



PROCUREMENT POLICY B.4.1

APPENDIX B

Detailed Standards for the Procurement of Goods, Services and Construction

Pre-award and Solicitation

1. All Procurement
 - a. Departments upon putting in requisition for procurement must assist Procurement Services employees by providing detailed specification on what is needed, and by evaluating bids and proposals, as required.
 - b. Procurement Services must control the advertising of procurement processes and the solicitation of quotes and proposals.
 - c. VCC must follow procurement or solicitation methods that are currently available through a CSA, CISA, List of Qualified Suppliers/MSO or VCC supply channel identified or initiated by Procurement Services as discussed in section 3.a.v.
 - d. Procurement Services must publish and maintain up to date a list of available CSAs, CISAs, List of Qualified Suppliers/MSOs and VCC supply arrangements.
 - e. Departments may recommend to Procurement Services to directly acquire goods and services when an unforeseen emergency exists. Emergency purchase orders must only be used to meet unforeseeable emergencies. Emergency purchase orders must be supported by a Waiver of Competitive Process, which must be approved by the Procurement Services prior to the purchase commitment being made. The Waiver is then to be filed centrally with the Procurement Services as part of the Procurement file and Waiver file.
 - f. VCC must use the standard VCC formats for solicitation documents (e.g., ITT, NRFP, RFP, RFQ, ITQ, RFSO) available from the Procurement Services. Departments must obtain the approval of Procurement Services and legal where appropriate for any changes to the standard formats. Only current versions of the solicitation documents may be used.
 - g. When subdivision of a major project into two or more component parts occurs, the Terms of Reference, Business Case, and solicitation document for each component part must clearly disclose the potential combined scope of the project. Approval for the expenditure must be sought on the combined value of all contracts issued for the components of a subdivided project.
 - h. All standard competitive processes (i.e., ITT, NRFP, RFP, ITQ, RFSO) must provide identical information for potential bidders or proponents to the solicitation, to fairly and equally base their response.
 - i. The permitted response time to a solicitation must be sufficient to allow all potential proponents to have a reasonable opportunity to compete, taking into account the time required to disseminate information, the complexity of the procurement, and the time required to prepare an appropriate response.

- j. Objective selection criteria for the awarding of a contract must be established prior to receiving bids and proposals and must be consistent with those specified in the solicitation documents. Selection procedures and timelines must not limit anyone from competing.
- k. Departments and the Procurement Services must be alert to the potential for bid rigging, and report any suspicious bidding patterns.
- l. An expired contract must not be retroactively extended. When a contract expires and the original deliverables have not been fully met, one subsequent new contract may be considered in order to complete the work. The approval of the new contract should include consideration of the evaluation of the first contract (see section *Evaluation, Monitoring and Reporting*).
No additional procurement process is required where the new contract covers only the balance of the original deliverables that were not fully met under the original contract.
- m. Projects or services opportunities cannot be subdivided to avoid requirements of policy or trade agreements.
- n. To establish a pre-qualified supplier list, including a CISA, a process must be undertaken which uses the standard Request for Qualification template, unless an alternate form is approved by Procurement Services. The process is to include an evaluation of the responses to the identified pre-qualification requirements to determine which respondents will be placed on the list of pre-qualified suppliers.
- o. The method for selection of a contractor from the pre-qualification list must be specified in the RFQ document and this selection method must be followed,
 - i. For opportunities valued at less than \$25,000, the next available contractor on the pre-qualified list (selected in established rotation) will be offered the opportunity. The Procurement Services must retain a record of all such offers to evidence that opportunities were offered in rotation.
 - ii. For opportunities valued between \$25,000 and the limits set by intergovernmental trade agreements, the next three contractors of the pre-qualified list will be offered the opportunity to provide a brief written proposal or quotation.
 - iii. As required in accordance with the applicable terms of the CFTA, TILMA and NWPTA intergovernmental trade agreements, if the expected contract value is over the goods, services or construction threshold (see section *Compliance with Intergovernmental Trade Agreements*), the contractor must be selected through a competitive process open to all suppliers on the pre-qualification list that meet the criteria for a specific project (e.g., specialization). The evaluation shall include assessments of each supplier's proposed approach, pricing, and other elements as identified and documented in the solicitation.
- p. Opportunities to be registered on a pre-qualification list must be provided either continuously or at regular intervals. The period for which a pre-qualification list will be valid must be specified in the RFQ document.
- q. If the requirement for goods, services or construction falls within the provisions of the CFTA, TILMA or NWPTA, the process to identify pre-qualified suppliers of goods, services and construction opportunities which may be over the associated threshold (see section *Compliance with Intergovernmental Trade Agreements*) must be advertised annually on the BC Bid® website.
- r. Where VCC policy requires that a procurement process be advertised on BC Bid®, the prior approval of any and all such advertisements on BC Bid® must be provided in writing by the

Executive Director, Finance & CFO.

