Guide to Procurement

Ministry of Central Services
Procurement Services
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PURPOSE OF GUIDE

The purpose of the Guide to Procurement is to outline the authority and process for the procurement of goods for ministries and public agencies.

AUTHORITY FOR PROCUREMENT

Goods

*The Purchasing Act, 2004* provides the authority for the procurement of goods for all ministries and many public agencies. The Procurement Services Division administers the procurement activities and is within the Ministry of Central Services.

Services

Service contracts are to be procured in accordance with the Financial Administration Manual, section 4510 and 4515. The Procurement Services Division can provide assistance to ministries and public sector organizations with procurement of service contracts.

Construction

Construction services are typically coordinated through the Ministry of Central Services, Accommodations for buildings; the Ministry of Highways and Infrastructure for highways; or the Ministry of Parks, Culture and Sport for park related facilities.

Print and Advertising


APPLICABILITY - WHO IS COVERED BY *THE PURCHASING ACT, 2004*?

The Procurement Services Division works with organizations to coordinate the procurement of goods/services required and to ensure procurement activities are done in a fair, transparent and competitive manner.

All ministries are subject to *The Purchasing Act, 2004*. Many other public agencies are also subject to the Act, while Crown corporations typically are not. For clarification, please contact the Procurement Services Division.
GOODS PROCUREMENT

The procurement of goods can occur using one of the following methods:

- From Standing Offers established by the Procurement Services Division;
- Under a delegation; or
- For purchases over $10,000, through a public tender or other competitive procurement process conducted by the Procurement Services Division.

Prior to undertaking any type of procurement, employees should ensure that they have the appropriate authority to make the purchase and are following any internal procedures established.

1. Standing Offers

Standing offers are created to facilitate the procurement of goods used on a recurring basis. Under a standing offer, a supplier agrees to provide items identified in accordance with the terms and conditions outlined in the agreement. In many cases, this is at a predetermined price or a discount off a price.

Procedures for standing offers

- A complete list of the standing offers is available on a web site. You can register for the standing offer web site at [www.standingoffers.gov.sk.ca](http://www.standingoffers.gov.sk.ca). Most standing offers are also available on Midas. Some examples are office supplies, food, tires, fuel, asphalt and emulsion, or Saskatchewan Disease Control Laboratory consumables and supplies.
- Ministries and public agencies are responsible for setting their own authority levels. It is the responsibility of employees to check with their supervisor or Director of Finance/Administration (or equivalent) to learn whether they have the authority to make purchases on behalf of their organization and the limitations which apply to them.
- Place your order with the supplier that was issued the standing offer. While many suppliers accept a government purchase card for purchases off a standing offer, others may require an actual order document. Ministries can create a Midas purchase order or release, which can also be used for the order and to facilitate the payment process.
- Ministries are responsible for the receipt and inspection of goods, and to ensure the payment is made in accordance with the standing offer details (pricing, etc).
2. Delegations
Delegations provide ministries and public agencies subject to the Act, with the ability to purchase goods without the direct involvement of the Procurement Services Division. Effective April 1, 2012, two delegations are available.

Delegation 1 - General Purchases under $10,000
The general delegation provides authority for ministries and public agencies to purchase goods up to a value of $10,000 (including taxes). The general delegation is not intended for:
• Items that are available under an existing standing offer; or
• Purchases that would typically be provided by another means such as computers (ITO) or vehicles (CVA); or
• Purchases estimated at over $10,000 (tendered through the Procurement Services Division).
• Splitting a purchase to avoid a competitive tender process is prohibited.

Delegation 2 - Emergency Purchases
Where an emergency exists and prior approval of the Director of Purchasing cannot be obtained, the permanent head of the ministry, public agency or their designate may authorize any official in the public agency to purchase the goods required by the public agency. This authorization may be given after the emergency purchase is made.

