

**QUESTION:**

**Reference: Observations and Recommendations, Significant deficiencies in contracting for construction and services, paragraph 59, Management's response.**

*"The Corporation had its contracting and purchasing practices reviewed by a consultant in 2004."*

- (a) Please provide a copy of the consultant's report.
- (b) Please provide a copy of the contracting policies and guidelines approved by the board of directors and the date of that approval.

**ANSWER:**

(a)

The consultant's report was prepared at the request of the Board of Directors and is confidential.


(b)

Please refer to Appendix McMahon-YEC-1-72b. The documents were prepared in November of 2004, and the Purchasing Policy was approved by the Board of Directors at the December 10, 2004 meeting.

Included in the Appendix are the following documents:

- HR-021, Human Resources Policy, November 2004
- GS-000, Goods & Services Guidelines (Definitions), November 2004
- GS-001, Goods & Services Guidelines (Purchase Agreement Signing Authority Guideline), November 2004
- GS-002, Goods & Services Guidelines (Purchase Order System Guideline), November 2004
- GS-003, Goods & Services Guidelines (Standing Purchase Order System Guideline), November 2004
- GS-004, Goods & Services Guidelines (Corporate Purchasing card Guideline), November 2004
- GS-005, Goods & Services Guidelines (Sole Source Guideline), November 2004

- GS-006, Goods & Services Guidelines (Competitive Bid Guideline), November 2004
- GS-007, Goods & Services Guidelines (Competitive Bid Threshold Guideline), November 2004
- GS-008, Goods & Services Guidelines (Contracts for Service Guideline), November 2004
- GS-009, Goods & Services Guidelines (Emergency Purchases Guideline), November 2004
- GS-010, Goods & Services Guidelines (Incoming Shipping Negotiation Guideline), November 2004
- GS-011, Goods & Services Guidelines (Purchasing Records Management Guideline), November 2004
- GS-012, Goods & Services Guidelines (Contractor's Invoice Approval Guideline), November 2004
- GS-013, Goods & Services Guidelines (Shipping Invoice Approval & Payment Guideline), November 2004

	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All		Corporate Services	Purchasing Policy
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>	
	November 2004		October 2007	
				<b>APPROVED BY:</b>
				_____ President & CEO

**1.00 Purpose**

1.01 To control, manage and provide guidance to the various departments in their efforts in the procurement of goods and services and to obtain optimum economic benefit for the corporation. This will be achieved through the promotion of ethical business practices, application of appropriate purchasing techniques and tools, and compliance with all applicable legislation.

These goals will be obtained by all employees following the Corporate Purchasing Guidelines, the Purchasing philosophy and mandate, important contracting mechanisms of Corporate Services and corporate wide purchase agreements (standing purchase orders, master agreements, etc.).

1.02 All procurement activities will be executed in a confidential and timely manner with all legal, safety and risk management issues addressed.

**2.00 Principles**

Corporate Services will adhere and work under the following principles:

- 2.01 Promote ethical business practices. This principle includes that Yukon Energy will promote accessibility and openness (as appropriate) to all of its supply and purchase requirements.
- 2.02 Promote favorable supplier and department relationships with the goal of long-term partnerships that achieve mutual long-term value to Yukon Energy and the supplier partner.
- 2.03 Promote competitive bidding practices while ensuring that Yukon vendors are provided an equal opportunity to offer their goods and services.
- 2.04 Promote and encourage the appropriate use of specific criteria and financial thresholds to determine the level of competition for price-driven contracts, value-driven contracts, supply and goods contracts and, in the event it is deemed necessary, to sole-source a contract.
- 2.05 Promote and ensure that evaluation criteria and standards used to evaluate bids and proposals are fully and clearly described in Requests for Bids or proposals, and that only those evaluation criteria are used to evaluate any bids or proposals received.

- 2.06 Promote standardization, where practical and safe, for the various supplies, goods and equipment of the corporation. Standardization will be pursued, where possible, to enable cost effectiveness through the volume amalgamation, and reduced support and maintenance costs.
- 2.07 Promote consistency of quality and added value in all purchases made on behalf of the corporation.
- 2.08 Promote single contact for the Purchasing function of the Corporation.

### **3.00 Policy**

The following policies will govern the activities of Corporate Services for the corporation:

- 3.01 Corporate Services solicits competitive bids and makes the final award for purchasing activity on behalf of the Corporation. All corporation employees and departments are consulted on a purchasing partnership basis, as required, before any awards are made.
- 3.02 Corporate Services can delegate purchasing authority when financial limits have been established, review procedures have been determined and those employees have been identified and trained to perform such minor and small purchases.
- 3.03 Corporate Services will make best efforts to purchase and/or contract for goods and services in the community in which they are used, to the extent that doing so reasonably conforms to the objectives of Yukon Energy's Corporate Purchasing Guidelines, and to the extent that their needs can be met by community-based businesses.
- 3.04 Corporate Services requests pricing, product and market information through one of the following methods:
  - a) sole source price solicitation
  - b) competitive bid solicitation
  - c) phone quotation
  - d) fax request for price quotation
  - e) formal public bid process
  - f) request for quotations – RFQ's
  - g) request for tenders – RFT's
  - h) request for proposals – RFP's
  - i) requests for information – RFI's
  - j) expression of interests – EOI's
  - k) invitation for response – IFR's

- 3.05 All pricing and supplier information received will be kept confidential except in the case of the formal public bid process where a bid opening is identified; in such cases, all bids received will be announced at the public tender opening.
- 3.06 All purchases are made on credit terms (wherever possible) using a variety of methods such as Purchase Order, Corporate Procurement Cards or Field Purchase Orders.
- 3.07 The Corporation will only honor purchases issued by Corporate Services or properly authorized delegated purchasing authorities.
- 3.08 a) The President & CEO may waive any provision of this policy when it would be in the best interest of Yukon Energy to do so.
- b) Directors may award sole source consulting contracts up to a maximum value of \$25,000.00. The President & CEO must approve all other sole source contracts. The criteria as set out in the Sole Source Guideline (GS-005) shall be adhered to.
- c) In all other cases, competitive bidding will be applied as follows:

<i>Purchase Value Threshold</i>	<i>Competitive Bid Application</i>
Up to \$5,000	Competitive bids <b>not</b> required; delegated purchasing/contracting authorities may enter into a minor works contract, Purchase Order, FPO or Corporate Procurement transaction.
\$5,001 to \$25,000	Competitive bids required – a minimum of two (2) phone supplier quotations are required.
\$25,001 to \$50,000	Competitive bids required – a minimum of three (3) written supplier quotations are required
\$50,001 to \$100,000	Competitive bids required – the Corporate Services develops an appropriate written bid to be released to at least three invited suppliers.
More than \$100,000	Competitive bids required – the Corporate Services develops an appropriate written bid to be released as a Public bid/tender where any number of suppliers can compete and where at least three must be invited by the corporation.

## ROLES & RESPONSIBILITIES

### Buyer:

The overall administration and performance of purchasing, bidding, tendering and contract awards and for their conformance to Yukon Energy's purchasing policies and guidelines.

- Oversees the procurement of goods and services;
- Develops and prepares contract documents such as: bids, tenders, addendums, evaluations, awards, contracts, amendments, etc.;
- Coordinates the evaluation of the bids in accordance with pre-established evaluation criteria. If necessary, arranges and coordinate supplier interviews and structures the process and evaluative selection methodology;
- Performs due diligence (i.e. pre-qualification, legal, safety and risk management);
- Awards, issues, receives and manages all Purchase Orders;
- Maintains and monitors the procurement card system;
- Receives and ships goods or forwards the shipment to the appropriate individual for receipt and acceptance;
- Ensures compliance with Corporate policies and guidelines;
- Develops, maintains and monitors vendor alliances;
- Coaches and guides employees and client departments; and
- Liaisons with the supplier community providing information and responding to their inquiries and requests for information.
- Oversees the pre-qualification process for contractor(s)/consultant(s);
- Responsible for records management of contract documents, pre-qualification documents and contractor(s)/consultant(s) database;
- Oversees the preparation of the purchase order spreadsheet and supporting documentation; and
- Maintains pre-qualified bidders list.

### Administrative Assistants:

- Assists Buyer in preparation and maintenance of all purchase/contract documents and records management;

### Requestor (Project Manager):

- Ensures that the proper approval for expenditure has been obtained prior to the work being contracted;
- Provides a detailed scope for work to be bid, tendered and/or contracted;
- Provides any technical drawings or specifications that will need to be adhered to in the performance of the work;
- Provides timetable for start and completion of the work;
- Provides evaluation criteria for selection of contractor/consultant (if required);

- Participates in the evaluation, supplier interviews or any other evaluative methodology used in determining the successful supplier; and
- Ensures that all supplier and cost information is kept confidential and not released to any other supplier, party or other employee where the information could be released.

**Buyer & Requestor will work in partnership to determine:**


1. What type of contract will be required. Determining factors include:
  - Amount of risk for labour contracts
  - Dollar value for material, goods or services
  - Type of service or contract being requested
2. What type of bid or format the information being requested will be sent out in? Options include:
  - Request for Quote
  - Request for Proposal
  - Request for Information
  - Request for Expression of Interest

Determining factors to select the best type of bid are:

- What is being requested (information or price);
  - How the information being requested will be used (estimating purposes, firm quote, etc.); and
  - Timeframe required to meet.
3. Determining factors to select if work will be sole sourced or competitively bid include:
    - The value of the purchaser requisition and/or project;
    - Specialty services;
    - Past experience & qualifications;
    - Regional support or remoteness of the community; and
    - Required delivery date, timeframe, and/or timetable.
  4. Name(s) and contact information of contractors/consultants, the work that is to be tendered and/or contracted to; and
  5. The successful supplier from the bids received. The partnership will have both the Buyer and Requestor evaluate the various bids jointly using the pre-determined criteria. Generally, the Buyer can evaluate the commercial terms and conditions of the various bids while the Requestor will undertake all technical aspects of the bid. The Buyer will coordinate all interviews for the evaluation committee if necessary and ensure that the evaluation criteria have been met in the process to determine the successful supplier.
  6. Negotiating new contracts.





	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Definitions	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	November 2004		October 2007		Director, Corporate Services	

## Definitions

**Best Value** Means overall best choice, as defined by the evaluation criteria (i.e. quality, availability, price, compatibility, qualifications, proposal process, innovation, etc.)

**Bid** An offer, as a price, whether for payment or acceptance. Usually a quotation submitted to the corporation in response to a request for bids to supply goods or services (buying) or to purchase assets at a specific price or price formula (selling), under stated terms and conditions.

**Bid Bond** An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event that a specific bidder, if their bid is accepted, fails to sign the contract as bid. See, Bid Deposit, Bid Security.