The request for approval to post must be submitted to the Executive Director, Finance & CFO by Procurement Services and must include a certification that:

- i. The form of the posting is based upon a VCC approved template document and is compliant with VCC policy, and
- ii. The business information reflected in the posting has been approved by the relevant VCC business unit.
- iii. The approval to post must be retained in the procurement file.

2. Procurement of Goods

- a. Requests for goods valued over \$25,000 that cannot be met through provincial CSAs, CISAs or VCC supply channels identified or initiated by Procurement Services must be directed to Procurement Services and acquired through an approved competitive process.
- b. Where the Department's requirements can be met through a provincial CSAs, CISAs or VCC supply channels identified or initiated by Procurement Services, goods must be purchased through that arrangement.
- c. Unless the conditions for direct awarding apply (see section *Direct Awards*), all acquisitions and processes to select pre-qualified bidders with an estimated value of:
 - i. Between \$25,000 and \$50,000 must be competed through a process to solicit proposals or quotation from not less than three qualified suppliers, and
 - ii. Those greater than \$50,000 must be competed through a formal procurement process advertised on BC Bid® (see section *Public Posting - - Bid Opportunities, Amendments and Notice of Contract Awards*).
- d. When a contract for goods valued at \$25,000 or more is intended to be awarded on the basis that there is only one vendor that can provide the goods required, but this cannot be strictly proven as required in subsection concerning waivers of the competitive process, a Notice of Intent must be posted on BC Bid®.
 - i. All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections received are not submitted, a direct award may be made.
- e. A Notice of Intent is not required if it is clearly determined that a direct award meets one or more of the exceptions specified in subsection permitting waivers of a competitive processes under extraordinary circumstances.

3. Procurement of Used Goods at Auction

- a. VCC may acquire used equipment, to be utilized as teaching aids, through an auction; all new equipment must be acquired under standard VCC procurement policy.
- b. An eligible auction house must:
 - i. Where the subject asset can be accessed through a government- managed auction, that government auction is the only eligible auction that may be utilized by VCC

(e.g., ICBC's auction of automobiles with body damage, which would be government to government exempt transaction).

- ii. Advertise the assets to be auctioned broadly giving adequate notice to the public.
- iii. Offer in advance of any purchases, settlement terms acceptable to the Finance Department including at a minimum a 7-day settlement period.
- c. VCC procurement policy will apply for the selection of an auction house and will be considered in respect of the anticipated commission amount payable to the auction house.
- d. The Dean/Director of an area must approve in writing the bid limit for the proposed transaction and the delegation of authority to bid.
 - i. The Department must develop and present to the Dean/Director for approval, a business case justifying the bid limit, providing information including:
 - Defined need for the equipment, setting type and condition,
 - Results of a physical inspection of the subject piece of equipment to confirm state and appropriateness to the purpose.
 - Review of available auction sale information from historic transactions to determine the indication of market value for the piece of equipment, and
 - Recommendation of bid limit.

4. Procurement of Services and Construction

- a. Requests for services valued over \$25,000 that cannot be met through provincial CSAs, CISA, or VCC supply arrangements identified or initiated by Procurement Services must be directed to Procurement Services and acquired through an approved competitive process.
- b. Where the Department's requirements can be met through provincial CSAs, CISA or VCC supply arrangements identified or initiated by Procurement Services, goods must be purchased through that arrangement.
- c. Unless the conditions for direct awarding apply (see section *Direct Awards*), any service opportunity or process to select pre-qualified bidders, or supply arrangement for the supply of services with an estimated value of:
 - i. between \$25,000 and \$50,000 must be competed through a process to solicit proposals or quotations from not less than three qualified suppliers, and
 - ii. Those greater than \$50,000 must be competed through a formal procurement process advertised on BC Bid® (see section *Public Posting - Bid Opportunities, Amendments and Notice of Contract Awards*)
- d. The Director, Procurement may direct that a procurement opportunity or supply arrangement, with an estimated value from:
 - i. \$25000 up to \$75,000 be awarded using a competitive process that is appropriate to the value, complexity and profile of the business opportunity. Such opportunities can be posted on BC Bid or at least three quotes must be obtained
- e. When a contract for services valued at \$50,000 or more is intended to be awarded on the

