

Nova Scotia School Insurance Program			
Section:	Corporate	Policy Number:	C-8
Subject:	Finance	Title:	Purchasing Policy
Issued to:	Staff and Board of Directors	Revised:	January 2019
Issued by:	Management	Approved:	February 2019

1.0 RATIONALE

1.1 The **Nova Scotia School Insurance Exchange and attorney Nova Scotia School Insurance Program Association, whereas referred to as "SIP"** is committed to acquiring goods and services that offer "best value" and are purchased in an open, fair, consistent, efficient, and competitive manner.

2.0 SCOPE

2.1 The Purchasing Policy applies to the acquisition of all goods and services of SIP. Staff shall reference it for authority limits and determining the appropriate process for conducting each purchase based on accumulated dollar values.

2.2 Notwithstanding section 2.1, this policy does not apply to employment contracts or claim payments made to SIP's subscribers.

3.0 PURCHASING OF GOODS AND SERVICES – METHODS AND THRESHOLDS

3.1 The purchase of goods and services must comply with the following requirement:

3.1.1 For goods, services or construction with a value below \$2,500 quotes are not required. Such purchases can be paid directly to the vendor using a credit card. Such purchases shall not require a Purchase Order unless deemed necessary by the CEO, as in the example of stationary items.

3.1.2 Purchases of goods, services or construction with a value between \$2,500 and \$9,999 shall require competitive and comparable quotes from three (3) qualified suppliers wherever possible and award the bid that provides the best value. Such purchases would require a Purchase Order approved by the CEO. Where necessary and within card limitations such purchases may be paid directly to the vendor using a credit card but would still require an approved Purchase Order.

3.1.3 Purchases of \$10,000 to \$24,999 are required to have an invitational competition. Where possible, invitational competitions are addressed to qualified suppliers located in Nova Scotia. Prior to releasing a Purchase Order or concluding a contract for values up to \$24,999, the Chair or Vice Chair of the Board must give written approval.

3.1.4 Purchases of goods, services or construction with a value exceeding \$25,000 shall go to public tender, Request for Proposal or Request for Quotation. Purchase Orders and/or contracts with a value exceeding \$25,000 must have written approval of the Board of Directors.

- 3.2 If there are fewer than 3 qualified supplier's quotes available to provide required goods or services over the value of \$2,500, Alternative Purchasing may occur in accordance with Section 8, as approved by the CEO.

4.0 PURCHASING AND CREDIT CARDS

- 4.1 Credit cards will only be issued upon the approval of the CEO.
- 4.2 Cards will have credit limits based on the cardholder and each must be approved by the CEO.
- 4.3 Credit cards cannot be used for:
 - 4.3.1 Any item exceeding \$1,000 in value including HST, shipping, and handling charges without approval from the CEO.
 - 4.3.2 Alcohol purchases
 - 4.3.3 Cash advances
 - 4.3.4 Personal purchases
 - 4.3.5 Any commitment requiring a purchasing agreement, contract, or arrangement obligating the Board to future services
- 4.4 The Controller will conduct monthly reviews of all purchasing and credit card transactions to ensure that cards are not being used to bypass the obligation to obtain competitive quotes.

5.0 CREDIT CARD CONTROLS

- 5.1 Transactions must have the pre-approval of the CEO. All credit card receipts and/or supporting documentation and approvals must be submitted to the Controller within two working days. All credit card transactions will be summarized and presented at regular meetings of the Finance Committee.
- 5.2 To ensure minimization of purchase interest costs, the Controller will process on-line payments to credit card accounts. All on-line payment transactions must be supported with printed on-line payment confirmations complete with supporting approval documentation. One internal signing officer and one signing officer from the Board of Directors shall approve every on-line credit card payment.
- 5.3 Splitting an individual transaction into smaller amounts to circumvent a set limit may result in the loss of purchasing and credit card privileges.
- 5.4 Any improper use of the cards will result in consequences up to and including revoking of card privileges or the termination of employment.

- 5.5 All credit cards are the property of SIP. If an employee leaves the employment of SIP, all SIP credit cards must be immediately returned to the CEO.

6.0 APPROVALS

- 6.1 The following authority levels apply for the approval of all purchases and the dollar values do not include taxes, shipping, or handling:
- 6.1.1 The CEO may approve purchase orders up to \$10,000.
 - 6.1.2 The Chair or Vice Chair of the Board must authorize all purchases in excess of \$10,000 but under \$25,000.
 - 6.1.3 The Board of Directors shall approve all tenders, Requests for Proposals, Requests for Quotations and contracts with a value in excess of \$25,000.