**Bid Call** An initiative to issue an invitation to bid/tender.

**Bid Close** The time indicated in the Bid/Tender document after which bids/tenders will not be accepted.

### **Bid Documents**

Forms, relating to bids/tenders. Examples of bids include: RFQ, Plans and Specifications, Terms and Conditions, Standard Contract Form.

**Bid Deposit** A sum of money or check, deposited with and at the request of the corporation, in order to guarantee that the bidder (depositor) will, if selected, sign the contract as bid. If the bidder does not sign the contract, they forfeit the amount of the deposit. See, Bid Bond, Bid Security.

### **Bid— Formal**

A bid/tender that is requested and responded to in writing and is extended by the use of Yukon Energy's standard bid documents.

### **Bid – Invitational**

A bid that is extended to a selected number of firms. May be Restricted (only those invited may bid) or Non Restricted (other firms may bid if they wish).

**Bid Security** A guarantee, in the form of a bond or deposit, that the bidder, if selected, will sign the contract as bid: otherwise, the bidder (in case of a deposit) or the bidder or their guarantor (in the case of a bond) will be liable for the amount of the bond or deposit. See Bid Bond: Bid Deposit.

***Bid Shopping***

The act of seeking if a supplier(s) can better an acceptable low bid (price) from a supplier on a commodity or service. The action allows other suppliers to provide a better priced bid or some other aspect that would better the lowest acceptable bid that the corporation received. Such action is unethical and if done under a competitive bid process is, in fact, an attempt at bid manipulation.

***Bidder*** A person, proprietorship, partnership or corporation who submits a proposal.

***Blanket Contract***

A purchase agreement or contract for one or more items based on an estimated amount (number) of units with a specified unit price per item over a specified period of time. The final value of the contract depends on the actual number of units required.

***Call for Bid*** The process of inviting the submission of a bid or bids for the purchase of goods and/or services. Bids may be invited from one or more sources.

***Construction*** Work to build, repair, renovate, restore, maintain or demolish a structure and includes the hiring of equipment and services necessary for that work.

***Consultant*** A person, proprietorship, partnership or corporation with qualifications, by education (credentials) or by experience, in scientific, technical, managerial, accounting or any other field that is required to perform specialized services.

***Contract*** A deliberate verbal or written agreement between two or more competent persons to purchase goods and or services and perform construction or services.

***Contracting Authority***

Any employee having authority to enter into a contract on behalf of Yukon Energy.

***Contractor*** Any person, proprietorship, partnership or corporation which contracts to perform work or supply goods or services in accordance with a contract of Yukon Energy.

***Delegated Purchasing Authority***

Any person which has been designated and approved to purchase goods or supplies within stated financial parameters by the Head of the Buying Unit at the corporate offices.

***Emergency*** A bona fide emergency” for purposes of this policy, include:

- A situation which may endanger the health and/or safety of any employee or member of the public; and/or
- A situation which may jeopardize Yukon Energy’s property and/or assets OR property and/or assets of members of the public.

### ***Emergency Purchase***

A purchase made without following the normal purchasing procedure in order to obtain goods or services quickly to meet an emergency.

### ***Evaluation Criteria***

Criteria against which all proposals are evaluated for purposes of determining which proposal(s) qualifies for best bidder's responsibility, responsiveness to requirements identified, and other listed criteria of the bid to the selection of the winning bid. Criteria may include any or all of the following:

- effectiveness of the proposed solution
- experience of the bidder
- qualifications of the bidder
- financial strength and capabilities of the bidder
- quality of the goods and or services offered
- cost of the bid
- suitability/compatibility of the bidder
- innovation offered by the proposal
- creativity offered by the proposal
- other criteria that may be identified as critical to obtaining best value for the corporation.

### ***Goods Contract***

A contract for the purchase of articles, commodities, equipment, materials or supplies other than services or real property.

### ***Letter of Acceptance***

A letter pursuant to a bid provided to the successful bidder, approved and signed by the Contract Authority, which indicates that the submitted bid has been accepted and that Yukon Energy will be issuing a legal binding contract to that bidder.

### ***Letter of Intent***

A letter indicating a preliminary contractual arrangement customarily used in situations where the items, quantities, price and delivery dates are known, but where the principal contract provisions require additional time-consuming negotiations. It is used to enter into an interim agreement, pending a definitive contract, so as to permit that start of construction, production, or delivery of the suppliers or materials

### ***Local Contractor***

A person, proprietorship, partnership or corporation whose main place of business is the community in which the work is to be performed.

***Lump Sum Price***

A price agreed upon between the supplier and purchaser for a group of items without breakdown of individual values: a lot price. In construction, "lump sum" means a fixed total price for the complete project, as specified. Further, the price is the total amount payable under the terms of a Contract and the total price will not decrease or increase except by the approval of a change to the work approved by the contracting authority.

***Pre-qualification***

A formal process undertaken either on a project specific basis or on a regular operational basis to determine potential suppliers (companies) that are considered sufficiently qualified to be able to bid, undertake and complete specific types of work (contracts) for Yukon Energy in a safe and competent manner. Such factors can include financial stability, financial capability, reputation, management expertise, competence, product quality, among a few.

***Price-Driven Contract***

A contract entered into as the result of a bid that has price as its' primary criteria (greater than 51%) of the award.

***Proposal***

A written form of bid or submission from a person, proprietorship, partnership or corporation in response to a Request for Proposals issued by Yukon Energy.

***Public Tender***

An invitation to Tender that is advertised publicly and to which any interested firm may submit a tender bid.

***Purchase Agreements***

Purchasing Agreements can be initiated by the Buying Unit of the Corporate Services Division or by an outside party, usually the supplier. Purchase agreements generated by the Buying Unit of the Corporate Services Division may include, without limitation, purchaser orders, blanket order, contracts, system contracts, standing offers, master agreements, direct purchase orders, letter of intent (for purchase), partnership agreements and other written purchase documents.

Purchase Agreements initiated by an outside party may cover the purchaser of materials, equipment, professional services, construction and lease/rental agreements.

***Quotation – (Informal)***

A statement of price, terms of sale and a description of goods or services offered by a vendor to Yukon Energy; a bid that is requested and responded to orally or in writing. When given in response to an inquiry, is usually considered an offer to sell.

***Request for Proposals (RFP)***

A written request for the submission of proposals from a number of bidders who have indicated interest in providing a proposal for goods, services or equipment services for a specific requirement or project.

***Scope*** The Technical Conditions and Specifications of a job; the overall requirements or deliverables of a specific project.

***Signing Authority***

Authority delegated to specific employees of Yukon Energy, empowering them to financially commit the Corporation to legally binding obligations, but which are limited by dollar amounts and may be limited to certain types of obligations. Exercising of an individual Signing Authority is typically limited to the area of the employee's functional role and responsibility, unless otherwise stated within their job responsibilities.

***Single Source Procurement (Single Sourcing)***

A method of purchase where the purchase is made from one single supplier or source (either through competitive or non-competitive means) even though other suppliers exist that can bid or supply the goods/materials or services. The single source strategy may reduce purchasing administrative costs by cutting down the number of individual transactions, obtain faster and more reliable delivery services and or obtain benefits from quantity pricing.

***Sole Source Procurement (Sole Sourcing)***

A method of purchase where there is only one source of supply for the requirements of the corporation. The award is done by a non-competitive means of bidding. This type of purchase is done because of the commodity's technological, specialized or unique character that only a sole supplier can provide.

***Standing offer agreement***

A method of purchase used to provide direct access to a pre-determined supplier for the supply of specific goods and/or services, on an as-required basis, for specific periods of time, at prearranged prices and delivery conditions.

***Subcontractor***

A person, proprietorship, partnership or corporation who contracts with a prime contractor of Yukon Energy to perform all or any part of the prime contractor's obligations in a particular prime contract.

***Supplier List***

A list of persons, proprietorships, partnerships and/or companies which have indicated their willingness to respond to requests for bids or proposals.

***Tender***

A document defining the minimum standards or specifications to be met by bidders and the requested terms and conditions of the contract so as to permit the evaluation of bids on the basis of price.


***Unit Price*** The price of a selected unit for a good or service (e.g. price per ton, labor hour, foot).

***Unsolicited Bid***

A bid which has been submitted without a specific request or an Invitation to Bid.

***Value-Driven Contract***

A contract entered into as the result of a Request for Proposal (RFP).

	DEPARTMENT:		INQUIRIES TO:		TOPIC:
	All		Corporate Services		Purchase Agreement Signing Authority Guideline
	2.1 ISSUED:	2.2 REVIEW DATE:		APPROVED BY:	
November 2004		October 2007		_____ President & CEO	

**1.00 Purpose**

1.01 To clearly identify, control and provide guidance so that Purchase Agreements are always signed/approved in accordance with the signing authority given to the various positions within the corporation.


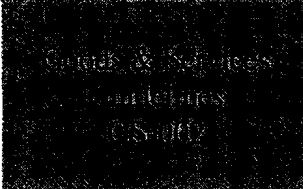
**2.00 "Purchase Agreement" Signing Authority Matrix**

2.01 All purchase agreements for the Yukon Energy Corporation are to be signed in accordance with the following signing authority matrix:

Required Approval	O & M Limit	Capital Limit
Board	Over \$500,000	Over \$1 million
President & CEO, 1 Officer and 1 Director	Up to \$500,000	Up to \$1 million
Director, Corporate Services	Up to \$250,000	Up to \$500,000
Director, Operations	Up to \$250,000	Up to \$500,000
Leadhand, SCC & Materials Management	Up to \$50,000	Up to \$100,000
Buyer	Up to \$50,000	Up to \$100,000

2.02 From time to time the Board may delegate signing authority for major purchase agreements, by resolution of the Board, to the President & CEO and/or Chief Financial Officer or Director of Corporate Services.

2.03 All leases and licenses or conditional Sale Agreements (i.e. lease to purchase – operating or capital), regardless of the amount, will require the signature of the Director Corporate Services and the Chief Financial Officer.

		<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>		
		All		Corporate Services		Purchase Order System Guideline		
		<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>		
		November 2004		October 2007		Director, Corporate Services		

## 1.00 Purpose

1.01 The purpose of a Purchase Order is to:

- Provide a basic instrument by which the buyer describes the item(s) purchased and the circumstances under which it is to be produced and delivered, as well as the legal consideration under which the contract is to be performed and paid for; and
- Identify the total dollar value authorized to be paid for the items identified to be purchased.

## 2.00 Ordering Procedure

The following is the procedure for ordering goods, services and equipment:

2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods, services and or equipment to be purchased. Any associated documentation (e.g. specifications, quotes, drawings, etc.) must be included with the Purchase Requisition. The Purchase Requisition must be properly authorized to initiate the procurement process and provide a valid charge code. This action enables the purchasing process to begin by Corporate Services. An appropriate purchase order or agreement will be generated after proper processing and review of the requisition has been made.

2.02 All purchase requisitions will be processed and subject to the competitive bid process except where sole source guidelines apply as determined by Corporate Services.

