

## **Black Business & Professional Association**

### **Creating Opportunities • Celebrating Excellence • Investing In The Future**

**Mission:** To advance Canada's Black communities by delivering programs that support business and professional excellence, higher education and economic development.

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#### **PURPOSE OF PROCUREMENT**

The overall purpose of procurement policy is to ensure that the BBPA gets the highest quality of desired goods and services at the best price possible. Further, the policies are aimed at streamlining the process of procurement while maintaining adequate controls. These procurement procedures apply to all staff involved in the procurement process and to all types of procurement.

#### **THE PROCUREMENT COMMITTEE**

The BBPA procurement committee shall be composed of the following:

1. The Director of Governance
2. The Treasurer
3. The President
4. The Executive Director
5. The relevant Board Member for the type of goods and/or services being procured

The committee shall meet when there is need to deliberate on issues pertaining to procurement.

The key terms of reference for the committee shall be to:

- i) Award tenders
- ii) Approve orders
- iii) Award contracts
- iv) Approve variation of contracts conditions

#### **SEPARATION OF DUTIES**

There shall be proper separation of duties between:

- i) The person who orders a particular purchase from a vendor.
- ii) The person who satisfies that the goods supplied and/or the services rendered are satisfactory
- iii) The person who accepts goods into the office.
- iv) The person who authorizes payment.

#### **PROCUREMENT PLANNING**

Procurement planning is part of the annual budgeting process. Each Board Member or Chair of Committee is responsible for planning his/her estimated procurement needs on an annual basis. It is crucial that the procurement committee discuss these estimates at the beginning of each year and adjust during the year as required. These estimates will also require the final approval of the procurement committee.



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#### **PROCUREMENT REQUISITION (PR)**

Each specific procurement procedure process shall be initiated by procurement requisitions from the requesting Board Member, Committee Chair or Executive Director and should show detailed specifications and requirements for the item(s) and/or services being requested. They should also indicate that the item/service is budgeted for. The PRs allows for flexibility within the overall annual plans regarding specifications, exact quantities, delivery dates, etc. They are also used to cater for un-planned or emergency procurement.

The PR form will show the following:

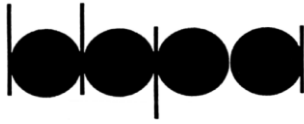
- i) Items/Services required.
- ii) Quantities.
- iii) Delivery dates and locations.
- iv) Accounting information.
- v) Whether procurement is within budget or emergency or unplanned.
- vi) Signature of the preparing person.
- vii) The Board Member or Committee Chair

Some donors do prescribe some conditions or restrictions required to be observed in the course of procurement pertaining to the program they fund. It is the responsibility of the procurement committee to ensure that such donor requirements and restrictions are observed in the procurement of goods and services but within the framework of the BBPA procurement guidelines.

All requisitions must be signed by the Board Member, Chair of Committee or designate, who should ensure that the item(s)/service(s) are in budget or should seek authority to procure as per policy. Any persons designated to authorize requisitions in acting capacity must have the authority given in writing clearly stating the period authorized.

#### **CONTROLS ON PROCUREMENT**

Goods and services will only be procured within approved budgets except in case of emergencies, which have to be approved by the procurement committee. Thus, in addition to being responsible for preparing the budget, the Board Members and Committee Chairs should ensure that actual procurement throughout the year remains within the budget. Each requisition should reference the Budget line bearing the item or requisition and if need, be attached to the page of the Budget where such line is contained. The Treasurer shall assist in conducting periodic checks on procurement activities to ensure that they conform to the Budget, donor procurement requirements, and the BBPA's policies and procedures.



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It is the responsibility of the person who signs the Purchase Order (PO) [any of the five signing officers of the BBPA] to verify that the following have been, done whether or not he/she actually collects the goods/services concerned.

- (i) That the correct quantity has been received and signed.
- (ii) That the quality and price of goods/services is as agreed.
- (iii) That all goods delivered/services rendered have been securely and inventory records appropriately updated.
- (iv) That the delivery note is checked, signed, and forwarded to the Treasurer to await the invoice.

Purchases under petty cash must not exceed the maximum amount established and documented by the Treasurer.

Procurement staff and all members of the procurement committee will be required to sign a 'conflict of interest' document stating that they will not purchase goods or services from a company in which the member has a vested interest.

## **VENDOR SELECTION**

Careful selection of vendors should be done to ensure that best possible price, quality and delivery time available within the markets is obtained. A list of suitable vendors (the list of pre-approved vendors), for each type of goods and services based on letters of introduction and demonstrated ability on past performance shall be maintained. This will make the process of vendor identification much faster. The vendor list shall be reviewed and updated periodically to ensure that current known factors are taken into consideration. Once the previous year's list of vendors has been updated and approved by the procurement committee, procurement of goods and services can be effected. Vendor selection for inclusion on the list of pre-approved vendors will take place once per year and will be done by the procurement committee.

## **VENDOR SELECTION CRITERIA**

The following set of criteria is essential for deciding on choice of vendors:

- i) Price
- ii) Quality of goods/services. Such a justification must be verifiable.
- iii) Availability of goods/services within the required delivery time.
- iv) After sale services, including availability of parts/supplies.
- v) Bidder's previous records of performance and service.
- vi) Ability of bidder to render satisfactory service in this instance.
- vii) Financial stability of the vendor.
- viii) Consultation with bidder reps as required
- ix) Payment terms
- x) Warranty.
- xi) Ability to provide samples where required

## **PROCEDURE FOR TENDER**



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Board Members, Chairs of Committee, or Individual Members of the BBPA may recommend potential vendors but the selection of those invited will be left to the discretion of the procurement committee. An invitation to tender to each supplier listed to be invited, the vendors will pick up tender documents at the BBPA office specifying the goods/services and details or any relevant information needed to get accurate bids. All suppliers must receive the same information.