basis that there is only one vendor that can provide the services required, but this cannot be strictly proven as required in subsection concerning waivers of the competitive process, a Notice of Intent must be posted on BC Bid®.

- i. All objections received by the indicated response date must be reviewed and if any are substantiated a competitive process must be undertaken. If no objections are received, or the objections received are not submitted, a direct award may be made.
- ii. Notice of Intent is not required if it is clearly determined that a direct award meets one or more of the exceptions specified in subsection permitting waivers of a competitive processes under extraordinary circumstances.

Contract Award – All Procurement

5. Direct Awards

- a. Contracts for acquisitions (of goods, services and construction) and disposals may be negotiated and directly awarded without competitive process where one of the following exceptional conditions demonstrably and unequivocally applies:
 - i. The contract is with a public body or non-profit organization.
 - ii. The department can strictly prove that one and only one supplier is qualified or is available, to provide the goods, services or construction.
 - iii. An unforeseeable situation of urgency exists and the goods, services or construction could not be obtained in time by means of open procurement procedures.
 - iv. A competitive process would interfere with a VCC's ability to maintain security or order to protect human, animal or plant life or health.
 - v. The acquisition is of a confidential or privileged nature and disclosure through an open bidding process could reasonably be expected to compromise VCC confidentiality, cause economic disruption or be contrary to the public interest.

6. Procurement Files, Contract Files, and Waiver File

- a. Procurement Services shall be the office of record for all procurement and contract information maintained by VCC.
- b. The Director, Procurement shall maintain a File Guide, listing all documents required to be kept on file for each contract.
- c. For every direct award, Procurement Services, prior to the grant of the direct award, must:
 - i. Fully document the waiver of competitive process setting out the rationale or the circumstances that supports the use of one or more of the above exceptions,
 - ii. Obtain approval of the Department representative holding spending authority as to the accuracy and completeness of the facts declared in support of the waiver,
 - iii. Approvals:
 - for proposed waivers > \$500,000 obtain the approval of the Board Finance

and Audit Committee

- for proposed waivers > \$1 million obtain the approval of the Board of Governors
- iv. Appeals must be forwarded to the Executive Director, Finance & CFO for resolution.
- v. File the approved waiver of competitive process in the appropriate files
- vi. Report all approved waivers of competitive process approved to the Executive Director, Finance & Chief Financial Officer.

7. Selection and Award of Contract

- a. VCC will award contracts on the basis of the criteria and relative scoring weights set forth in solicitation documents.
- b. For each procurement action containing an evaluation process (NRFPS, RFPs and RFQs), the Director, Procurement will create an Evaluation Committee responsible for the management of the evaluation of proposals and responses received.
- c. The Chair of the Evaluation Committee will ensure:
 - i. A detailed evaluation framework is developed and approved by the Department soliciting the goods, services or construction (ideally before the solicitation is posted on BC Bid®) prior to the closing of the solicitation and the receipt of proposals and responses.
 - ii. The detailed evaluation framework includes the rationale for the ranking of all proponents and the method by which final scores were determined.
 - iii. Department employees are placed on the evaluation committee and participate in the evaluation process from beginning to end to select the successful contractor.
 - iv. That before the evaluation committee considers a bid or proposal, the bid or proposal meets all mandatory requirements specified in the solicitation documents. If a response is found to be non-compliant, it must immediately be set aside and any further consideration withheld.
 - v. At the first meeting of the evaluation committee, the identity of all bidders or proponents meeting all mandatory requirements is disclosed to the members of the evaluation committee.
 - vi. Prior to receiving copies of bids, proposals or other confidential information, each member of the evaluation committee signs a declaration of Conflict of Interest, confirming the member, under the terms of the VCC Conflict of Interest policy, is not in conflict. Signed declarations of Conflict of Interest must be retained in the Procurement File.
 - vii. The final decision of the evaluation committee to award evaluation points is reached by consensus and is documented showing:
 - How the evaluation template was applied consistently to each proponent and
 - The consensus score awarded by the evaluation and selection process must be followed as stated to determine the successful proponent.
- d. In the case of ITTs and ITQs, contracts must be awarded to the lowest-priced qualified bidder

meeting the terms and conditions of the solicitation document.