2.03 Corporate Services will issue a Purchase Order to the successful supplier on behalf of the Corporation (and requestor).

2.04 Any revisions/corrections to a Purchase Orders must be done by way of Change Order request. Corporate Services will issue all Change Orders.


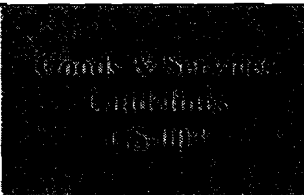
## 3.00 Signing Authority

3.01 All purchase requisitions or transactions are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

## 4.00 Purchase Document Retention

4.01 Corporate Services will retain all original documents, (including bids) complete with supporting documentation for a period of six years plus current year for audit purposes.



		DEPARTMENT:		INQUIRIES TO:	TOPIC:
		All		Corporate Services	Standing Purchase Order System Guideline
		ISSUED:		REVIEW DATE:	APPROVED BY:
		September 2004		August 2007	Director, Corporate Services

## 1.00 Purpose

- 1.01 The purpose of Standing Purchase Orders are to provide a procurement method for repetitively purchased, lower dollar value goods and services during a specified period (typically per calendar year or fiscal year).
- 1.02 Further, the Standing Purchase Order is a method of purchase used to provide direct access to a pre-determined supplier for the supply of specific goods and/or services, on an as-required basis, for specific periods of time, at prearranged prices and delivery conditions.

## 2.00 Procedure

The following is the procedure for implementing a Standing Purchase Order:

- 2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods and/or services to be purchased, and the estimated annual usage (both in quantity and estimated dollar amount).
- 2.02 All Purchase Requisitions requesting a Standing Purchase Order will be subject to the Sole Source and Competitive Bid Guidelines where appropriate to that particular potential purchase.
- 2.03 The award of Standing Purchase Orders will be made by Corporate Services, once proper processing and if necessary proper bidding procedures have been completed.
- 2.04 A Standing Purchase Order will normally be issued on a yearly basis and are subject to review (renewal or cancellation) annually coordinated by Corporate Services and with input from the user departments.
- 2.05 Any revisions/corrections to a Standing Purchase Orders must be done by way of Change Order request. Corporate Services will issue all Change Orders.

## 3.00 Signing Authority


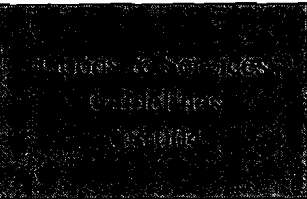
- 3.02 All Standing Purchase Orders and all associated acquisitions/ transactions are to be accessed only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

#### **4.00 Accessing Standing Purchase Orders by the Departments**

- 4.01 When an authorized employee needs to access or use a Standing Purchase Order, they can do so by completing either a Field Purchase Order or a Purchase Requisition which clearly references the appropriate Standing Purchase Order. This Standing Purchase Order number must clearly be affixed to the acquisition document so as to indicate the referenced SPO being used and hence exempts that request from any bidding or competitive bid processing.

#### **5.00 Standing Purchase Order Document Retention**

- 5.01 Corporate Services will retain all original documents, complete with supporting documentation for a period of six years plus current year for audit purposes.

		<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>		
		All		Corporate Services		Corporate Purchasing Card Guideline		
		<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>		
		November 2004		October 2007		Director, Corporate Services		

## 1.00 Purpose

- 1.01 The purpose of the Corporate Purchasing card system is to provide a convenient, cost-effective and efficient method of procuring and paying for lower dollar value goods by:
- Simplifying the procurement and payment process;
  - Reducing the use of small dollar purchase orders (FPO's);
  - Decreasing the use of petty cash in departments;
  - Reducing personal credit card reimbursement for goods and services;
  - Improving order cycle time;
  - Enabling both user and support areas to make more effective use of their resources;
  - Reducing paperwork; and
  - Expediting supplier payments.
- 1.02 Employees are encouraged to use Corporate Purchasing cards for the purchase of goods where it is efficient, economical and operationally feasible to do so and within stated parameters.

## 2.00 Procedure for Issuing Corporate Purchasing Cards

- 2.01 Requests for a Corporate Purchasing card are triggered via completion of the "Corporate Purchasing Card Authority" form by the requestor's immediate supervisor. The form shall be forwarded to Corporate Services for processing and retention.
- 2.02 Corporate Purchasing credit cards are issued and controlled through Corporate Services. Employees must sign an "Employee acknowledgement of Responsibilities and Obligations" form prior to a card being issued.
- 2.03 Card limits are set for each position in accordance with Yukon Energy's Signing Authority Policy.
- 2.04 Corporate Purchasing cards must be used only to make legitimate purchases for Yukon Energy within the limitations established for the card. Only the employee whose name appears on the card is authorized to use the card.
- 2.05 Timely processing – For accountability and efficiency purposes, it is important that all documents be processed in a timely fashion.

2.06 An "Expenditure Statutory Declaration" form must be completed for all lost receipt receipts.

### **3.00 Responsibilities**

3.01 Cardholders are responsible for:

- Signing the Employee Acknowledgement of Responsibilities and Obligations form;
- Following established procedures for the usage and safeguarding of the Corporate Purchasing card;
- Keeping adequate records of transactions for audit scrutiny;
- Matching receipts to monthly statements;
- Coding and signing monthly statements;
- Forwarding individual statements and receipts to your immediate supervisor for review and approval;
- Reporting loss or suspected fraudulent or misuse of the card immediately to the Finance Department and at 1-800-652-3888;
- Returning the Corporate Purchasing card prior to leaving Yukon Energy's employ.

3.02 Finance is responsible for:

- Monitoring compliance with established policies and procedures; and
- Auditing, processing and retention of receipts and supporting documentation.

3.03 Corporate Services is responsible for:

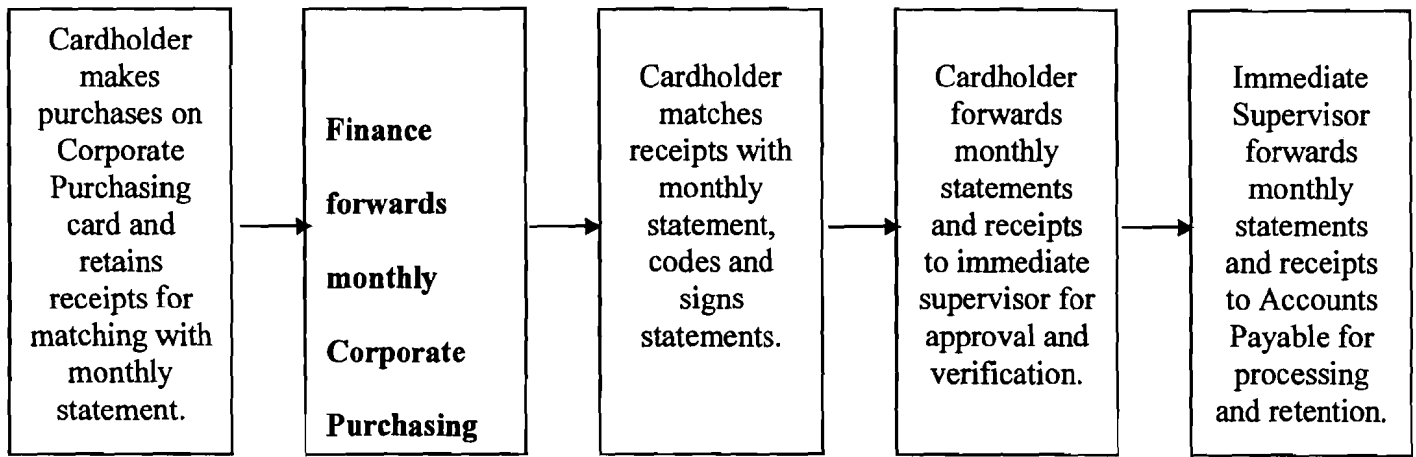
- Controlling, distributing and canceling Corporate Purchasing Cards;
- Monitoring compliance with established policies and procedures;
- Analyzing purchases;

### **4.00 Restricted items**

- a) Cash advances;
- b) Personal purchases;
- c) Goods stocked in Yukon Energy's warehouse;
- d) \*\*Meals;
- e) Services;
- f) \*\*Airline tickets;
- g) \*\*Tuition and professional fees;
- h) Charges incurred by independent contractors;
- i) Capital budget purchases;
- j) Furniture purchase;
- k) Goods and materials covered by master agreements or standing purchase orders.


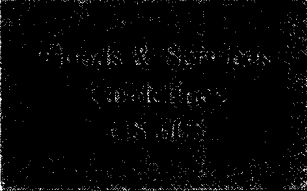
\*\*Senior Management may waive any provisions of this guideline when it is in the best interest of Yukon Energy to do so.

### 5.00 Process Flowchart



### 6.00 Cancellation of Corporate Purchasing Card

6.01 Any breach of this guideline can result in the cancellation of the cardholder's corporate purchasing card.

		DEPARTMENT:	INQUIRIES TO:	TOPIC:
		All	Corporate Services	Sole Source Guideline
		ISSUED:	REVIEW DATE:	APPROVED BY:
		November 2004	October 2007	Director, Corporate Services

**1.00 Purpose**

1.01 The purpose of the Sole Source Guideline is to identify and provide guidelines and justification to support foregoing the competitive bid process and proceeding directly to acquisition by means of a single or sole source purchasing process.

**2.00 Sole Source Procedure**

The following procedure outlines the steps involved in initiating a purchase involving a Sole Source request:

- 2.01 A Sole Source Bid request is required for all single or sole source purchases.
- 2.02 Identify single or sole source of supply.
- 2.03 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods and services to be purchased, and the estimated purchase price. The Purchase Requisition is the authorization to initiate the procurement process.
- 2.04 Submit a completed Sole Source Bid request to Corporate Services (include with the Purchase Requisition) clearly stating the reasons for single or sole source acquisition.
- 2.05 All exception requests will be reviewed and evaluated by Corporate Services and where applicable, the Director of the Department and or the President & CEO.
- 2.06 If the Sole Source Bid request is approved, Corporate Services will proceed with the acquisition of the goods and services from the single or sole source of supply. Corporate Services will finalize all bids and or negotiations.
- 2.07 Any revisions/corrections to a Sole Source contract must be done by way of Change Order request. Corporate Services will issue all Change Orders.

**3.00 Sole Source**

- 3.01 A sole source purchase may be requested if the following conditions are identified:
  - Only one supplier is available; or
  - Only one supplier is capable of undertaking the work; or
  - The work is of a proprietary nature and only one supplier can do the work; or

- The work to be undertaken is an emergency; or
- For purposes of regional support, the purchase will be awarded to a specific supplier; or
- The President & CEO authorizes that work be given to a specific company with written justification.