There is no limitation on the value of the purchase.
All organizations subject to The Purchasing Act, 2004 may use this delegation for any emergency purchases as defined in section 12 (1) of The Purchasing Regulations as existing:
(a) if an act of nature causes the need for an immediate acquisition of supplies; or
(b) if supplies vital to the continuation of a program of a public agency:
(i) are needed immediately; and
(ii) the program is necessary for public safety or public health.

NOTE: Effective April 1, 2012, Delegations 3 through 8 have been rescinded.
These purchases are now covered under Delegation 1 - General Purchases.

Procedures for delegations
• For purchases under $2,500, it is recommended that three quotes be obtained and documented.
• For purchases over $2,500, it is required that three written quotes be obtained. In cases where the three written quotes cannot or are not obtained, the purchaser is required to document the reasons why three quotes were not obtained.
• A sample quote sheet is attached or it can be downloaded from sasktenders.ca
• Ministries and public agencies are responsible for setting their own authority levels for employees. It is the responsibility of employees to check with their supervisor or Director of
Finance/Administration (or equivalent) to learn whether they have been delegated authority to make purchases on behalf of their organization and the limitations which apply to them.

- If the procurement can be made using a delegation, a standard Purchase Order (PO) in Midas can be created. If the supplier accepts a purchase card, a Midas PO is not required.
- The audit trail is the responsibility of the ministry or public agency. It is recommended, by Central Services, that the quote information be kept attached to the payment file or attached to the Midas purchase order. Note: Any procurement is subject to audit.
- As soon as is practicable after an emergency purchase is made, the purchaser should forward to the Procurement Services Division details of the purchase including a written explanation of the circumstances which justified the emergency purchase.
- Delegations should not be used as a method of bypassing any other policy or procedure.
- Where reoccurring purchases are occurring, it is recommended that ministries contact the Procurement Services division to discuss whether a Standing Offer would be a more appropriate procurement option.
- Ministries are responsible for the receipt and inspection of goods to ensure they comply with the requirements. Once satisfied, the purchasing organization is responsible for processing the required payments to the supplier in accordance with their internal processes.

3. Purchases over $10,000

Purchases over $10,000 which are not covered by a standing offer or other ongoing purchase arrangement will be procured through the Procurement Services Division. Procurements will be conducted in accordance with all applicable trade agreements.

Procedures for purchases over $10,000

- Ministries will complete a requisition detailing the requirements. Requisitions that contain complete and accurate information will prevent delays in the procurement process.
- If the ministry feels a specialized product which can only be provided by one supplier is required, the ministry should provide this rationale with the requisition.
- The Procurement Services Division will work to develop the competition document for the procurement. This document will identify to suppliers what the purchasing organization requires and asks the supplier community to identify what the cost of the goods/services would be.
- All competition documents will outline the method of evaluation and the terms and conditions associated with the competition. The evaluation may be made on price, or can be a best value evaluation considering factors such as price, quality, delivery, service, warranty or any other factor that may be important for the goods being acquired.
- Competition documents are typically advertised for approximately two weeks on sasktenders.ca
- Once the competition closes the Procurement Services Division works with the organization to evaluate the bids in accordance with the evaluation criteria. Where there are technical
requirements, the organization making the purchase may be requested to provide their expertise to ensure responses are compliant with the requirements identified.

- When evaluations are completed, an award is made. A Purchase Order is issued by the Procurement Services Division that authorizes the successful supplier to provide the organization with the goods/services tendered.
- Once the goods/services have been provided, the organization is responsible to inspect the items to ensure they comply with the requirements. Once satisfied, the purchasing organization is responsible for processing the required payments to the supplier in accordance with their internal processes.

COMMON TERMS

**Award Documents** – This refers to the variety of documents used following a procurement to authorize suppliers to provide goods and services to a ministry or public agency. Examples typically used include: a Purchase Order, Standing Offer or Supply Arrangement.

