

POLICIES AND PROCEDURES	
SOURCE: General Management	EFFECTIVE DATE: 2015-04-01
ADDRESSEE: All Employees of the CBHSSJB	REVISED: 2015-03-19
SUBJECT: Policy Concerning the Purchase or Lease of Goods and Certain Services	CODE: G-115-02-14
APPROVED BY: Board of Directors	DATE APPROVED: 2016-12-06

POLICY STATEMENT:

The purpose of the *Cree Board of Health and Social Services of James Bay (CBHSSJB)* policy concerning the purchase or lease of goods and certain services (**Policy**) is to promote effective management and control of financial resources and to obtain quality goods and certain services in a timely fashion from suppliers at the lowest cost and with favorable terms using modern competitive business practices while giving preference to local Cree entities. This Policy applies to all employees of the CBHSSJB, and as applicable, members of the CBHSSJB Board of Directors (**Board**).

This Policy does not apply to professional services and to construction contracts. As provided in CBHSSJB Board Governance Policy No. 5 concerning delegation of authority, a professional service contract must be signed by the Executive Director to be valid and a construction contract, letter, email or any other form of confirmation regarding a construction contract, must be signed by the Executive Director to be valid.

GENERAL:

- A. The guiding principle of this Policy is that no employee or other person can procure goods and services for the CBHSSJB without the prior approval of an authorized officer of the CBHSSJB, the Board or the Board Administrative Committee, as applicable, as provided in Appendix A.
- B. The Coordinator of Purchasing, under the authority of the Director of Financial Resources, is generally responsible for the coordination of procurement by purchase or lease of goods and services for the CBHSSJB, subject to the approvals and limits on financial authority provided by this Policy and applicable CBHSSJB budgets.

- C. The Coordinator of Purchasing is generally responsible to ensure that the CBHSSJB receives quality goods or services from suppliers at the lowest cost and with favorable terms. This will be achieved by applying modern procurement methods, the use of bids and by negotiation, as applicable.
- D. The Coordinator of Purchasing must ensure that the CBHSSJB inventory of regularly used supplies are not over or under-stocked nor depleted and, subject to this mandate, may authorize open purchase orders exclusively for the purpose of replenishing such inventory, subject to applicable approvals required by this Policy.
- E. The Coordinator of Purchasing shall ensure that all employees requesting goods and services are aware of the minimum and maximum delays that may be expected for the purchase of different categories of goods and services, thereby allowing employees to schedule their purchase requests accordingly.
- F. Whenever feasible, in view of section 28 of the *James Bay and Northern Québec Agreement* regarding Cree priority in respect to employment and contracts, the Coordinator of Purchasing shall endeavor to encourage the use of local Cree entrepreneurs and suppliers. In this regard, Cree entities located within Category 1 and 2 Lands of the Cree territory will be given preference if the price quoted by these local Cree entities is no more than ten (10) percent higher than the lowest bid submitted by any supplier for products and services of comparable quality and with comparable terms and conditions.
- G. It is the responsibility of the employee requesting goods or services and the authorizing officer or body to ensure that sufficient funds are available to purchase the said goods and services within the appropriate budget. A request must be submitted by the requesting employee and approved by the employee's superior officer, and as applicable other authorized officer or body, in accordance with the appropriate level of authority provided in Appendix A. **A request for goods or services cannot be submitted and approved by the same person.**
- H. Subject to all other necessary authorizations having been obtained, all leases or contracts for the procurement of goods or services, other than professional services, must be covered by a Purchase Order Form or other applicable form, as may be required by the nature of the goods and services to be procured. These include rental of offices and other spaces, vehicle and equipment non-capital leases, maintenance contracts such as janitorial services, snow removal, landscaping, minor repairs and maintenance to buildings, equipment and vehicles, security services and personnel agency services. **A person who approved a**

given purchase request cannot also process the corresponding purchase order.

