, sign the cardholder statement, forward to your immediate supervisor and other applicable budget office, if applicable, for signature, and forward to the Purchasing Card Site Coordinator.

Supervisory Approval

As part of the statement reconciliation process, your immediate supervisor is responsible to sign your monthly Purchasing Card statement acknowledging the review and approval of all your expenditures during the past billing cycle. If requesting a budget adjustment to a code for which your supervisor does not have signing authority, you must also have a signing officer of said code sign your statement for approval. The supervisory approval of expenditures is a

primary control, essential to the success of the Purchasing Card program. Under no circumstances may an employee approve his/her own statement.

7. Dispute Process

In the event that an item on the activity statement does not agree with your records and/or receipts, contact the supplier immediately to resolve the difference. If a credit is required, and the supplier agrees to credit your account, make note that the credit is still pending resolution.

If the supplier does NOT agree that an error has been made:

- notify US Bank Visa Customer Service immediately at 1-800-588-8065,
- confirm the notification by fax, and
- advise the Purchasing Card Site Coordinator.

The amount of the next invoice will be reduced by the amount of the disputed item until the question is resolved. Disputed charges must be identified in writing to the bank within 60 days of the statement date. Disputes will then be resolved by the bank within 90 days.

8. Cardholder Transfers, Terminations and Cancellations

If you are transferred to another department, please contact the Purchasing Card Site Coordinator.

Terminations and Cancellations

If you terminate, retire, or wish to cancel your card, send your card to your immediate supervisor. Your supervisor is responsible to collect your card, cut it in half, and send it to the Purchasing Card Administrator.

Leave of Absence

If you are taking a leave of absence, send your card to your immediate supervisor. Your Purchasing Card Administrator will decide whether to cancel your card or to deactivate it.

9. Lost or Stolen Cards

If your card is lost or has been stolen, or if you suspect it is lost or stolen:

- notify US Bank Visa Emergency Card Replacement immediately at 1-800-588-8067, and
- advise the Purchasing Card Site Coordinator.

Upon receipt of your call, further use of your card will be blocked. Prompt action in these circumstances can reduce the University's liability for fraudulent charges. A replacement card will be issued directly to you as soon as possible

Liability

The University is liable for all debt up to a maximum of \$50.00 resulting from the loss or theft of your card before the time you contact the bank. The University is NOT liable for any debt resulting from the loss or theft of your card after the time you contact the bank.

10. Key Contacts

US Bank VISA Commercial Card Centre:

Lost/Stolen Reporting: **1-800-588-8067**

Emergency service is provided 24 hours a day, 365 days a year as follows:

- to report lost or stolen cards
- to arrange for an emergency card replacement

Customer Service: **1-800-588-8065**

Normal hours of service are 8:00am to 8:00pm EST for the following:

- resolving problems on any purchasing (including dispute process)
- answering questions about account balances
- activating new cards

Lakehead University:

Purchasing Card Administrator
Associate Vice-President, Financial Services
807-343-8526

Purchasing Card Site Coordinator
Administrative Assistant to the Associate Vice-President, Financial Services
807-343-8243

11. Purchasing Card Acknowledgement Form

https://www.lakeheadu.ca/sites/default/files/policies_procedures/Procurement%20Policy%20at%20achment%20-%20Visa%20Purchasing%20Card%20Acknowledgement%20Form.pdf

12. Instructions to Register with the US Bank for Online Access

https://www.lakeheadu.ca/sites/default/files/policies_procedures/Procurement%20Policy%20at%20achment%20-%20US%20Bank%20Access%20Online%20Instructions.pdf

Review Period: 5 years;

Date for Next Review: 2023-2024;

Related Policies and Procedures: None;

Policy Superseded by this Policy: Purchasing Policy.

The University Secretariat manages the development of policies through an impartial, fair governance process, and in accordance with the Policy Governance Framework. Please contact the University Secretariat for additional information on University policies and procedures and/or if you require this information in another format:

Open: Monday through Friday from 8:30am to 4:30pm;

Location: University Centre, Thunder Bay Campus, Room UC2002;

Phone: 807-346-7929 or Email: univsec@lakeheadu.ca.