**Commodities** – See definition of “Supplies”.

**Competition Document** – This refers to the variety of documents used in a procurement process and typically includes an Advance Contract Award Notice, Invitation to Tender, Request for Information, Request for Prequalification, Request for Proposal, Request for Resources or Supply Arrangement.

**Construction** – Means a construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work. Also includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work. Does not include professional consulting services related to the construction contract unless they are included in the procurement.


**Goods** – See definition of “Supplies”.

**Midas** – Refers to the Oracle financial system used by ministries.

**The Purchasing Act, 2004** – The Act provides the authority for the procurement and disposal of supplies for ministries and public agencies. The Act grants the Director of Purchasing to coordinate such purchases and establish any policies and procedures deemed necessary.
**Procurement** – Means the acquisition by any means including the purchase, rental, lease or conditional sale of goods, services or construction.

**SaskTenders** – Refers to the [sasktenders.ca](http://sasktenders.ca) web site maintained by the Procurement Services Division, which is used by the Saskatchewan Government to advertise procurement opportunities to the supplier community.

**Services** – Refers to any service supplied or to be supplied.

**Supplies** – Defined by *The Purchasing Act, 2004* as all goods, wares and merchandise that are required by a public agency or public institution for the transaction of its business and affairs and includes food, drugs, chemicals, petroleum and other processed products, furnishings, fixtures, equipment, appliances and stationery. This does not include supplies designated in the regulations as being included in a contract for construction or a contract for other services. Also may be referred to as “goods” or “commodities”.

**Standing Offer (SO)** – A standing offer is established for recurring purchases of goods when the exact quantities are not known for the period of the offer. For example, government will need office supplies during the year, however, the exact items and quantities are not known. The standing offer outlines the terms and conditions and, in many cases, predetermined prices or a discount off a price. When a ministry or public agency determines the quantities and items needed, an order or release is placed, establishing a contract to supply those items using the terms and conditions outlined in the standing offer.

- A complete list of the standing offers is available on Central Services’ web site. You can register for the standing offer web site at [www.standingoffers.gov.sk.ca](http://www.standingoffers.gov.sk.ca)
ADDITIONAL INFORMATION

This Guide to Procurement is meant to provide a general overview of the government procurement processes. When undertaking any type of procurement, purchasers are responsible to ensure the purchase is compliant with all procedures and policies. Additional information may be located from the following sources:

- [sasktenders.ca](http://sasktenders.ca) for copies of purchasing policies developed by the Procurement Services Division.
- A complete list of the standing offers is available from the standing offer website. You can register for the standing offer web site at [www.standingoffers.gov.sk.ca](http://www.standingoffers.gov.sk.ca)
- [Queen’s Printer](http://www.gov.sk.ca) for copies of relevant Acts and Regulations, including *The Purchasing Act 2004*, Government Organization Act and any accompanying regulations.
- Executive Council – Communication Services for the current [Communications Procurement Policy](http://www.gov.sk.ca).
- The Ministry of Finance, Financial Administration Manual for copies of relevant policies including 3154 (purchase card usage), 4500 (goods and services), 4505 (goods) and 4510 (services). The complete Financial Administration Manual can be accessed at [www.gov.sk.ca/finance/FAM/default.html](http://www.gov.sk.ca/finance/FAM/default.html).

The Procurement Services Division can be contacted to provide assistance. The Procurement Services Division inquiry line is 787-6871.

**NOTE:** The Quote Sheet that follows can be used when seeking quotes using the delegations. A Word version of this document is available on the SaskTenders website.
QUOTE SHEET - The following entity is requesting quotes on the items as detailed below.

Please reply back to the contact specified by:

Ministry name:
Contact:
Email Address:
Phone #: Fax #:

Date items are required:
Items need to be delivered to:

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<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Extended Price</th>
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Other Charges (Identify):

Sub-total

Taxes GST PST

TOTAL COST

Suppliers Legal Name: ______________________________________________

Address/City: ____________________________________________________

Phone Number: ___________________ Fax Number: _____________________

Authorized Supplier Signature: ____________________________________

Print Name: _____________________________________________________
1. ACCEPTANCE OF BID--The lowest or any quotation will not necessarily be accepted. The acquiring entity reserves the right to accept, in whole or in part, the quotation that it deems most advantageous, and the right to reject any or all quotations for any reason.