- e. In the case of an RFP, the contract must be awarded to the proponent whose proposal meets all mandatory proposal requirements and achieves the highest overall rating of all evaluation criteria specified in the solicitation documents and based on the relative scoring weights disclosed in the solicitation.
- f. Department employees must not do or say anything to create an oral or written agreement on behalf of the VCC prior to a selection and decision to award a contract.
- g. Multi-year contracts are permitted when the stability of the longer time frame supports better value to VCC. However, they must not be established through ongoing amendments and extensions of standard term contracts, unless the extensions were planned and included as part of a competitive process.
- h. Departments and Procurement Services should include due diligence inquiries covering, as appropriate in the situation, contractor history, financial and operating viability, and ownership as part of the information requested and evaluated during NRFP, RFP and RFQ processes, Business reference checks should be requested where appropriate.

8. Processing of Responses and Follow-up

- a. A written confirmation must be sent to the contractor who was successful on a solicitation. Unsuccessful respondents to an NRFP or RFP must be notified and offered the opportunity for a debriefing on their proposal.
- b. Debriefings shall address the response submitted by the debriefed supplier in relation to published evaluation criteria. Details of other responses, including specific scores, must not be disclosed. Detailed minutes of these meetings should not be maintained. The Chair of the Evaluation Committee should ensure that all requirements of FIOPPA were met during these meetings.
- c. Unsuccessful bidders on an ITQ or ITT must be notified of the winning bidder.
- d. VCC award decisions shall be posted on the VCC public website in the manner directed by the Director, Procurement.

9. Pricing

- a. Every contract must have a firm contract ceiling price, exclusive of taxes. Where a firm contract ceiling price is not possible, a unit price must be predetermined, and VCC must have control over the number of units of service that are delivered within each phase of the contract.
- b. Fixed price contracts are permitted for service contracts, if the scope of the work can be clearly defined in advance.

10. Procurement Administration

- a. Procurement Services is the department of record and must maintain a procurement file and a contract file, to VCC standard, containing adequate contract documentation for all

phases of the procurement process, including planning, solicitation, evaluation, award, management, amendments, payment schedules, progress reports and contract evaluations.

- i. The standard procurement file and the standard contract file may be stored in electronic form, providing original signed copies of active contracts and modifications are also maintained on site.
 - ii. Departments should access the electronic version of the documents in the standard procurement file or the standard contract file and may make and hold printed copies of such documents, as required.
 - b. Contracts must be in writing and signed and delivered by all parties prior to the commencement of the work or service (or, in the case of an emergency, as soon as possible thereafter).
 - i. Procurement Services must receive written confirmation from the Executive Director, Finance & CFO confirming Board approval, before any contract greater than \$500,000 is negotiated and executed.
 - ii. Contracts approved by the Board of Governors must be negotiated and executed by the Executive Director, Finance & CFO or by the person authorized by the Executive Director, Finance & CFO.
 - c. The Executive Director, Finance & CFO shall ensure that all approvals by the Board are recorded accurately and in detail.
 - d. Contracts must be made in the contractor's legal name. Each contract must be approved and signed by the appropriate authority. In no circumstances should an unauthorized employee or agent legally bind VCC with apparent authority.
 - e. Subject to provisions of subsections and below an approved General Service Agreement or Short-Form General Service Agreement template must be used for service contracts in all instances except the following:
 - i. contracts for office assistance services or with employment agencies where a CSA exists;
 - ii. vehicle and equipment rentals;
 - iii. capital construction projects;
 - iv. goods acquisitions unless ancillary to services are also acquired under the contract and advice has been obtained from VCC's legal counsel about additional provisions that may be appropriate; or
 - v. Software licensing
 - f. No changes should be made to these approved General Service Agreement templates that have not been prepared, or advised on by VCC's legal counsel.
 - i. Procurement will establish a file of legal opinions and approved alternative articles and the business situations where those articles should be used.
 - ii. Procurement will make the business decision as to when the alternative articles may be incorporated into the General Services Agreement or General Goods Agreement.

