

PURCHASING IN NUNAVUT

USER GUIDE

Background

Purchasing is one of the many services provided by the Department of Community and Government Services as part of the Finance and Administration Department. The centralized Purchasing department of Procurement and Contract Support Services has been given the authority to purchase goods and services on behalf of the Territory.

Purchasing & Contract Services Responsibilities

Procurement is the process of learning of the need for a good or service, locating and selecting suppliers, negotiating the price and other contract terms and buying the good or service. Purchasing also coordinates Sealift traffic for the timely delivery of goods.

The Purchasing section of Administration is responsible for the following:

- Procurement of Goods and Services
- Maintaining files on Corporate Contracts
- Sealift Logistics
- Transportation/Air Charters
- Contract Support for User Departments

As service providers, when requested, the Purchasing Department will issue tenders, request for quotations, proposals etc. on behalf of user departments.

Goals

The Government of Nunavut follows competent and ethical practices in fulfilling the procurement function. This is accomplished through effective procurement policies and procedures that ensure the Government:

- Receives optimum value in all acquisitions;
- Receives ongoing accurate information on material cost, availability, and industry trends;
- Creates a fair and open environment for vendors;
- Maintains a high standard of ethical procurement practices; and
- Maintains efficient systems and processes to ensure timely delivery of quality products and services.

This document contains only a summary of the Purchasing and Contract Support Services Department Policies and Procedures. Any question pertaining to the procurement function should be directed to the Manager of Procurement and Contract Support or one of the departments senior Buyers.

Procurement Policies

Our mission is to contribute to Nunavut's economic growth and social well-being by ensuring effective planning, procurement, delivery and operation of government assets, while providing services that satisfy the needs of our clients. The procurement policies of the Government of Nunavut have incorporated the general intent of typical public purchasing policies. The Procurement Policies support the general concept of reducing barriers in relation to public purchasing. The government of Nunavut and the purchasing policies provide preferential treatment of qualifying vendors as set out in the NNI (Nunavummi Nangminiaqtunik Ikajuuti) Policy.

The NNI Policy allows for the following bid adjustments:

1. Nunavut Firms 7%
2. Inuit Firm 7% additional
3. Local Firm 7% additional

The following are Purchasing Policies based on the estimated value (Thresholds) of the Purchase:

1. \$0.01 - \$5,000 Single Source, source locally
2. \$5,001 - \$25,000 Request multiple written bids, source locally, Posted on Tender Notification Listing
3. \$25,001 – Over Goods & Services (not construction), Publicly Advertise, Tender Notification Listing
4. \$100,000 – Over Construction - Publicly Advertise, Tender Notification Listing, Post notice within the community

- Public advertisement requires that the intended purchase be posted on the Tender Notification Listing and in Nunavut newspapers and for construction only, public notice within the community. This supports the intention of the Land Claims Agreement and promoting business opportunities for Inuit Companies.

Code of Ethics and Conflict of Interest

When dealing with suppliers, courtesy, honesty and fairness form the basis for all business dealings and the Purchasing Department. Conflict of Interest policy is to be followed. Full disclosure must be made of any business or personal interests which could be in conflict with the interests of the government of Nunavut, regardless of whether the employee derives any personal benefit from them. All buyers are familiar with the "Professional Code of Ethics" of the Purchasing Management Association of Canada (PMAC).

Procurement Procedures

A procurement process is initiated when the Purchasing Department receives a Requisition for Supplies and Services (RSS) that is:

1. Properly Authorized by the Manager of the respective budget
2. Properly coded to the department of the respective budget
3. Entered into the financial system, Free Balance

It is the responsibility of the user department to ensure that the authorization and coding on the RSS is correct. This is not a Procurement Department responsibility. The user department should include as much detail as possible to describe the goods or services to be purchased. The user department should also include a realistic required delivery date.