- I. External consultants providing services to the CBHSSJB shall do so as independent contractors. A contract is required for consulting services, in addition to a duly approved request and purchase order.
- J. Wherever possible, CBHSSJB templates for service contracts shall be used and shall set out relevant terms including: name and address of consultant; nature of the contract; description of services, and as applicable, deliverables to be provided; applicable fees and total amounts involved; duration of the contract and any applicable deadlines; any applicable insurance requirements; and any other appropriate terms and conditions.
- K. No person shall split or segment a request, purchase order or other applicable form, contract or other form of procurement for the purpose of permitting a person to authorize such a request, purchase order or other applicable form, contract or other procurement that would otherwise not be permitted by Appendix A.
- L. This Policy shall be read in conjunction with, and be subject to, any applicable CBHSSJB policy regarding conflicts of interest, CBHSSJB Consolidated General By-law No. 8 and CBHSSJB Board Governance Policy No. 5 regarding delegation of authority, all as amended from time to time.
- M. An infringement or failure to respect this Policy and related procedures may lead to disciplinary measures up to and including dismissal, in addition to any criminal or penal proceedings that may result with respect to such person.
- N. The Executive Director shall designate a person to monitor and report to the Executive Director regarding compliance with this Policy and related procedures.
- O. The Director of Financial Resources shall be responsible for providing support in relation to the interpretation of this Policy.
- P. The Assistant Executive Director – Administration and the Director of Financial Resources shall be responsible jointly for ensuring the overall application and enforcement of this Policy, in collaboration with all other Directors and the Coordinator of Purchasing.

- Q. Without limiting the generality of the preceding section P, all managers of the CBHSSJB shall be responsible for ensuring that this Policy is applied and respected within their respective spheres of authority.
- R. Nothing in this Policy shall limit or constrain the power of the Board to administer the affairs of the CBHSSJB in all things, including in relation to the purchase or lease of goods and services for the CBHSSJB, and to make or cause to be made for the CBHSSJB any description of contract, in accordance with *An Act respecting health services and social services for Cree Native persons* and CBHSSJB Consolidated General By-law No. 8.

ADMINISTRATIVE PROCEDURES:

- (1) The purchase or lease of goods and services for CBHSSJB requires a duly processed Purchase Order initiated by a duly approved Purchase Requisition Form. A contract is required for consulting services, in addition to a duly approved request and duly processed purchase order.
- (2) To obtain goods and services, employees must complete a Purchase Requisition Form. This form must clearly indicate the goods and/or services required, the date it is required and the accounting allocation code. If required, additional specifications and suggested suppliers (if known) should accompany the requisition along with any specific contract or lease document. A rough estimate of the anticipated cost of the order expected by the requesting employee is also required in the appropriate section of the Purchase Requisition Form or in an annex.
- (3) The Purchase Requisition Form must be submitted by the employee requesting the goods and services and must be duly approved by the appropriate officer in conformity with the authorized level of administrative authority as indicated in Appendix A. Once the Purchase Requisition Form is approved, it will then be forwarded to the Coordinator of Purchasing who will ensure that competitive quotes are obtained in conformity with the authorized value of the order. **A Purchase Requisition Form cannot be submitted and approved by the same person.** Duly authorized employees or other persons duly authorized on behalf of a body pursuant to Appendix A shall, when approving a Purchase Requisition Form, ensure that their name appears clearly in connection with the approval.
- (4) The Purchase Requisition Form is internal document only and should never be used for external purposes with suppliers or others.

- (5) Whenever feasible, in view of section 28 of the *James Bay and Northern Québec Agreement* regarding Cree priority in respect to employment and contracts, the Coordinator of Purchasing shall endeavor to encourage the use of local Cree entrepreneurs and suppliers. In this regard, local Cree entities located within Category 1 and 2 lands of the Cree territory will be given preference if the prices quoted by these local Cree entities are no more than ten (10) percent higher than the lowest bid submitted by any supplier for products and services of comparable quality and with comparable terms and conditions.
- (6) If the lowest bid obtained by the Coordinator of Purchasing is higher than ten (10) percent of the estimate indicated on the Purchase Requisition Form, the Coordinator of Purchasing will inform by e-mail or fax the appropriate officer or body who approved the Purchase Requisition Form and will obtain by return e-mail or fax further approval before processing the Purchase Order.
- (7) Once the Purchase Requisition Form is duly approved in accordance with Appendix A, the Coordinator of Purchasing will issue a completed and properly allocated Purchase Order. This purchase order must be duly processed by a person or body other than the person who approved the Purchase Requisition Form, and must respect the authorized level of administrative authority provided in Appendix A, before issuance to the supplier. At no time should a Purchase Order number be given verbally to a supplier.
- (8) The Coordinator of Purchasing may accept sole source quotations from suppliers for procurements less than twenty-five thousand dollars (\$25,000), taxes excluded, provided that this quotation is submitted in writing.
- (9) For procurements of twenty-five thousand dollars (\$25,000) or more, the Coordinator of Purchasing must request at least three (3) written quotations from various suppliers before the issuance of a Purchase Order.
- (10) Purchase Orders of twenty-five thousand dollars (\$25,000) or more may only be issued exceptionally to sole source suppliers in the following circumstances:
 - a) **No substitute:** In such cases, the Coordinator of Purchasing or the person requiring the goods or services must explain and justify in writing to the authorized officer or body processing the Purchase Order, why the Purchase Order should be issued to a sole source supplier (e.g., specialized medical equipment; patented products; sole supplier in the immediate region; transportation costs; specific lease or service contract). Depending on the value of the sole source requirement, the Purchase Requisition

Form must be duly approved in conformity with the authorized level of administrative authority as indicated in Appendix A.