7.0 ETHICAL PURCHASING

- 7.1 All SIP employees and governing board members involved in purchasing, recommending purchases, or receiving any goods and/or services for use by SIP must comply with the following ethical purchasing requirements:
- 7.1.1 No contract or purchase will be divided into multiple amounts to avoid the requirements of this policy.
 - 7.1.2 No employees or governing board members will stand to benefit personally or financially from a purchasing transaction.
- 7.2 A conflict of interest exists where an employee or governing board member's decisions and/or actions (in the exercise of their duties) could be affected by:
- personal, financial, or business interests, or
 - personal, financial, or business interests of relatives, friends, or associates of an employee or governing board member.
- Therefore, an employee, governing board member or close relative of either must not engage in any type of buying or selling directly to SIP for compensation of any kind without the prior approval of the Board Chair. A close relative shall be defined as, but not limited to, spouse, mother, father, brother, sister, daughter, son, aunt, or uncle.
- 7.3 Any personal interest that may be reasonably seen by others to impinge on an employee or governing board member's impartiality should be declared, in writing, as a potential conflict of interest to the CEO or the Board Chair.
- 7.4 Employees and governing board members cannot bid on SIP's purchase of goods or

services.

- 7.5 All gratuities, items or donations must be for the benefit of SIP. All items, donations and funds provided to SIP shall become the sole property of SIP.
- 7.6 Employees and governing board members cannot accept any items, contributions, donations or money – directly or indirectly, from any person, company, firm, or corporation to which any Purchase Order or contract is or might be awarded, except in the following cases:
 - where the items have a very small intrinsic value of \$50 or less,
 - where items are given for the use and benefit of SIP, or
 - where the items offer moderate hospitality during the normal course of business and would not significantly exceed what SIP would likely provide in return, and would not be perceived by others as influencing a business decision.
- 7.7 Before accepting significant items or donations for special events, the approval of the Board Chair is required.
- 7.8 SIP funds must only be used to buy holiday gifts for employees or governing board members, items for staff, or items for social functions within reasonable amounts approved by CEO and within budget limits
- 7.9 Items for social functions may be purchased through an employee staff fund as long as the fund is derived exclusively from employees.
- 7.10 Any donation, rebate, contribution or item that is proposed to SIP as part of any tender, Request for Quotation, or Request for Proposal, must be declared by the contractor/vendor in any bid document.

8.0 ALTERNATIVE PURCHASING

- 8.1 In specific circumstances, formal purchasing practices may not be in the best interests of SIP and, as such, staff may request approval for Alternative Purchasing in the following circumstances:
 - 8.1.1 In case of emergencies, the CEO has the authority to obtain goods and/or services in the most expedient possible manner regardless of the amount. Emergencies are defined as circumstances or situations beyond anyone's control that could affect the health, life, or safety of staff, or result in undue financial losses.

The CEO must promptly inform the Board Chair about any emergency purchases.

- 8.1.2 A situation where tendering could reasonably be expected to compromise SIP confidentiality, cause economic disruption, or otherwise be contrary to the interest of SIP subscribers.
 - 8.1.3 To ensure compatibility with existing products; to recognize exclusive rights, such as exclusive licenses, copyright, and patent rights; or to maintain specialized products that must be maintained by the manufacturer or its representative.
 - 8.1.4 Where, for technical reasons, there is an absence of competition, and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.
 - 8.1.5 The procurement of goods or services for which there is a statutory monopoly that is controlled by a supplier.
 - 8.1.6 Work to be performed on or about a leased building, or portions thereof, that may be performed only by the lessor.
 - 8.1.7 Work to be performed according to the provisions of a warranty or guarantee.
 - 8.1.8 The procurement of a good or service to be developed in the course of and for a particular contract for research, experiment, study, or original development, but not for any subsequent purchases.
 - 8.1.9 The purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.
 - 8.1.10 The procurement of subscriptions to newspapers, magazines, or other periodicals.
 - 8.1.11 Services of expert witnesses, specifically in anticipation of litigation or for the purpose of conducting litigation.
 - 8.1.12 Where an unsolicited proposal is received, SIP may consider a range of options, including a pilot project, partnership, or other arrangement that will be undertaken to assess the merits of the proposal. All unsolicited proposals will require alternative procurement by the CEO, Risk Manager or Controller.
- 8.2 The Controller shall record and document all alternative purchases and submit a quarterly report to the Finance Committee.