#### **USE OF DEALERS AND SOLE SUPPLIERS**

In the interest of ensuring quality, reliability and timeliness, the procurement committee may establish purchase agreements or contracts with main dealers of regularly purchased goods. Where possible due to other factors, the procurement committee will negotiate rates and discounts with the supplier or a method to determine price for invoice justification. These agreements and prices (net of discounts) should be reviewed annually to ensure that they are competitive.

#### **PURCHASE ORDERS (PO) WITH VENDORS**

The PO is a contract with vendors should include all information regarding the goods and services being procured as well as standard terms of delivery, payment and arbitration in case of dispute. If contracts are precise and clear, possibilities of disputes will be reduced and the BBPA will stand far greater chance of receiving the goods and services as expected. Upon selection of a vendor, a legally binding contract or work order should be drawn-up for the goods and services in question and signed by both parties prior to procurement. Detailed specifications; quantities, unit prices, delivery deadlines, locations, and payment schedules must be specified in such contracts.

#### **ORDER FOR RECURRING REQUISITION**

Procurement of a recurrent nature, i.e. where the same goods and services may be issued several times a year, one vendor may be selected for a period of up to one year. In some cases, particularly for services, contracts for the goods or services can be drawn up once, which may then be reference every time those goods or services are required without requiring separate quotations and contracts on each occasion. In other cases, particularly for regularly purchased goods, vendors can be selected once, but separate contracts drawn-up on each occasion the vendors are used.

#### **CERTIFYING DELIVERY OF GOODS AND SERVICES**

The procurement process cannot be completed without certification that the goods and services procured have been received entirely to the BBPA's satisfaction, in particular, to the satisfaction of the requisition. The procedure for receiving goods and services is therefore important in ensuring that vendors have entirely met their obligations. Once the BBPA has certified that goods and services have been received to their satisfaction, it has little further resources to complain about a vendor's performance; and payment can then be made. In all cases, the certification of receipts of goods and services is pre-requisite to BBPA, and the following guidelines are essential for that purpose.



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- i. The Board Member or Committee Chair that requested the goods and/or services should ensure that goods and services are checked against contracts, waybills, invoices, or delivery notes.
- ii. The Office Manager at the time of delivery will facilitate the receiving and checking of goods and services whereby the receiving person will have to sign the delivery notes or any other documents during delivery.
- iii. Physical checking should be done by the requisitioning individual and not by the procurement committee.
- iv. In some cases, receiving of goods and physical checking of goods or services may be delegated to other in the BBPA who are so authorized by the procurement committee. Such might include cases where goods of services are delivered directly to a program location; or where specialist's technical certification is required.
- v. Any differences between documents done physical checks should be noted and reported for action.

### **PAYMENT-PROCESSING PROCEDURE**

The recipient department is responsible for preparing payment requisition which then it forwards to the Treasurer for checking, certifying and paying. All payments must be made in accordance to the contractual terms between the vendor and BBPA and in reference to the financial policies.

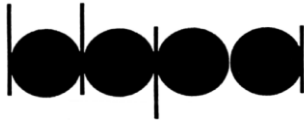
### **APPOINTING AND PAYING CONSULTANTS**

Consultants' services shall be sought for:

- i) A job for which the required technical expertise does not exist in-house at the BBPA.
- ii) A job that is not ongoing and hence does not require full time staff.
- iii) A job that does not require more than 6-months continuous engagement.

The following procedure shall be observed for engaging the services of a consultant at the BBPA.

- i) The decision to hire the services of consultants shall be taken by the President in liaison with the procurement committees in consultation with the board of directors.
- ii) The President or Executive Director shall send invitation to specific appropriate consultant(s) requesting for proposal for the consultancy by a stated date.
- iii) The proposals received shall be reviewed by the Board and the ensuing recommended name shall be submitted to the procurement committee for deliberation.
- iv) The terms of reference for the consultancy shall be mutually agreed upon and the Treasurer shall be involved in the negotiation of financial aspects of the terms.
- v) The contract agreement shall be signed by both parties before commencement of the consultancy assignment.
- vi) Payment is conditional on satisfactory completion of the whole job unless the agreement provides for installments at completion of specifically agreed components/tasks



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#### **APPOINTING AND PAYING TEMPORARY STAFF**

The following procedure shall be observed for engaging the services of temporary staff;

- i) The temporary staff is engaged by the President in liaison with the section/program in need of the staff and the Treasurer.
- ii) The letter of engagement is issued by the procurement committee stating the temporary status of the employment and the agreed terms.
- iii) Temporary staff is expected to comply with all the policies of the BBPA while in the service of the BBPA
- iv) Payment shall be made along with the payroll of the regular staff.

#### **APPOINTING AND PAYING CASUAL WORKERS**

Casual workers will be those engaged for one to several days. The following procedure shall be observed for engaging the services of casual workers:

- i) The casual worker(s) are engaged by the President upon the approval of the procurement committee.
- ii) A list of casual workers (name and identity numbers) shall be maintained by the procurement committee stating the terms of reference for the casual worker.
- iii) The letter of authority for engagement of casual workers shall be issued by the procurement committee, stating the terms of reference for the casual workers.
- iv) Casual workers are expected to comply with all the policies of the BBPA while at their service.
- v) Payment shall be made on a bi-weekly basis.