Collaboration between centralized purchasing and the user departments expedites any procurement exercise. The user department is responsible for determining the specifications of the items required. Centralized Purchasing guides and supports the user through the procurement exercise.

Supplier Sourcing

Multiple sourcing of suppliers allows for competitive bidding which ensures that the Government of Nunavut receives maximum value for all purchases. When sourcing potential suppliers, the buyer will determine whether the supplier can provide the required product/service and meet the delivery schedule. The buyer will consider the user department's recommendations when sourcing.

Sole Sourcing:

This is a situation where only one supplier exists for a desired product or service. The supplier may have a monopoly (e.g. Nunavut Power for electricity in NU) or have patent protection for a specific product. In these situations, there is only one supplier. Sole Source situations must be approved by the Deputy Minister.

Single Sourcing (Negotiated Contract):

This is a situation where the Contract Authority chooses to contact only one vendor, even though other vendors who can provide a similar product or service do exist. Approval from the Deputy Minister of the division making the request must accompany the single source justification. All single source justifications will be for strong business reasons.

Single Sourcing or Sole Sourcing Criteria:

1. Purchase is less-than \$5,000 in value;
2. Only one firm is available and capable of providing the good or service (Sole Source);
3. The service or goods are urgently required and the delay (to request and review competitive proposals) would be injurious to the public interest.

Limited Sourcing (Negotiated Contract with Limited Competition, Restricted Invitation) :

This is a situation where the Contract Authority chooses to invite a limited number of suppliers to quote or submit bids, even though the estimated expenditure would require public advertisement. The decision to limit sourcing is to be based on strong business reasons. Approval from the Cabinet must accompany the limited source justification.

Tender Periods

The amount of time to be specified before closing will vary depending upon whether the tender will be invitational or advertised, the type of contract (goods, construction or service), particulars of the requirements, or other similar factors. The minimum tender period is important to give contractors sufficient time to prepare accurate bids.

Over \$5,000	Government of Nunavut Departments, Boards and Agencies will provide a minimum 7 calendar day tender period for all tenders and proposals worth more than \$5,000.
\$5,000 - \$25,000	If a contract valued at less than \$25,000 is publicly advertised, the minimum tender period will be left to the discretion of the buyer.
\$25,001 - Over	Contracts of equal or greater value than \$25,000, the minimum tender period will be 15 calendar days.

Contract Authorization

When a good or service to be purchased will result in a formal, signed lease, rental, or contract and has been included in the approved budget, the following outlines who may sign on behalf of the Corporation:

- Project Officer
- Buyers
- Managers
- Directors
- Deputy Ministers
- Minister

Methods of Procurement

Credit Cards (not for travel)

Corporate credit cards have been established by the Purchasing and Contracts Services Department for convenience and for purchases where accounts cannot be established to accept purchase orders. Credit card purchases are typically for low value items (contact Purchasing for Credit Card procedures).

Requests for Quotations (RFQ)

Purchasing will issue an RFQ when the good or service required is well defined and is readily available. The value of the required goods or services authorized to be purchased in this manner is usually relatively low, (not more than \$25 000). The buyer alone may evaluate, make recommendations and award the business through a written purchase order/contract.

Requests for Proposals (RFP)

Purchasing will issue an RFP in situations where there is a general understanding of what is required and the supplier's expertise is needed to develop or perfect the desired end product or service based on information provided by the Nunavut user department. Purchasing will want to find the best solution or would like to explore available options. The RFP process allows for substantial flexibility and helps to ensure that all possible suppliers have an equal opportunity to satisfy our needs. Proposals are scored based on the criteria established by an evaluation committee.

Requests for Tender (RFT)

The RFT process is less flexible than the RFP process. Purchasing and Contract Support Services will issue an RFT outlining the exact specifications of the product or service. Price is usually one of the main criteria for the award.