- b) **Emergencies:** In such cases, the person requesting the goods and/or services must proceed diligently to resolve the emergency at hand. This person must immediately or as soon as possible, inform his immediate superior of the nature of the emergency and the action taken. This person will inform the authorized officer or body according to the appropriate approval level provided by Appendix A.

If possible, three (3) written quotations should be obtained from qualified suppliers.

On the next regular business day, after the emergency is resolved, the person initiating the acquisition of goods or services will issue a Purchase Requisition Form to cover the procurement and will ask the Coordinator of Purchasing to reserve a Purchase Order number for this request. This Purchase Order number will then immediately be provided to the supplier by the Coordinator of Purchasing to be used for his files and for invoicing purposes.

The person requiring the purchase will then complete the said Purchase Requisition Form for approval by the authorized officer or body according to the appropriate approval level provided by Appendix A and regular processing in accordance with this Policy. This Purchase Requisition Form must indicate the Purchase order number that was assigned to it and must also be accompanied with a written explanation as to the nature of the emergency and the reason a verbal Purchase Order was issued to a supplier without the use of a regular Purchase Order. Depending on the value of the emergency requirement, the Purchase Requisition Form must be duly approved in conformity with the authorized level of administrative authority as indicated in Appendix A. Once approved, the Coordinator of Purchasing will then issue after the fact the Purchase Order in conformity with the present Policy. The Purchase Order must then be duly processed by the Coordinator of Purchasing, the Director of Financial Services or their respective personnel. **A person who approved a given purchase requisition cannot also process the corresponding purchase order.**

Note: A lack of planning does not constitute an “emergency” for the purpose of this Policy.

- (11) To save time and reduce administrative costs, Standing Purchase Orders may be processed for goods and services whenever appropriate. In these instances, competitive quotes should be requested in conformity with the present policy from three (3) suppliers based on an estimated non-binding yearly purchase volume. Standing Purchase Orders must also have a maximum authorized value amount that cannot be exceeded and they cannot be issued for periods of more than twelve (12) consecutive months. Goods and services required under a Standing Purchase Order are subject to a duly approved Purchase Requisition Form and must clearly indicate the Purchase Order number that the goods or services are charged against along with the proper allocation codes. For clarity, such Purchase Requisition Forms must be duly approved in accordance with Appendix A and the corresponding Standing Purchase Orders must be duly processed. **A person who approved a Purchase Requisition Form cannot also process the corresponding Purchase Order.**
- (12) In the case of consulting services, Standing Purchase Orders and relevant contracts may be used as appropriate in relation to recurring requirements for certain services in order to quickly match appropriate suppliers with the needs of the relevant department of the CBHSSJB.
- (13) In other cases, Standing Purchase Orders may also be issued to cover utilities and other various recurring charges such as electricity, telephone and other similar procurements. The purpose is to ensure that a standard document (i.e.: a Purchase Order Form) is used to quickly match suppliers with the goods and services provided and be able to immediately relate these to the proper department within the CBHSSJB.
- (14) For operational simplification and efficiency, the Director of a department may authorize a Purchase Requisition Form for his/her own department according to his/her respective authorized level of authority as provided by Appendix A as long as the departmental budget is not exceeded. Each Director shall be responsible for ensuring the proper preparation and approval of Purchase Requisition Forms and processing of Purchase Orders in accordance with Appendix A.
- (15) To ensure standardization of Management Information Systems and Information Technology within the CBHSSJB, all requests for the purchase of management information systems (MIS) and/or information technology (I.T.) goods and services require the prior approval of the Director of Information Technology.
- (16) Goods and Services of a capital nature of two thousand five hundred dollars (\$2,500) or less will be accounted for as an operational charge. Those having a

value greater than \$2,500 will be accounted for as capital expenditures and will be charged against their respective capital budgets. These purchases also require a completed, properly allocated and approved Purchase Requisition Form.