3.01 For any sole source award the purchasing unit must complete and have approved a “Sole Source Request” form.


3.02 Directors may award sole source consulting contracts up to a maximum value of \$25,000.00. The President & CEO must approve all other sole source contracts. The criteria as set out in this guideline shall be adhered to.

#### **4.00 Signing Authority**

4.01 All sole source purchase transactions are to be requested only by authorized employees in accordance with Yukon Energy’s Signing Authority Policy.

#### **5.00 Document Retention**

5.01 Corporate Services will retain all original documents (including sole source requests, bids or quotes), complete with supporting documentation for a period of six years plus current year for audit purposes.

	DEPARTMENT:      INQUIRIES TO:      TOPIC:		
	All	Corporate Services	Competitive Bid Guideline

**1.00 Purpose**

1.01 Yukon Energy is committed to a fair and transparent procurement/purchasing process for all goods, services and equipment. All purchases are subject to the competitive bid thresholds of the Yukon Energy's Competitive Bid guideline. In addition, proposed purchases below the thresholds may be subject to a competitive bid process at the discretion of Corporate Services, in consultation with the requestor.

**2.00 Competitive Bidding Procedure**

2.01 Energy has clearly defined methods (Request for Bid, Request for Proposal, etc.) of soliciting competitive bids from Vendors based on the dollar value and complexity of the proposed purchase. The following is the procedure for initiating a Request for Bid (RFB) or Request for Proposal (RFP) process.

2.02 Requesting Department submits a completed Purchase Requisition to Corporate Services clearly indicating the goods, services and or equipment to be purchased, and the estimated purchase price. The Purchase Requisition is to be properly authorized to initiate the procurement process.

2.03 Requesting Department to identify potential sources of supply (if known). Corporate Services may add other potential sources of supply that have complied with and have been accepted on the corporation's supplier list.

2.04 Requesting Department and Corporate Services to establish evaluation criteria and weighting (if other than price) which will be used to evaluate proposal submissions (RFB and other major bid packages only).

2.05 Corporate Services will develop and prepare the Request For Bid documents for release.

2.06 Open Requests for Bids will be posted on Yukon Energy's electronic website for the Vendor community at large.

2.07 Bidders are to be given a reasonable period of time (based on the size, complexity and urgency of the proposed purchase) to provide a response to the RFB.



- 2.08 Once the RFB closes, the buyer reviews all bids/proposals received to ensure commercial compliance and compliance with the mandatory requirements of the bid document.
- 2.09 Corporate Services will prepare evaluation score sheets (matrix) for all individuals evaluating the responses (RFB only). This score sheet is prepared by using the evaluation criteria and their given weight or ranking. Those individuals must provide a completed evaluation score sheet with their signature affixed in order to have a valid submission to be included in the overall evaluation.
- 2.10 Corporate Services forwards the received bids to the requestor for review. If evaluation criteria are being used, all bids must be evaluated as per the stated criteria. Individuals who will review the bids must keep all information and pricing confidential and handle the bids in such a manner as not to disclose any information to a competing bidder or the supplier community.
- 2.11 If a bid is of such a highly competitive or strategic nature to the corporation, the bids can be held in the offices of Corporate Services. All bid reviews will be conducted at their premises, to ensure proper handling of sensitive information and the release of information in an orderly and diligent manner.
- 2.12 An evaluation committee of at least three employees, consisting of the Buyer or designate, the Project Lead and one other employee, shall evaluate all bids where evaluation criteria are to be used other than solely price.
- 2.13 The evaluators must document the methodology for awarding/deducting points prior to the review of the bids, and use this methodology consistently in evaluating all responses received.
- 2.14 An evaluation summary document must be created for each bid clearly showing the point scores awarded, and the reasons for the allocation of said points.
- 2.15 Should the procurement method use a public bid with a public opening, only the following information will be released:
- Name and address of the bidder;
  - If required, whether bid security has been included and the form of that security;
  - The tendered price;
  - Amendments to the tendered price; and
  - The net price, which is the combination of the tendered price and any amendments. This should be calculated immediately at the opening before the next tender is opened.

- 2.16 Based solely on the evaluation criteria, the successful bidder is identified. All documentation is to be returned to Corporate Services and should clearly indicate the recommended Bidder as well as the items to be purchased.
- 2.17 Corporate Services notifies the successful Bidder and issues the Contract and/or Purchase Order.
- 2.18 No goods and services are to be provided to Yukon Energy until a fully executed Contract and/or Purchase Order is in place and appropriately authorized.
- 2.19 Any revisions/corrections to Contracts and/or Purchase Orders must be done by way of Change Order request issued by Corporate Services.

### **3.00 Bid Security Requirements**

- 3.01 Any purchase requisition that has a total estimated value over \$250,000 shall be reviewed as to whether a bid security is required and if not required, justification provided as to that decision.
- 3.02 A bid submitted without proper Bid Security when Bid Security was requested by the Corporation shall be disqualified.
- 3.03 a) In circumstances where a purchase requisition has an estimated value of \$250,000 or more for construction and or building requirements, and bid security requirements were requested within the Bid document, contract security in the form of a bid bond (deposits), a certified cheque (in the amount identified in the Bid document), performance bond and/or a labour and materials payment bond may be required.
- b) Because the costs associated with bonds may outweigh the advantages, Corporate Services should use their discretion as to whether or not they should be required. If performance bonds are required, the performance and the labour and materials payment bond shall be in effect until 12 months after the certificate of final completion.
- c) If in the opinion of Corporate Services, the project can be best served and competitiveness can be enhanced, certified cheques can be requested in lieu of a bid bond for the purpose of bid security.
- 3.04 No payment shall be made on a contract where surety is required until the requested form of surety has been furnished.

### **4.00 Pre-Qualified Bidders List**

- 4.01 Yukon Energy may maintain a list of pre-qualified bidders (businesses) that are available and have been deemed qualified and capable of bidding on the Corporation's needs that require specific capabilities and qualifications.
- 4.02 This list can be maintained on a specific discipline or expertise basis in anticipation and consideration of probable future requirements or projects. The pre-qualified list should be regularly updated in order to ensure that best efforts are made to ensure those companies are included that have reasonable ability and capability in their respective work discipline and/or area of expertise.
- 4.03 Yukon Energy will publicly advertise and continually promote that potential bidders or businesses submit their qualifications for consideration to be placed on the corporation's qualified bidder's lists.
- 4.04 An appropriate amount of qualified bidders will be invited to submit bids or proposals for the specific requirements or services for which they were pre-qualified.

**5.00 Master Service Agreements or Standing Purchase Orders**

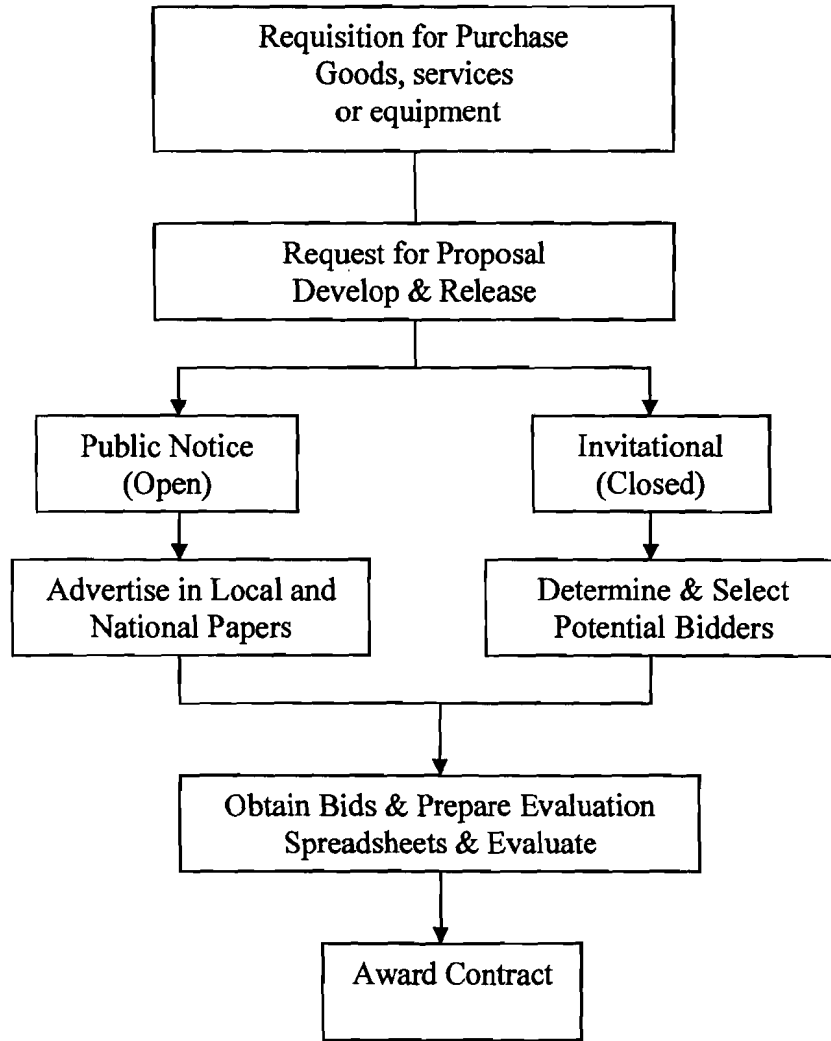
- 5.01 When Yukon Energy has requirements that would result in bidding frequently for the same type of goods or services, Yukon Energy may enter into a Master Service Agreement or a Standing Purchase Order with a specific company to obtain best value based on the approximate total volume (or requirements) of the Corporation.
- 5.02 A Master Service Agreement or a Standing Purchase Order shall only be awarded as a result of a competitive bid process undertaken by Corporate Services and approved by the Director of Corporate Services or President, when appropriate.
- 5.03 A Master Service Agreement and a Standing Purchase Order may be possible if:
- Yukon Energy is purchasing a large number of units of goods or services over time and the total volume of purchases is relatively predictable and consistent over time;
  - The specification of each unit varies very little from unit to unit;
  - There are other value add services or elements that could be achieved by a long-term agreement; and
  - It is possible to enter into a long-term agreement – usually three to five years.


**6.00 Signing Authority**

- 6.01 All purchase transactions are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

**7.00 Document Retention**

7.01 Corporate Services will retain all original documents (including bids), complete with supporting documentation for a period of six years plus current year for audit purposes.



	DEPARTMENT:	INQUIRIES TO:	TOPIC:
	All	Corporate Services	Competitive Bid Threshold Guideline
	2.1 ISSUED:	2.2 REVIEW DATE:	APPROVED BY:
	November 2004	October 2007	Director, Corporate Services

**1.00 Purpose**


1.01 To clearly identify and provide guidance to the various departments of the corporation in determining when competitive bids are required and the financial thresholds that determine the use of various competitive bids and or tenders.