- g. If none of the approved General Service Agreement templates is appropriate for a particular transaction or type of transaction, the VCC Procurement Services may develop an alternative contract template with advice from VCC's legal counsel. If an alternative contract template contains an indemnity of the contractor by the VCC, Risk Management must approve the indemnity prior to the template being used.
- h. Some contractors prefer to use standard contract forms provided by their industry association. If not precluded by the terms of any applicable competitive process documents, VCC may accept the use of such forms after a business risk assessment has been completed and the risk to VCC deemed as low. Where a contractor's form contains an indemnity of the contractor or limitation of its liability, the wording of those terms must be approved under the *Guarantees and Indemnities Regulations* by the Risk Management Branch of the Ministry of Finance or such other person authorized by that regulation prior to VCC entering into a contract using that form.
- i. Supply arrangements are to be competed in the same manner as an individual contract.
- j. Whenever a contract is to be modified, the standard form of modification agreement must be used unless VCC legal counsel has approved an alternative modification process or form.
- k. The justification for all modification agreements must be documented on the contract file. Modifications to a contract must be in writing and signed by both parties. The party that originally approved the contract must approve modifications having a financial impact on the contract.
- l. A modification agreement to extend the term of the agreement for a reasonable period of time is allowable when an unforeseen event has delayed the delivery of specific contract outputs.
- m. A modification agreement must not be used to substantially change the nature and intent of the original contract.
- n. Expense authority approval, when applied, must reflect the total dollar value of the contract and not just the dollar value of the modification agreement.
- o. Annual or multi-year contract renewals are only allowed when the potential for renewal has been explicitly included in the solicitation documents, including the establishment of a limit on the number of renewals.
- p. VCC must ensure that the contractor's agent or broker completes and signs a Certificate of Insurance acceptable to VCC, in the requirements of the contract.
- q. VCC must ensure that a contractor who will be providing services to VCC provide proof they are covered by Worksafe BC (WCB) unless the contractor is exempted by WCB.
- r. A Privacy Protection Schedule (PPS) must be completed and attached as a schedule to any contract between the VCC and a contractor that involves "personal information" as defined in the FOIPPA unless it is not intended that the public body will own or control the personal information.
- s. A PPS must be in the form set out in the current version of the General Services Agreement unless an alternative version has been authorized by VCC's legal counsel.
- t. Employees must not divulge information regarding a contract unless it is available to the general public or the disclosure has been authorized by VCC Executive based on prior

consultation with VCC's legal counsel.

11. Electronic Posting of GSA and GGA Schedules

- a. Procurement Services will maintain a secure area on the VCC public web site to hold the current and all historic versions of the GSA and GGA templates, and Schedules thereto.
 - i. The site selected must be in a location that can easily be located and accessed by all parties wishing to do business with VCC.
 - ii. The effective date of the version of the contract template is prominently indicated in a footnote in the face of each page of the documents.
 - iii. Changes to the templates will only be authorized by the Director, Procurement.

12. Disposal of Surplus Assets

- a. Where an opportunity exists to replace an outdated asset with a similar asset, details of the potential trade-in must be forwarded to Procurement Services, which will conduct an analysis of the potential trade-in to determine the best overall value to VCC. Departments must only negotiate trade-in arrangements after consultation with Procurement Services.
- b. Assets that are surplus to the needs of VCC are to be disposed of at fair market value by Procurement Services who will determine the appropriate method for disposal of such assets.
- c. The disposal of a medium with information capacity must be done in a manner to protect the privacy and security of the stored information in accordance with VCC's Records Management policy A.3.9.
- d. For further information, refer to the Guidelines for the Disposal of Surplus Assets at VCC, available on myVCC.

13. Commercial Cards (C-Cards)

- a. The use of commercial cards is subject to the following procurement guidelines:
 - i. Procurement Services should be contacted when anticipated spending on a C-Card will be more than \$5,000 during a fiscal year on one opportunity, even though a single transaction may be less than \$1,000. For spend over \$5,000 in a fiscal year on one opportunity Procurement will create a contract or establish a Lists of Qualified Suppliers for the service or commodity area.
 - ii. Where a List exists for a service or commodity area, C-Cards should not be used to acquire similar goods or services from vendors who are not on the List.
- b. WEB Requisitions are not required to process C-Card reimbursement claims.