Requests for Information (RFI)

Purchasing will issue an RFI when the user department has a requirement to go to the market and see what, if anything is available to satisfy a particular need. The RFI process will not result in a direct purchase but may lead to an RFP, RFT or an RFQ.

Expressions of Interest (EOI)

The Expression of Interest may be used as an early stage to a process that could lead to an RFP, RFT or RFQ. An Expression of Interest is similar to an RFI process in that it is exploratory. The EOI requests that interested vendors respond in writing to show their interest in providing a specific good or service that may result from an RFP, RFQ or RFT process. In some situations an RFI may be used as a method of short-listing or prequalifying vendors. Prequalified or short-listed vendors only are invited to respond to a subsequent RFP, RFQ or RFT process.

Supplier Negotiations

The role of Purchasing in the procurement situation is to coordinate the process, to ensure that the process is fair and open and that the best value is received for all expenditures. Purchasing is involved in initial negotiations in terms of price, delivery, payment terms and service issues. Purchasing must ensure that the procurement process is not compromised in any way. Purchasing should be involved when contacting potential suppliers, especially for new products or services. All negotiations must be conducted in the best interests of the Government of Nunavut. Negotiations should strive for a WIN:WIN outcome for both the user department and the supplier.

Vendor Relations

It is the Government of Nunavut's policy to maintain and practice the highest possible standards of business ethics, professional courtesy and competence in all of its acquisitions. In this regard, all vendors will be given courteous reception, fair and equal treatment and confidentiality with respect to the specifics of or proprietary information submitted quotations, proposals and tenders.

Advising Successful Vendors

As a result of a procurement exercise, all notifications to suppliers of a contract award must be communicated by the Purchasing representative.

Advising Unsuccessful Vendors

All unsuccessful vendors in an RFP or RFT process will be notified by purchasing, in writing, as quickly as possible following the award of the contract, or when it has been determined that the vendor will not be asked to continue in the process. Where requests for quotes and other less formal pricing are requested from potential vendors, notification to the unsuccessful vendors is at the discretion of the buyer. The onus is on the vendor to inquire as to the status of their quotation submission. Unsuccessful vendors may request a debriefing session with respect to their submissions. These sessions will concentrate on the strengths and weaknesses of only the individual vendor's submission. Contact Purchasing for more details.

Appeal Process

An unsuccessful tenderer or proponent who wishes to challenge an award of a tender or RFP must do so in writing within five (5) business days of the award announcement. The challenge must be directed to the Contracting Authority and copied to the Government of Nunavut NNI policy advisor. Detailed procedures are outlined in the NNI Section 18.0.

Sealift Procedures

Due to the nature of living in Northern Communities, Sealift shipments have become the lifeline for vital supplies. Many goods can not be shipped by air, even in the event of an emergency shipment. Many items can only be shipped via Sealift. Purchasing together with our Sealift-Logistics professionals will help you through the process and answer any questions.

Annually the Purchasing Department will publish the dates for Sealift destined to each community. It is important that these dates be used to manage and plan for goods to be purchased and delivered via Sealift. Adequate time must be allowed for the procurement and delivery process. The following activities/steps require processing time:

- Processing of the RSS's (Request for Supplies & Services);
- Tendering and contracting;
- Manufacturing where required;
- Land shipment to the marshaling company;
- Packaging and preparing the shipment.

Points to consider:

- It is easier to process and track orders when the RSS is destined for one location only.
- It is easier to process and track orders when the RSS includes goods from the same supplier.
- All tendering can be completed through purchasing
- Computers, electronics and live freight (meal worms) should not be shipped via sealift.
- Size or order, if the size of the freight order (two or three books) is very small, it should be shipped air freight and not sealift. The cost for crating and shipping small parcels is cost prohibitive.

These Policies and Procedures are outlined in great detail in the following documents (see shared folders):

1. FAM – Financial Administration Manual
2. Contract Procedure Manual
3. NNI Policy – Nunavummi Nangminiqagtunik Ikajuuti