**2.00 Competitive Bid Thresholds**

2.01 Competitive Bid Thresholds are provided to identify when certain competitive bids should be used in the procurement of goods, services and equipment for the Corporation.

<i>Purchase Value Threshold</i>	<i>Competitive Bid Application</i>
Up to \$5,000	Competitive bids <b>not</b> required; delegated purchasing/contracting authorities may enter into a minor works contract, Purchase Order, FPO or Corporate Procurement transaction.
\$5,001 to \$25,000	Competitive bids required – a minimum of two (2) phone supplier quotations are required.
\$25,001 to \$50,000	Competitive bids required – a minimum of three (3) written supplier quotations are required
\$50,001 to \$100,000	Competitive bids required – the Corporate Services develops an appropriate written bid to be released to at least three invited suppliers.
More than \$100,000	Competitive bids required – the Corporate Services develops an appropriate written bid to be released as a Public bid/tender where any number of suppliers can compete and where at least three must be invited by the corporation.

2.02 The President & CEO may waive any provision of this guideline when it would be in the best interest of Yukon Energy to do so.

	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All		Corporate Services	Contracts for Service Guideline
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>	
	November 2004		October 2007	
				<b>APPROVED BY:</b>
				Director, Corporate Services

**1.00 Purpose**

1.01 Contracts for Service are required to ensure that the successful Contractor/Consultant:

- Is informed of its obligations including the services to be provided; and/or
- Is provided the scope of work or work requirements of the corporation; and/or
- Is provided the schedule for services; and/or
- Provides requested WCB coverage; and
- Provides the required, insurance coverage and certificate of insurance documents; and
- Complies with the intellectual property and copyright requirements; and
- Complies with other terms and conditions of the contract including cancellation.

**2.00 Contracts for Service Procedure**

The following is the procedure for implementing a Contract for Service and/or Purchase Order for services:


- 2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the nature of the services to be provided, along with any pertinent terms and conditions for the provision of service. The Purchase Requisition is the authorization to initiate the procurement process; develop appropriate bid documents and it enables a Purchase Order or Contract to be generated.
- 2.02 When initiating a request for a Contract for Services, the requisition must clearly define the scope of work, the term of project and an estimated value for the work which will be completed and attached as an Appendix to a purchase requisition. Once a Contract for Services document has been issued, it cannot be amended or changed without approval from Corporate Services.
- 2.03 A fully executed Contract for Services must be in place prior to commencement of any work or services. To be considered fully executed, the agreement must be signed by an authorized representative in Corporate Services, an authorized representative for Yukon Energy and the Contractor.
- 2.04 Any revisions/corrections to Contracts for Services must be done by way of Change Order request issued by Corporate Services.

**3.00 Contracts for Service Signing Authority**

3.01 All Contracts for Services transactions are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

**4.00 Document Retention**

4.01 Corporate Services will retain all original documents, including bids complete with supporting documentation for a period of six years plus current year for audit purposes.

	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All		Corporate Services	Emergency Purchases Guideline
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>	
	November 2004		October 2007	
				<b>APPROVED BY:</b>
				Director, Corporate Services

## 1.00 Purpose

- 1.01 Situations arise whereby an exception to Yukon Energy's Purchasing Policy and related Guidelines may be required. Emergency purchases represent one of these potential situations. Typically, emergency purchases result when an unforeseeable situation or urgency exists. Failure to anticipate a need or lack of planning is not of itself considered a bona fide emergency. Proper planning will eliminate most "emergency" purchases.

## 2.00 Emergency Purchase Procedure


The following is the procedure for requesting an emergency purchase:

- 2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods and services to be purchased. Any associated documents (e.g. Vendor quote, drawings, etc.) must be included with the Purchase Requisition. The Purchase Requisition is the authorization to initiate the procurement process; it enables a Purchase Order and/or Contract to be generated.
- 2.02 Clearly mark "Emergency Purchase" on the Purchase Requisition and state the nature of the emergency to qualify for processing under the guidelines.
- 2.03 Proposed emergency purchases will be processed in the most expeditious manner to secure the goods or services in a timely manner to satisfy the emergency situation. The appropriate processing action will be taken by Corporate Services and can include Sole Sourcing the request. The authorized employee will need to complete the Request for Sole Source. Any Purchase Order for an emergency will require Corporate Services approval prior to placing the order with the supplier.
- 2.04 Corporate Services will issue a Purchase Order and/or Contract to the Supplier.
- 2.05 Any revisions/corrections to an Emergency Purchase must be done by way of Change Order request. Corporate Services will issue all Change Orders.
- ## 3.00 Emergency Purchase Signing Authority
- 3.01 All emergency purchase transactions are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.



**4.00 Document Retention**

4.01 Corporate Services will retain all original documents, including bids complete with supporting documentation for a period of six years plus current year for audit purposes.

	<b>DEPARTMENT:</b>			<b>INQUIRIES TO:</b>			<b>TOPIC:</b>		
	All			Corporate Services			Incoming Shipping Negotiation Guideline		
	<b>ISSUED:</b>			<b>REVIEW DATE:</b>			<b>APPROVED BY:</b>		
	November 2004			October 2007			Director, Corporate Services		

## 1.00 Purpose

1.01 To ensure incoming material requirements are shipped in the most cost effective manner.

## 2.00 Procedure

The following is the procedure for securing the most economic and safe shipping service for incoming shipments.

2.01 Shipping instructions should be done in conjunction with establishing the F.O.B. point. Corporate Services should clearly define the routing and mode of transportation, if the corporation is to pay the freight charges or have ownership of the goods in transit. Terms such as 'Best Way' and 'Fastest Way' are too ambiguous and indefinite and provide no control or means of tracing shipments and are to be avoided.


2.02 If the corporation will bear the shipping costs and ownership of goods in transit, the following factors need to be considered in determining the best mode of transportation, selection of carrier and in establishing the routing of the shipment:

- a) In determining a routing, the first step is to determine the type of transportation service which will best meet the delivery requirements. This can include air, truck, water or a combination of these modes.
- b) Next, a review of the shipment needs to be made in terms of:
  - The required delivery date and the type of service that best meets those transit time requirements;
  - Size of the shipment;
  - Susceptibility of the commodity to damage;
  - Cost of the transit service;
  - Carrier accessorial services; and
  - Selection of adequate and safe equipment – special equipment is often needed for shipments of excessive height, width, length or weight measurements.
- c) The third step is to select a specific carrier or carriers via which the shipment is to be routed within the mode of transportation chosen. The factors to consider are:
  - Financial condition of the carrier;
  - Quality of service;
  - Service at supplier's point of shipment;

- Dependability;
- Over-the-road service;
- Tracing and expediting shipments;
- Loss and damage claims;
- Overcharge claims;
- Insurance capabilities; and
- Miscellaneous services – i.e. handling complaints, remittance of COD's, rate notifications, document handling.

d) Lastly, after the routing and carrier decisions have been made and shipments are moving, a periodic check of the service should be made.

- 2.03 All shippers will be requested to provide a 'Bill of Lading' with the shipment clearly identifying the carrier, a description of the goods and the carrier and the terms for the freight charges.
- 2.04 For incoming shipments originating from outside Canada, all shippers are to be instructed to provide information to the Corporation's Custom Broker in order for them to prepare certified invoices for customs clearance. Certified customs invoices in triplicate are required for goods shipped from outside Canada.
- 2.05 If the shipment and delivery of the goods, services and or equipment are considered to be critical or an integral element of the purchase, Corporate Services will negotiate the element of critical delivery as part of the purchase transaction in order to protect the Corporation.
- 2.06 Yukon Energy reserves the right to cancel the order if goods are not shipped within the period specified, at no cost to the purchaser. (This must be clearly stated on the PO and must be accepted in writing by the supplier to be enforceable and without penalty to Yukon Energy).

	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Purchasing Records Management Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	November 2004		October 2007		Director, Corporate Services	

## 1.00 Purpose

- 1.01 The purpose of this Records Management Guideline is to establish systematic and planned process for the management of procurement of goods and services records.
- 1.02 Such systems are required to ensure from the moment a record is created until its ultimate disposal that Yukon Energy can control both the quality and quantity of information it generates; can maintain that information in a manner that effectively services its needs, and those of its stakeholders; and it can dispose of the information efficiently when it is no longer required.
- 1.03 Records are a valuable resource because of the information they contain. That information is only useable if it is correctly and legibly recorded in the first place, is regularly updated, and is easily accessible when it is needed.

## 2.00 General Principles

- 2.01 Good record keeping ensures that:
- Work can be undertaken with maximum efficiency without having to waste time hunting for information.
  - There is an “audit trail” which enables any record entry to be traced to a named individual of a given date/time with the secure knowledge that all alterations can be similarly traced.
  - Those accessing the record can see what has been done, or not done, and why.
  - Any decisions made can be justified or reconsidered at a later date.
- 2.02 Records need to be legible, timely, accurate and complete.


## 3.00 Procedure

- 3.01 Documentation needs to be retained for audit purposes, possible litigation and corporate history should at a minimum include:
- a) Contract specific reference number;
  - b) Purchase Requisition;
  - c) Names of the parties involved;
  - d) Project Lead name, position and contact details (both email and phone);
  - e) Description of the goods and / or services provided;
  - f) Known or estimated dollar value;
  - g) Requests for quotations or competitive pricing information;

- h) Request for Proposals or Invitation to Tender;
- i) Invitation list;
- j) Contract tenders or proposals;
- k) Proposal evaluations;
- l) Minutes of meetings;
- m) Contract amendments or change orders;
- n) Period of the contract, including review and extension options;
- o) Date of commencement of the contract;
- p) WCB coverage documentation;
- q) Insurance coverage documentation;
- r) Award Letter, purchase orders or contracts;
- s) Letters of termination or extension;
- t) Evaluation criteria and methodology for review;
- u) Evaluation scoring sheets and review comments;
- v) Successful bid(s) or tender/s;
- w) The signed contract including terms, conditions, intellectual property rights, memoranda of understanding, letters of intent or acceptance;
- x) Contract/Purchase File Summary Sheet;
- y) Performance review outcomes and minutes of vendor meetings;
- z) Lodged complaints and corrective action taken if any;
- aa) Related correspondence; and
- bb) Completed and up-to-date log sheet.

#### **4.00 Document Retention**

- 4.01 Corporate Services will retain all original documents, complete with supporting documentation for a period of six years plus current year for audit purposes.

	(Contract & Services) (Approval) (CS-012)	DEPARTMENT:	INQUIRIES TO:	TOPIC:
		All	Corporate Services	Contractor's Invoice Approval Guideline
		ISSUED:	REVIEW DATE:	APPROVED BY:
		November 2004	October 2007	Director, Corporate Services

## 1.00 Purpose

1.01 The process for approving contractor invoices or 'signing off' a contractor's invoice requires the attention, diligence and cooperation of three areas:

- Owner's Designate (Owner Department)
- Corporate Services
- Accounts Payable

## 2.00 Responsibilities

2.01 **Owner's Designate** is responsible for ensuring that that the work being billed for has in fact been completed and to the satisfaction of the owner department.