2. PRICES--Prices quoted should be in Canadian dollars less all discounts. All unit prices should be extended and totaled. In case of a mathematical error, the unit price shall govern. Taxes should be shown separately. Additional charges such as handling, crating, cartage, or service, will not be accepted unless detailed and shown as a separate charge and agreed upon by the acquiring entity.

3. QUALITY--Unless specifically requested, all goods supplied must be new, current or most recent production and be of merchantable quality for sale in Canada. Goods subject to shelf life and obsolescence contingencies must be marked with expiry dates and must be supplied sufficiently in advance of their expiry date to permit reasonable use or consumption by the purchaser. Goods should be delivered and packaged in a manner that is consistent with the normal business practices of the industry.

4. ELECTRICAL--All electrical supplies and equipment must be C.S.A. approved where relevant.

5. WARRANTY--Suppliers shall ensure that the acquiring entity receives the manufacturer’s warranty for the goods purchased. Notwithstanding any manufacturers' warranties (which are to be supplied where applicable), all goods must be warranted to be free of defects in workmanship and materials for a suitable period of time consistent with the nature of the goods.

6. DELIVERY--The supplier should state the delivery date or number of days from the receipt of the Order. The supplier should advise the acquiring agency if for any reason a supply is short shipped or delayed and should also advise as to the expected delivery date. Whenever the acquiring entity agrees to a delivery/freight charge, it must be shown as a separate charge on the invoice and supported by bills of lading.

7. F.O.B POINT--Suppliers should indicate F.O.B. point. F.O.B. destination should be delivered and unloaded to the destination indicated. F.O.B. shipping point should be the supplier’s actual shipping point. Bills of lading should accompany all shipments made.

8. INSPECTION--Final inspection and acceptance or rejection will be made after the goods are delivered to the acquiring entity. Final inspection and acceptance or rejection of the goods will be made as promptly as practicable, but failure to inspect and accept or reject goods promptly does not mean that the acquiring entity has accepted those goods. The acquiring entity reserves the right to reject goods that contain defective materials and workmanship. Rejected goods shall be removed by and at the expense of the successful bidder promptly after notification that the goods have been rejected. Partial acceptance or rejection of an order does not release the successful quoting bidder from its responsibility to complete the order. In the event necessity requires the use of goods not conforming to the specifications, payment may be made at an appropriate reduction in price.

9. INVOICING--Pricing on invoices should show all unit prices and extensions, the disposition of any taxes (Provincial Sales Tax or Goods and Services Tax), and indicate the date of shipment. Charges should be for only those items that were shipped and sent to the address stated in the order.

10. PAYMENTS--Payment is not initiated until both the goods and/or services and the invoice have been received. The government’s goal is to not pay suppliers later than 30 days from:
   1. The date that goods and services are received or
   2. The date the invoice is first received, whichever is later.

11. SUPPLIER PERFORMANCE--The acquiring entity reserves to right to guarantee faithful performance of the contract and be provided the goods exactly as quoted. In cases where suppliers do not perform in accordance with the terms and conditions of the Order, the acquiring entity reserves the right to: accept partial shipments; extend the delivery period; cancel the Order in whole or part; or obtain requested items from other sources.

12. CONFIDENTIALITY--The supplier acknowledges that the Government of Saskatchewan is governed by The Freedom of Information and Protection of Privacy Act of Saskatchewan and any materials in the possession of the Government of Saskatchewan are subject to the access provisions of that Act.

13. GOVERNING LAW--The laws of the Province of Saskatchewan will govern this quotation and any resulting Order. The International Sales of Goods Act does not apply to this quotation and any resulting Order.