14. Information Technology Procurement

- a. Information Technology (IT) goods and services must be procured in accordance with the business and IT requirements of VCC.
- b. Prior to initiating procurement of IT related products or services, Departments must discuss their requirements with IT who will determine whether a college wide solution will be implemented for the requirement. The first step is to create a VCC Helpdesk ticket.

- c. Large projects frequently include smaller IT related component projects. These component projects must be considered at the same time as the large project.
- d. IT goods and services must be procured in accordance with VCC financial and procurement policies and the strategies, standards, and practices established by the CIO, Information Technology.
- e. IT standards and practices, whenever practical, shall be used in conjunction with an open, competitive process providing qualified prospective suppliers with opportunities to submit proposals.
- f. All VCC IT hardware and software requirements, including shared devices (e.g., desktop, laptop, server, and printer devices) must be ordered under identified CSAs, CISAs or MSOs or VCC supply channels, where available.
- g. Software and subscription acquisitions need to follow the process established in the Software and Subscription Flowchart located on myVCC.
- h. Vendor specific software license contract forms may be used but only after a business risk assessment has been completed and the risk to VCC deemed as low. In this specific situation, VCC may waive the policy requiring the contractor to pay VCC's legal costs.

15. Unsolicited Proposals

- a. An "unsolicited proposal" is defined as a supplier initiated offering of goods, services, or solutions to VCC. The aim of such a proposal is to enable a supplier to establish a sales contract or business alliance partnership with VCC that is neither the result of a competitive solicitation nor the result of a VCC initiated direct award.
- b. Departments can receive unsolicited proposals from the private sector. If VCC determines that the proposal warrants consideration, then the proposal must be submitted to an ad hoc review panel formed by the Executive Director, Finance & CFO for review.
- c. The proposal must indisputably demonstrate that:
 - i. It is unique; and
 - ii. It addresses the current or future needs of VCC; and
 - iii. The goods or services are not otherwise available in the marketplace.
- d. The review panel will be chaired by a Vice President and comprised of:
 - i. Director, Procurement;
 - ii. Directors from the interested/impacted Departments, selected by the Chair based on the nature of the proposal; and
 - iii. Director, Finance.
- e. The panel must ensure that the unsolicited proposal unambiguously meets the criteria stated in subsection iii above, and that its acceptance is clearly in the best interest of VCC with this being done before contract negotiations commence.
- f. Departments must not enter into contract negotiations before the panel review is complete. If there is any doubt that an otherwise acceptable proposal is unique, Procurement Services shall issue a Notice of Intent prior to VCC entering contract negotiations.

- g. Any proposal not meeting the criteria stated in subsection iii above must be rejected. If the proposal is accepted and approved by the Panel, VCC may enter into contract negotiations, subject to funding availability and any required approvals.
- h. Notwithstanding the reference to Notices of Intent with subsection vi above, all contracts resulting from unsolicited proposals must be subject to this procurement policy, including policies related to direct awards.
- i. Funding for contracts resulting from unsolicited proposals must be drawn from within the existing budget of the contracting Department.
- j. Departments must not use the unsolicited proposals process to bypass the competitive tendering process for goods or services requirements that are initially identified by VCC.
- k. In the event that the Panel approves an unsolicited proposal, VCC must ensure that all contracts resulting from unsolicited proposals comply with:
 - i. TILMA, Part V, Government Procurement, Article 2 regarding potentially allowable exceptions to competitive procurement;
 - ii. NWPTA, Part V C2, and
 - iii. A waiver of competitive process must be recommended and approved for every unsolicited proposal.

16. Contract Administration and Monitoring

Receipt of Goods

- a. Departments must ensure that adequate receiving processes are in place to certify that goods are received as ordered (i.e., correct quantity and suitable quality).
- b. VCC receiving employees may sign for goods presented by the shipper, without detailed inspection. Receiving employees should inspect the shipment for damage and/or missing or incorrect items as soon as practicable. Inspection should include a comparison of goods received to packing slips and a comparison of packing slips to purchase orders or requisitions.
- c. VCC receiving employees will rely on the user department updating requisitions for all approved changes in orders. Discrepancies between goods received and goods ordered (as reported in Banner) and damaged goods must be reported immediately to the end user who will work with Procurement Services to rectify the situation.
 - i. VCC receiving employees must sign/initial the packing slip to provide confirmation of the inspection and the certification that goods have been received.
 - ii. VCC receiving employees must note all damaged goods and discrepancies on the packing slip.
- d. VCC receiving employees will rely on the user Department updating requisitions to approve all substitution items. Receiving employees will not accept product substitutions by suppliers without prior Department approval. Purchase Order Amendments are required to cover any substantial changes to the original purchase order.
- e. Departments must maintain adequate receipt records or other documentation to support account verification and payment.