- (17) Any lease agreement to acquire any capital asset will be considered a capital lease if it meets any one of the following conditions:
 - a) A clause exists in the lease which transfers the property of the asset from the owner to the lessee;
 - b) A purchase option at less than market value exists in the lease;
 - c) The duration of the lease is greater than 75% of the economic life of the asset;
 - d) The discounted value of the lease payments represents 90% and more of the present market value of the asset.
- (18) Purchase Orders are processed by the Coordinator of Purchasing, the Director of Financial Services or their respective personnel. **A person who approved a given Purchase Requisition Form cannot also approve the corresponding Purchase Order.**
- (19) The Coordinator of Purchasing the Director of Financial Services or their personnel must maintain Purchase Orders sequentially numbered for audit purposes. Void Purchase Orders must also be kept sequentially on file.
- (20) A copy of all Purchase Orders and corresponding purchase requisitions issued must be provided to the Financial Resources Department.
- (21) For all nine (9) Cree Miyupimaatisiun Centres and for Cree Patient Services, if the estimate shown on the Purchase Requisition Form is within the financial authority of a Local Director of a Cree Miyupimaatisiun Centres or the Director of Cree Patient Services in accordance with Appendix A, the purchase can be done locally. In this case, the duties usually carried out by the Coordinator of Purchasing can be carried out respectively by the Local Director of a Cree Miyupimaatisiun Centre or by the Director of Cree Patient Services for Cree Patient Services.

However, the Local Director for the Cree Miyupimaatisiun Centre and, for Cree Patient Services, the Director of Cree Patient Services, must, on behalf of the

Coordinator of Purchasing, follow the same procedures outlined in the Policy. A copy of the duly approved Purchase Requisition Form and duly processed Purchase Order must also be forwarded to the Coordinator of Purchasing and to the Director of Financial Resources for their information and files.

Purchase Orders must be sequentially numbered for audit purposes. Void Purchase Orders must also be kept sequentially on file.

A Local Director of a Cree Miyupimaatisiun Centre or the Director of Cree Patient Services should however, whenever possible, utilize the established services of the Purchasing Department in Chisasibi when dealing with suppliers and service providers.

Before procuring certain goods or services locally, a Local Director of a Cree Miyupimaatisiun Centre or the Director of Cree Patient Services must inquire about possible Standing Purchase Orders with a designated supplier or service provider and, if feasible, make use of these Standing Purchase Orders.

- (22) Receipt of goods and services must be acknowledged and payment approved by the responsible Director using the Receiving Report section of the Purchase Order Form or by using a separate Receiving Report Form accompanied with the packing slip if any or by approving the supplier invoice (i.e. duly approved and date of approval inscribed on the invoice). To avoid delays, the purchase order number and the relevant allocation codes must clearly be indicated on all documents. These documents must then be forwarded without delay to the Financial Resources Department for processing. Duly authorized persons shall, when approving a Purchase Order, ensure that their name appears clearly in connection with the approval.
- (23) Certain lease or contract arrangements do not require the issuance of a supplier invoice. In those instances, the Financial Resources Department will issue payment automatically in accordance with the terms of the said lease or contract. It will however be the responsibility of the Director requiring the goods or services in question to immediately inform the Financial Resources Department of any reason why payment should be stopped and/or the lease or contract be terminated.

APPENDIX A

Subject to Board Governance Policy No. 5 regarding the delegation of authority, and to secured, approved budgets and funding availability, the purchase or lease of goods and services may be approved **only** by the following persons or bodies in accordance with the limitations set out below. **A person who approves a given Purchase Requisition Form cannot also approve the corresponding Purchase Order.**

<u>ADMINISTRATIVE LEVEL</u>	<u>APPROVAL AUTHORIZATION LIMITS</u>
Coordinators, including Coordinator of Purchasing	Up to \$5,000
Regional and Local Director other than Director of Financial Resources, incl. Director of a Cree Miyupimaatisiun Centre and Director of Cree Patient Services for their respective Centre or Service	Up to \$15,000
Director of Financial Resources	Up to \$25,000
Assistant Executive Director	Up to \$50,000
Executive Director	Up to \$100,000
Board Administrative Committee	Up to \$250,000
Board of Directors	No limit

N.B. - As provided in CBHSSJB Board Governance Policy No. 5 concerning delegation of authority, a professional service contract must be signed by the Executive Director to be valid and a construction contract, letter, email or any other form of confirmation regarding a construction contract, must be signed by the Executive Director to be valid.

The Board or the Administrative Committee of the Board may, by resolution, designate any person to execute any document or perform any other task on behalf of the Board or the Administrative Committee of the Board, as applicable.