- Audit invoice and verify that the scope of work or deliverables invoiced for is identified within the contract;
- Attach all back-up documentation;
- Approve or disapprove the invoice;
- Verify the coding is correct;
- Affix authorized signatory to invoice confirming goods and/or services have been completed to the satisfaction as identified within the scope of the contract; and
- Once the invoice is signed, forward the invoice to the Corporate Services for their review, recording and approval.

2.02 **Corporate Services** is responsible for ensuring that the commercial terms and conditions of the contract have been adhered to and to track the progress of the contract in terms of the financial encumbrance and the release of funds through the approval process.

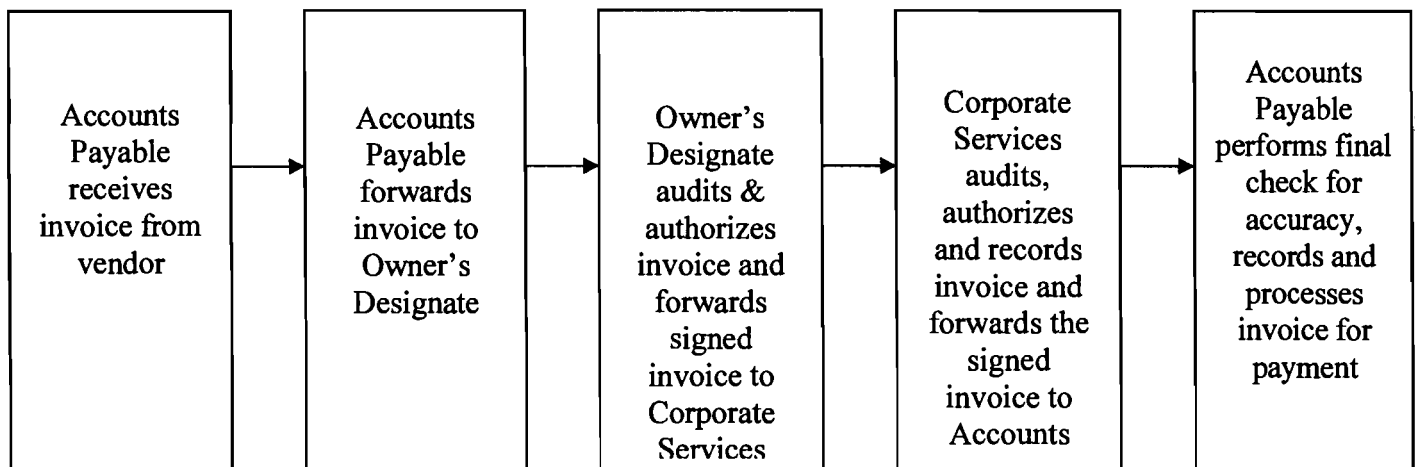
- Verify that the Owner's Designate has authorized the invoice within their financial authority. If that signature is absent, the invoice should be returned to the owner's designate to initiate the approval for payment or 'signing off' of contractor invoices;
- Verify that the contractor, as requested within the contract, has satisfied all regulatory and statutory obligations. (e.g. insurance, WCB, guarantees, warranties, etc.);
- Audit invoice and verify that the invoice has correct pricing, proper contract number identification on the invoice (properly cross referenced), the invoice is according to any specified billing schedule and any other commercial terms and conditions that need to be satisfied by the contractor;
- Verify that the invoice has not already been paid;
- Verify there are sufficient funds remaining on the contract and that the contract is valid;
- Record invoices accordingly (files, logs, etc); and


- When the invoice has met the criteria for signature, the invoice should be signed and forwarded to Accounts Payable for processing for payment.

2.03 **Accounts Payable** is responsible for ensuring that there are two authorized signatures and that they have the accountability for the level of expenditure as per FA-004 Signing Authority Guidelines.

- Forward invoice to Owner’s Designate for approval or disapproval;
- Upon return of the invoice from the Contracting Designate, verify that there are two authorized signatures on the invoice (Owner’s Designate & Corporate Services). If any invoice fails to have two authorized signatures (owner’s & Corporate Services), accounts payable should return the invoice to the area(s) requiring a signature.
- When accounts payable receives an invoice with two correct signatures, this is notification and satisfies Accounts Payable’s requirement for due diligence and they may proceed to make payment.
- Accounts Payable to perform final check for accuracy, record and process invoice for payment.

### 3.00 Process Flowchart



		DEPARTMENT:	INQUIRIES TO:	TOPIC:
		All	Corporate Services	Shipping Invoice Approval & Payment Guideline
		ISSUED:	REVIEW DATE:	APPROVED BY:
		November 2004	October 2007	Director, Corporate Services

**1.00 Purpose**

1.01 The process for approving and processing payment for shipping invoices requires the attention, diligence and cooperation of all relevant parties.

**2.00 Procedure**

The following is the procedure for the payment of incoming shipping invoices:

2.01 Payment of incoming shipping invoices, covering items actually shipped to the Corporation will be made provided;

- the terms of the purchase order have been fulfilled, if shipping is stated as a critical item of importance on the face of the purchase order (agreement).
- upon receipt of the supplier's invoice and corresponding bill of lading, (i.e. proof of shipment).

2.02 Any claims, which are the supplier's responsibility, will be subject of adjustment after goods have arrived at the point of final destination.

2.03 Freight or transportation invoices covering shipments by any mode of transportation must be supported by a corresponding Bill of Lading from the shipper.

2.04 Freight invoices which relate to a Purchase Order or Contract will be paid according to the negotiated freight terms and FOB point as stated on the purchase document. Exceptions to that stated on the Purchase Order or Contract are to be referred to the Purchasing Unit for further handling and action.


2.05 Only those specific shipping costs identified on the Purchase Order or Contract will be paid. No other costs will be paid without the specific approval from Corporate Services.

2.06 All incoming international shipments (outside of Canada) must be supported by certified Customs Invoices prepared by Yukon Energy's custom brokers (Summit Customs).

2.07 Supplier invoices which include items relating to shipping charges beyond the agreed to terms stated by the FOB point, must be forwarded to Corporate Services for investigation and if necessary approval.



- 2.08 Shipping invoices which identify boxing or packing charges will not be paid, unless stated on the corresponding Purchase Order/Agreement.
- 2.09 Prior to payment of a shipping invoice, efforts must ensure there is compliance with all terms, conditions and special requirements outlined on the Purchase Order/Agreement. Any invoice with a variation from the shipping invoice to the purchase document should be forwarded to Corporate Services for further investigation and action.
- 2.10 When a shipping invoice is based on the supplier's compliance with stated shipping instructions on the purchase order and a delivery promise forms part of the purchase agreement (order), then any shipping or other expenses incurred by non compliance will be charged to the supplier's account. In such cases, this shipping invoice should be forwarded to Corporate Services for further investigation and resolution.

 <b>YUKON ENERGY</b> <b>HUMAN RESOURCES POLICY</b> <b>HR-021</b>	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Purchasing Policy
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
March 2006	February 2009	_____ President & CEO	

### 1.00 Purpose

- 1.01 To control, manage and provide guidance to the various departments in the procurement of goods and services and to obtain optimum economic benefit for the corporation. These goals will be achieved through the promotion of ethical business practices, application of appropriate purchasing guidelines and compliance with all applicable legislation.
- 1.02 All purchasing activities will be executed in a confidential and timely manner with all legal, safety and risk management issues addressed.

### 2.00 Principles

- 2.01 To promote ethical business practices, accessibility and openness (as appropriate) throughout the purchasing process.
- 2.02 To promote favorable vendor and department relationships with the goal of long-term partnerships that achieves mutual long-term value.
- 2.03 To promote competitive bidding practices, when possible, while ensuring that vendors are provided an equal opportunity to offer their goods and services.
- 2.04 To promote and encourage the appropriate use of specific criteria and financial thresholds to determine the level of competition for the supply of goods and services. Under certain circumstances, non-competitive purchases may be justified.
- 2.05 To promote and ensure that evaluation criteria and standards used to evaluate bids and proposals are fully and clearly described in "Request" documents, and that only those evaluation criteria are used to evaluate any bids or proposals received.
- 2.06 To promote standardization where possible, to enable cost effectiveness through the volume amalgamation, and reduced support and maintenance costs.
- 2.07 To promote consistency of quality and added value in all purchases.

### 3.00 Policy

- 3.01 Corporate Services solicits competitive bids and makes the final award for purchases. All requestors are consulted on a purchasing partnership basis, as required, before any awards are made.

- 3.03 Corporate Services will make best efforts to purchase and/or contract for goods and services in the community in which they are used, to the extent that doing so reasonably conforms to the objectives of Yukon Energy's Corporate Purchasing Guidelines, and to the extent that their needs can be met by community-based businesses.
- 3.04 Corporate Services requests pricing, product and market information through various "Request" documents.
- 3.05 All pricing and vendor information received will be kept confidential unless specified in the bid and in the case of the formal public bid process.
- 3.06 All purchases are made on credit terms (wherever possible) using a variety of methods such as: Contracts, Purchase Orders, Corporate Purchasing Cards, Local Purchase Orders, Standing Agreements, etc.
- 3.07 The Corporation will only honor purchases issued by Corporate Services or properly authorized delegated purchasing authorities.
- 3.08 a) The President & CEO may waive any provision of this policy when it would be in the best interest of Yukon Energy to do so.
- b) Directors may award non-competitive contracts up to a maximum value of \$25,000.00. The President & CEO must approve all other non-competitive contracts. The criteria as set out in the Non-Competitive Purchases Guideline (GS-010) shall be adhered to.
- c) In all other cases, competitive bidding will be applied as follows:

<i>Purchase Value Threshold</i>	<i>Competitive Bid Application</i>
Up to \$5,000	Competitive bids <b>not</b> required; delegated purchasing/contracting authorities may enter into a Purchasing Agreement (minor works contract, Consulting Contract, Purchase Order, LPO, VISA, Standing Agreement, etc.)
\$5,001 to \$25,000	Competitive bids required – a minimum of two (2) phone vendor quotations are required.
\$25,001 to \$50,000	Competitive bids required – a minimum of three (3) written vendor quotations are required
\$50,001 to \$100,000	Competitive bids required – Corporate Services solicits bids from a minimum of three vendors.
More than \$100,000	Competitive bids required – Corporate Services releases a Public bid where any number of vendors can compete. A minimum of three vendors must be invited.

## **4.00 Roles & Responsibilities**

### **4.01 Corporate Services:**

Corporate Services has the responsibility for the overall administration and performance of purchasing, bidding, tendering and contract awards and ensures adherence to Yukon Energy's purchasing policies and guidelines.