17. Payment

- a. A contract summary record must be maintained for all service contracts, either by using a contract summary sheet or equivalent electronic record. Vendor payment records must be used to assess amount paid on the contract's Purchase Order. Once a Purchase order is completely drawn down no further payments can be made on the contract.
- b. A contract cannot include a cost overrun clause. If a cost overrun is unavoidable, ensure the costs are justified. Any overrun is to be authorized in advance using a modification agreement form. There may be additional approval requirements triggered by cost overruns.
- c. Commercial arrangements regarding chargeable fees and rates, expense reimbursement limits, aggregate contract prices, pro forma statements of account, and payment schedules must be set forth in a VCC prescribed contract schedule. These requirements apply whether a contract is established on the basis of a per diem rate, hourly rate, a fixed price per unit or deliverable, or a flat rate or price.
- d. All contract quotations must exclude applicable sales taxes. Statements of accounts must include a calculation of fees plus applicable sales taxes and expenses.
- e. Departments must ensure that payments made to contractors who are non-residents of Canada comply with the withholding tax provisions of the federal Income Tax Act.
- f. Contracts may not provide for payment in advance of goods or services being received, unless the Executive Director, Finance & CFO approves the variance to payment policy prior to the negotiation of the contract. Where a payment is to be made in advance the contract must specify how the advance is:
 - i. to be deemed to be earned; or
 - ii. if the services are not subsequently rendered, to be repaid; and
 - iii. what interest rate, if any, must apply.

18. Evaluation, Monitoring and Reporting

- a. For every contract, Departments must clearly establish the outputs and/or outcomes required, together with their quality and quantity, against which the performance of the contract can be monitored throughout the duration of the contract. These output and outcome requirements must be included in the contract.
- b. Departments must ensure timely and consistent monitoring of the contractor's performance as the assignment progresses in accordance with the terms and conditions of the contract.
- c. A post-completion evaluation is required on every contract of \$200,000 or more to provide a record of the contractor's performance and to assist in future contracting activity.

19. Deficient Performance and Breach

- a. Where a contractor deviates from the terms and conditions of a contract, the contract manager must immediately take one or more of the following steps:
 - Step 1: Notify the contractor in writing of the deficiency and arrange to discuss the problem. A record should be kept of such discussions. The discussions could result in an agreement to amend the terms of the contract.

- Step 2: Issue a notice to comply, if the contractor persists in deviating from the terms and conditions of the contract.
 - Step 3: Issue a stop work order if the contractor ignores the notice to comply.
 - Step 4: Terminate the contract, subject to the advice of VCC's contract specialist and/or legal counsel.
- b. Where the breach or deficiency puts public safety at risk, VCC must proceed immediately to Step 2 and issue a notice to comply, or to Step 4 and terminate the contract.
 - c. If fraud is suspected, refer to the issue immediately to the Executive Director, Finance & CFO.

20. Asset Management

- a. Departments must identify and manage any asset maintenance, risk and liability issues arising from their contracting activities.
- b. Where assets are determined to be owned by the VCC, they must be appropriately safeguarded, controlled and accounted for. Assets being replaced due to being damaged, lost or stolen must be reported to the Director, Procurement at the time the procurement process is initiated.

21. Disputes

- a. Any dispute arising out of a VCC contract must be dealt with in a just prompt and cost-effective manner. All contracts must contain a clause that identifies how a dispute will be resolved. Any dispute arising out of a VCC contract must ultimately be resolved according to the terms of the contract.
- b. For contracts that are subject to the CFTA, Departments must settle any CFTA-related disputes in accordance with the dispute resolution process provided in CFTA Chapter 10. Departments will be responsible for the VCC's share of the cost of any dispute panel that is established to investigate the dispute.