
TENDERING, PURCHASING AND CONTRACTS POLICY

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Tendering, Purchasing and Contracts Policy

Background

During the spring audit of the 2009-2010 fiscal year, the Provincial Auditor recommended that the WDM develop a formal tendering policy. This is not to suggest that the WDM has been engaged in inadequate tendering practices. In fact, our history of major purchases demonstrates due diligence towards ensuring that public monies are spent in a conscientious and responsible manner. It is the formalization of this practice, in the form of a policy, which has been requested by the Provincial Auditor.

UPDATE: The Provincial Auditor, in subsequent opinions, stated additionally:

“... the Museum did not formally give staff authority to approve either purchase or customer service agreements.”

Policy

1. Conditions and Assumptions:

- 1.1 Managers, Coordinators, Administration staff and their designates, are authorized to initiate purchases within their respective areas of responsibility.
- 1.2 If purchases are initiated by non-management staff, then the corresponding Manager, Coordinator or Administration staff will approve the purchase, and will verify this approval by co-signing the purchase order or requisition.
- 1.3 Authorizations to purchase will be made within existing Board-approved spending limits for staff. Purchases in excess of these limits will be governed by existing policy and approved practices.

2. Purchasing Practices:

- 2.1 The Museum's intent will be to obtain the best value for goods and services. In general, the process formality for determining the best value will be in proportion to the anticipated cost of the goods and services.
- 2.2 The Museum will not be bound by the lowest available price, if other considerations are relevant to the usefulness of the goods and services. These factors may include quality, reliability, convenience, timing, consistency, compatibility, aesthetics, previous experience and any other issues which may affect the usefulness to the Museum, of the goods and/or services being

- purchased.
- 2.3 If the lowest price appears, according to the judgement of the authorizing staff, to be unrealistically low, the onus is on the authorizing staff to determine the reliability of the potential supplier.
 - 2.3 Unless other considerations prevail, and if prices are within five percent, the Museum will give preference to Saskatchewan-based sources.
 - 2.4 Purchases in excess of \$100,000 will be tendered by newspaper notices in the four communities in which the WDM operates. Additional notices may be considered either within or beyond provincial boundaries, depending on the nature of goods and/or services, and the location of capable suppliers. If it is decided that tendering in this fashion is impractical, the WDM Board will authorize an alternate procedure, to be determined depending on circumstances.
 - 2.5 Museum policy does not require public opening of submitted tenders.
 - 2.6 Purchases in excess of \$20,000 but less than \$100,000 will be determined through the evaluation of as many solicited quotations as may be practically possible. The Museum will endeavour to obtain a minimum of three quotes if that many competent and available suppliers are available.
 - 2.8 Purchases of less than \$20,000 will be determined within an evaluation environment bound by the aforementioned conditions and considerations and, as always, with a mind to the best interest of the Museum and its constituency.
 - 2.7 In all situations where tenders or quotations are solicited, the lowest or any tender or quotation will not necessarily be accepted.
 - 2.8 Although often not practical, some situations will allow for bulk purchasing among the five WDM locations. Staff are requested to remain mindful of these opportunities when assessing the offerings of their suppliers.

3. **Agreements and contract signing conditions and authority**

- 3.1 A formal agreement/contract is required:
 - a) when the Museum is providing goods and/or services for which the customer will pay after the good/services have been provided. If it is a straightforward transaction devoid of conditions and/or arrangements, a customer purchase order may suffice, if acceptable by the customer, in lieu of a separate written contract;
 - b) when a supplier is providing the Museum with goods/services for which payment is required in advance of the goods/services being provided;
 - c) for equipment rentals;
 - d) in general, for goods/services for which exceptions do not apply.
- 3.2 Exceptions:

In some instances, there are issues of diminishing returns, expediency and standard business practices, or other forms of binding agreement, which render the pursuit of a written contract/agreement impractical or unnecessary. For example, a formal contract in most instances will not be required in the case of routine orders online, by telephone, fax or by mail, for which advance payment by the Museum is required. Provision of a WDM cheque or credit card authorization obligates the supplier. If a supplier reneges without fulfilling the order and refunding the payment, this generally provides just cause for legal recourse. In such instances, it is likely that having had a supply contract would have made

little difference in terms of minimizing the Museum's risk.

3.3 Signing authority:

Contract signing authority rests with the WDM Board of Directors. The Board delegates this authority to the Executive Director. The Executive Director may, at his/her discretion, delegate additional contract signing authority to administration and management staff, and such authority shall not exceed Board-authorized spending limits. Contract signing authority will be delegated on a case-by-case basis, except for repetitive commitments, such as contracts for banquet hall rentals and catering. Authorization for signing contracts of this nature is assumed, until further notice, to rest with management staff, without the need for individual approvals from the Executive Director. In addition, management staff are authorized to approve such contracts within the parameters of the Executive Director's spending limit.

3.4 There may be additional exceptions. It is the responsibility of management staff to exercise their judgement and experience in identifying exceptional situations, and to consult with the Executive Director when deemed in the Museum's best interest insofar as minimizing risk to a practical level.