- Ensures that all vendor and cost information is kept confidential and not released to any other vendor, party or other employee unless specified in the bid;
- Oversees the procurement of goods and services;
- Develops and prepares purchasing documents such as: bids, tenders, addendums, evaluations, awards, contracts, amendments, etc.;
- Coordinates the evaluation of the bids in accordance with pre-established evaluation criteria. If necessary, arranges and coordinates vendor interviews and structures the process and evaluative selection methodology;
- Performs due diligence (i.e. legal, safety and risk management);
- Awards, issues, receives and manages all Purchase Orders for non-stock items;
- Maintains and monitors the procurement card system;
- Receives and ships goods or forwards the shipment to the appropriate individual for receipt and acceptance;
- Develops, maintains and monitors vendor alliances;
- Coaches and guides employees and client departments;
- Liaisons with the vendor community providing information and responding to their inquiries and requests for information.
- Oversees and maintains the pre-qualification process for vendors;
- Responsible for records management of contract documents, pre-qualification documents and contractor(s)/consultant(s) database; and
- Maintains and reconciles purchasing logs.

### **4.02 Requestor:**

- Ensures that all vendor and cost information is kept confidential and not released to any other vendor, party or other employee unless specified in the bid;
- Ensures that the proper approval for expenditure has been obtained prior to the work being bid;
- Provides a detailed scope for work to be bid;
- Provides any technical drawings or specifications that will need to be adhered to in the performance of the work;
- Provides timetable for start and completion of the work;
- Provides evaluation criteria for selection of vendor (if required); and
- Participates in the evaluation, vendor interviews or any other evaluative methodology used in determining the successful vendor.

**4.03 Corporate Services & Requestor will work in partnership to:**

- a) Decide the type of purchase agreement that is required. Determining factors to include:
  - Amount of risk
  - Dollar value for material, goods or services
  - Type of service or purchase agreement being requested
- b) Decide the appropriate type of "Request" document that will be sent out (e.g. Request for Bid; Request for Quote; Request for Proposal; Request for Information; Request for Expression of Interest, etc).
- c) Decide whether the bid should be competitive or non-competitive. See Competitive Bid Guideline GS-004 and/or Non-Competitive Purchases Guideline GS-010.
- d) Decide what type of evaluation criteria to use. See Evaluation Criteria Guideline GS-007.
- e) Evaluate the responses received.
- f) Negotiate new contracts.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-001	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>	
	All		Corporate Services	Definitions	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>
	March 2006		February 2009		Director, Corporate Services

**Award** The notification to a bidder that their bid has been accepted and that Yukon Energy will be issuing a legal binding agreement to that bidder.

**Best Value** Means overall best choice, as defined by the evaluation criteria (i.e. quality, availability, price, compatibility, qualifications, proposal process, innovation, etc.)

**Bid** An offer, as a price, whether for payment or acceptance. Usually a proposal submitted to the corporation in response to a request for bids to supply goods or services.

**Bid Close** The time and date indicated in the bid document after which bids/responses will not be accepted.

**Bid Deposit/ Surety Bond**

A guarantee, in the form of a bond or deposit, that the bidder, if selected, will sign the contract as bid: otherwise, the bidder (in case of a deposit) or the bidder or their guarantor (in the case of a bond) will be liable for the amount of the bond or deposit.

**Bid— Formal**

A bid/tender that is requested and responded to in writing.

**Bid – Invitational**

A bid that is extended to a selected number of firms by invitation. An invitational bid may be restricted (only those invited may bid) or non-restricted (other firms may bid if they wish).

**Bid Shopping**

The act of asking a vendor(s) if they can better an acceptable low bid (price) from another vendor on a commodity or service. The action allows other vendors to provide a better priced bid or some other aspect that would better the lowest acceptable bid that the corporation received. Such action is unethical, illegal and if done under a competitive bid process is, in fact, an attempt at bid manipulation.

**Bidder** A person, proprietorship, partnership or corporation that submits a proposal.

**Bond – Payment/Labour**

Protection for the buyer against liens which may be granted to vendors of material and labor to the bidder, in the event the bidder does not make proper payments to its vendors.

***Bond – Performance***

A guarantee that the work done will be done according to specifications and in the time specified. If the Yukon Energy has to go to another vendor for rework or to get the order completed, Yukon Energy is indemnified for these extra costs.

***Competitive Bid***

A process where all bidders compete with one another when bidding upon the same bid.

***Construction***

Work to build, repair, renovate, restore, maintain or demolish a structure and includes the hiring of equipment and services necessary for that work.

***Consultant***

A person, proprietorship, partnership or corporation with qualifications, by education (credentials) or by experience, in scientific, technical, managerial, accounting or any other field that is required to perform specialized services.

***Contract*** A deliberate verbal or written agreement between two or more competent persons to purchase goods and or services and perform construction or services.

***Contracting Authority***

Any employee having authority to enter into a contract on behalf of Yukon Energy.

***Contractor*** Any person, proprietorship, partnership or corporation which contracts to perform work or supply goods or services in accordance with a Purchasing Agreement.

***Delegated Financial Authority***

A person who has been designated and approved to purchase goods or supplies within stated financial parameters.

***Emergency Purchase***

An emergency purchase is classified as a procurement which is needed to “protect life and property, prevent substantial economic loss, and/or prevent the interruption of essential services.”

***Evaluation Criteria***

Criteria against which bids are evaluated for determining qualified bids and for the selection of the winning bid.

***Letter of Acceptance***

A letter pursuant to a bid provided to the successful bidder, approved and signed by Corporate Services which indicates that the submitted bid has been accepted and that Yukon Energy will be issuing a legal binding contract to that bidder.

***Letter of Intent***

A letter indicating a preliminary contractual arrangement customarily used in situations where the items, quantities, price and delivery dates are known, but where the principal contract provisions require additional time-consuming negotiations. It is used to enter into an interim agreement, pending a definitive contract, so as to permit that start of construction, production, or delivery of the vendors or materials

***Local Contractor***

A person, proprietorship, partnership or corporation whose main place of business is the community in which the work is to be performed.

***Lump Sum Price***

A price agreed upon between the vendor and purchaser for a group of items without breakdown of individual values: a lot price. In construction, "lump sum" means a fixed total price for the complete project, as specified. Further, the price is the total amount and the total price will not decrease or increase except by the approval of a change to the work approved by Corporate Services.

***Pre-Qualify Vendor***

A formal process undertaken either on a project specific basis or on a regular operational basis to qualify vendors who are able to bid, undertake and complete specific types of work (contracts) for Yukon Energy in a safe and competent manner.

***Price-Driven Contract***

A contract entered into as the result of a bid that has price as its' primary criteria (greater than 51%) of the award.

***Proposal*** A written form of bid or submission from a person, proprietorship, partnership or corporation.

***Public Tender***

An invitation to tender that is advertised publicly and to which any interested firm may submit a tender bid.

***Purchasing Agreements***

Purchasing Agreements can be initiated by Corporate Services or by an outside party, usually the vendor. Purchasing Agreements generated by Corporate Services may include, without limitation, purchase orders, standing agreements, contracts, letter of intent (for purchase), partnership agreements and other written purchase documents.

Purchasing Agreements initiated by an outside party may cover the purchase of materials, equipment, professional services, construction and lease/rental agreements.



***Quotation – (Informal)***

A statement of price, terms of sale and a description of goods or services offered by a vendor; a bid that is requested and responded to orally or in writing. When given in response to an inquiry, is usually considered an offer to sell.

***Request for Bid (RFB)***

A competitive bid process that is undertaken typically for transactions where price is the key factor in the purchasing decision.

***Request for Proposals (RFP)***

A competitive bid process that is undertaken typically for higher dollar value and/or complex transactions. Factors other than price will be used to make the final purchasing decision. An invitation to perform or provide a function, service or product that cannot be fully defined or specified.

***Scope*** The technical conditions and specifications of a job; the overall requirements or deliverables of a specific project.

***Signing Authority***

Authority delegated to specific employees of Yukon Energy, empowering them to financially commit the Corporation to legally binding obligations, but which are limited by dollar amounts and may be limited to certain types of obligations. Exercising of an individual Signing Authority is typically limited to the area of the employee's functional role and responsibility, unless otherwise stated within their job responsibilities.

***Single Source***

A method of purchase where the purchase is made from one single vendor or source even though other vendors exist that can bid or supply the goods/materials or services.

***Sole Source***

A method of purchase where there is only one source of supply for the requirements of the corporation. This type of purchase is done because of the commodity's technological, specialized or unique character that only a sole vendor can provide.

***Standing Agreement***

A purchase agreement or contract used to provide direct access to a pre-determined vendor for the supply of specific goods and/or services, on an as-required basis, for specific periods of time, at prearranged prices and delivery conditions.

***Subcontractor***


A person, proprietorship, partnership or corporation who contracts with a prime contractor of Yukon Energy to perform all or any part of the prime contractor's obligations in a particular prime contract.

***Tender***

A document defining the minimum standards or specifications to be met by bidders and the requested terms and conditions of the contract so as to permit the evaluation of bids on the basis of price.

***Value-Driven Contract***

A contract entered into as the result of a "Request" that uses indicators other than price alone for evaluation.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-002	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Purchasing Agreements Signing Authority Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		_____ President & CEO	

## 1.00 Purpose

1.01 To clearly identify, control and provide guidance so that Purchasing Agreements are signed/approved in accordance with Yukon Energy's Signing Authority Guideline (FG-001).

## 2.00 Purchasing Signing Authority Matrix


2.01 All purchasing agreements for Yukon Energy are to be signed in accordance with the following signing authority matrix:

Required Approval	Category	O & M Limit	Capital Limit
Board approval - signed by 1 Board Director and 1 Officer*	•Inventory Stock •Non-stock goods & Services	Over \$500,000	Over \$1 million
President & CEO	•Inventory Stock •Non-Stock goods & Services	Up to \$500,000	Up to \$1 million
Director, Corporate Services	•Non-stock Goods & Services	Up to \$250,000	Up to \$500,000
Director, Operations	•Inventory Stock	Up to \$250,000	Up to \$500,000
Leadhand, SCC & Materials Management	•Inventory Stock	Up to \$50,000	Up to \$100,000
Buyer	•Non-stock goods & Services	Up to \$50,000	Up to \$100,000
Assistant Buyer	•Non-stock goods & Services	Up to \$50,000	Up to \$100,000
Industrial Warehouseperson	•Inventory Stock	Up to \$10,000	Up to \$10,000

\*Note: As of January 1, 2005, Yukon Energy Officers are the: Chair, Board of Directors, President & CEO, Chief Financial Officer and the Corporate Secretary.

2.02 From time to time the Board may delegate signing authority for major purchasing agreements, by resolution of the Board, to the President & CEO and/or Chief Financial Officer or Director of Corporate Services.

2.03 All leases and licenses or conditional Sale Agreements (i.e. lease to purchase – operating or capital), regardless of the amount, will require the signature of the Director Corporate Services and the Chief Financial Officer.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-003	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Purchasing Agreements Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
March 2006	February 2009	_____ Director, Corporate Services	

## 1.00 Purpose

- 1.01 To define and establish parameters for the use of various purchasing agreements for consistent application and due process. Such guidelines will ensure standards are established that will be applied to the daily processing and preparation of the various purchasing agreements.
- 1.02 Corporate Services can provide advice on the procedures to follow and the purchasing agreement to use depending upon the particular circumstance.
- 1.03 Corporate Services issues all contracts, purchase orders for non-stock items and standing agreements to ensure that all bidding and mandatory elements of the purchase have been completed correctly and within established signing authorities.
- 1.04 All purchasing agreements will be executed in a confidential and timely manner with all legal, safety and risk management issues addressed.

## 2.00 Minor Works Contracts

- 2.01 Minor Works Contracts are used primarily for service and construction requirements of a minor financial value for the corporation. Yukon Energy considers minor works to be purchases for a financial value not to exceed \$250,000.00.

## 3.00 Construction Contracts

- 3.01 Construction Contracts are used primarily for work to build, repair, renovate, restore, maintain or demolish a structure and includes the hiring of equipment and services necessary for that work or when performance bonding/protection is required. Any purchase requisition that has a total estimated financial value greater than \$250,000.00 shall be reviewed as to whether a bid security is required.

## 4.00 Consulting Contracts

- 4.01 Consulting Contracts are to be used to secure professional and consulting services. Usually, these consulting services are for 'soft' services such as audits, managerial reviews, operational reviews, engineering, architectural and other services which are more conceptual and theoretical in nature.
- 4.02 Consulting Contracts specify the specialty in which the consultant is to provide services, and details carefully the obligation of the consultant. Consulting Contracts shall specify

the nature of the work/service, a list of deliverables, timeframes/milestones, confidentiality, name of project manager and information on invoice processing, etc.

4.03 Consulting Contracts shall comply with Yukon Energy's Contracts for Service Guideline (GS-006).

#### **5.00 Purchase Orders**

5.01 Purchase Orders are used for the purchase of goods, equipment, materials or services primarily with a financial value greater than \$5,000.00.

5.02 Purchase Orders shall comply with Yukon Energy's Purchase Order Guideline (GS-011).

#### **6.00 Local Purchase Orders (LPO's)**

6.01 Local Purchase Orders (LPO's) are used for the purchase of local goods, equipment, materials or services with a financial value not to exceed \$5,000.00.

6.02 Local Purchase Orders allows end-users, owner's designate or authorized field personnel to purchase small value items or services and expedite the acquisition of the requirements and needs of these individuals. There is no need to obtain competitive bids but it is expected that the issuer will obtain the best value available in the area.

6.03 Local Purchase Orders shall comply with Yukon Energy's Local Purchase Order Guideline (GS-015).

#### **7.00 Standing Agreements**


7.01 Standing Agreements are used for the purchase of repetitively purchased, lower dollar value goods, equipment, materials or services during a specified period.

7.02 Standing Agreements shall comply with Yukon Energy's Standing Agreements Guideline (GS-012).

#### **8.00 Corporate Purchasing Cards**

8.01 Corporate Purchasing Cards are used as a convenient cost efficient method for the purchase of goods, equipment, materials or services with a financial value not to exceed \$5,000.00.

8.02 Corporate Purchasing Cards shall comply with Yukon Energy's Corporate Purchasing Card Guideline (GS-014).

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-004	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Competitive Bid Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
	March 2006	February 2009	Director, Corporate Services

### 1.00 Purpose

- 1.01 Yukon Energy is committed to a fair and transparent process for all purchases made on behalf of the Corporation. The competitive bid process ensures that the Corporation receives the best overall value for the all purchases.
- 1.02 All purchases are subject to the competitive bid thresholds set out in the Purchasing Policy (HR-021) and the Competitive Bid Threshold Guideline (GS-005). In addition, proposed purchases below the thresholds may be subject to a competitive bid process at the discretion of Corporate Services, in consultation with the requestor.
- 1.03 Corporate Services oversees the acquisition of services and non-stock goods and ensures that all applicable policies and procedures, as well as all applicable federal and provincial legislation and regulations governing the acquisition of goods and services are adhered to.

### 2.00 Overview

- 2.01 Corporate Service has clearly defined methods of soliciting competitive bids from vendors based on the dollar value and complexity of the proposed purchase.
- 2.02 Corporate Services requests pricing, product and market information through various solicitation requests (RFP, RFQ, RFI, etc).
- 2.03 Solicitation requests should not be construed as an agreement to procure services. The Corporation may elect to cancel or reject all bids/responses received and will not be liable to any respondent for any claims, whether for costs or damages incurred by a respondent in preparing its bid, loss of anticipated profits in connection with any final contract, or any other matter whatsoever.

### 3.00 Procedure

The following is the procedure to initiate a competitive bid:

- 3.01 Requestor submits a completed and properly signed Purchase Requisition to Corporate Services clearly indicating the goods and services to be purchased and the estimated purchase price.
- 3.02 Requestor identifies the potential sources of supply (if known). Corporate Services may add other potential sources of supply.

- 3.03 Requestor and Corporate Services establish appropriate evaluation criteria and weighting which will be used to evaluate responses (if other than price), prior to Corporate Services preparing solicitation request documents.
- 3.04 Corporate Services prepares the appropriate solicitation request documents for distribution.
- 3.05 Solicitation requests may be posted on Yukon Energy's electronic website for the vendor community at large.
- 3.06 Responders are to be given a reasonable period of time (based on the size, complexity and urgency of the proposed purchase) to provide a response to the solicitation request.
- 3.07 Corporate Services reviews all responses received by the designated closing date and time to ensure commercial compliance with the mandatory requirements of the solicitation request document.
- 3.08 Evaluators document the methodology for awarding/deducting points and use this methodology consistently in evaluating all responses received.
- 3.09 Corporate Services prepares and distributes score sheets to evaluators for each bid.
- 3.10 An evaluation committee of at least three employees, consisting of Corporate Services, the requestor and one other employee, shall evaluate all responses.
- 3.11 All evaluators must provide a signed and completed evaluation score sheet clearly showing the point scores awarded, and the reasons for the allocation of points for each response. If evaluation criteria are being used, all responses must be evaluated as per the stated criteria. Evaluators shall keep all information and pricing confidential and handle responses in such a manner as not to disclose any information to a competing vendor.
- 3.12 If a response is of such a highly competitive or strategic nature to the corporation, the responses can be held in the offices of Corporate Services. All reviews will be conducted at the Corporation's premises, to ensure proper handling of sensitive information and the release of information in an orderly and diligent manner.
- 3.13 The successful vendor is selected based solely on the evaluation criteria. All documentation is to be returned to Corporate Services and should clearly indicate the successful vendor as well as the items to be purchased.
- 3.14 Corporate Services will notify the successful vendor and issues the appropriate Purchasing Agreement.
- 3.15 No goods and services are to be provided to the Corporation until a fully executed Purchasing Agreement is in place.

3.16 Any revisions/corrections to a Purchasing Agreement must be done by Corporate Services by way of a Change Order request.

**4.00 Public Openings**

4.01 The following information will be released for public openings: Name and address of the bidder; price, and if required, whether bid security has been included and the form of that security.

**5.00 Bid Security Requirements**

5.01 Purchase Requisitions that has a total estimated value over \$250,000 shall be reviewed as to whether a bid security is required and if not required, justification provided as to that decision. Bid security requirements will be in accordance with the Corporation's Bid Security Guideline (GS-008).


**5.00 Signing Authority**

5.01 All purchase transactions are to be requested only by authorized employees in accordance with the Corporation's Signing Authority Guideline.

**6.00 Document Retention**

6.01 Corporate Services will retain all original documents complete with supporting documentation for a period of six years plus current year for audit purposes.



 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-005	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Competitive Bid Threshold Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		_____ Director, Corporate Services	

## 1.00 Purpose

1.01 To clearly identify and provide guidance to the various departments of the corporation in determining when competitive bids are required and the financial thresholds that determine the use of various competitive bids.

## 2.00 Competitive Bid Thresholds


2.01 Competitive Bid Thresholds are provided to identify when certain competitive bids are required in the procurement of goods, services and equipment for the Corporation.

2.02 a) The President & CEO may waive any provision of this policy when it would be in the best interest of Yukon Energy to do so.

b) Directors may award non-competitive contracts up to a maximum value of \$25,000.00. The President & CEO must approve all other non-competitive contracts. The criteria as set out in the Non-Competitive Purchases Guideline (GS-010) shall be adhered to.

c) In all other cases, competitive bidding will be applied as follows:

<i>Purchase Value Threshold</i>	<i>Competitive Bid Application</i>
Up to \$5,000	Competitive bids <b>not</b> required; delegated purchasing/contracting authorities may enter into a Purchasing Agreement (minor works contract, Consulting Contract, Purchase Order, LPO, VISA, Standing Agreement, etc.)
\$5,001 to \$25,000	Competitive bids required – a minimum of two (2) phone vendor quotations are required.
\$25,001 to \$50,000	Competitive bids required – a minimum of three (3) written vendor quotations are required
\$50,001 to \$100,000	Competitive bids required – Corporate Services solicits bids from a minimum of three vendors.
More than \$100,000	Competitive bids required – Corporate Services releases a Public bid where any number of vendors can compete. A minimum of three vendors should be invited.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-006	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Contracts for Service Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		_____ Director, Corporate Services	

## 1.00 Purpose

- 1.01 Contracts for Service are required to ensure that the successful vendor:
- Is informed of its obligations including the services to be provided;
  - Is provided the scope of work or work requirements and a schedule for services;
  - Provides the required WCB and insurance coverage; and
  - Complies with other terms and conditions of the contract, including cancellation.

## 2.00 Procedure

The following is the procedure for implementing a Contract for Service and/or Purchase Order for services:


- 2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the nature of the service to be provided, along with any pertinent terms and conditions for the provision of service. The Purchase Requisition is the authorization to initiate the procurement process and enables a Purchase Agreement to be generated.
- 2.02 When initiating a request for a Contract for Services, the requisition must clearly define the scope of work, the term of the project and an estimated value for the work which will be completed.
- 2.03 A fully executed Purchase Agreement must be in place prior to commencement of any work or services. To be considered fully executed, the agreement must be signed by an authorized representative of Corporate Services, an authorized representative of Yukon Energy and the Contractor.
- 2.04 Any revisions/corrections to Purchasing Agreements must be done by way of Change Order request issued by Corporate Services.

## 3.00 Contracts for Service Signing Authority

- 3.01 All Contracts for Services are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Guideline (FG-001).

## 4.00 Document Retention

- 4.01 Corporate Services will retain all original documents complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-007	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Evaluation Criteria Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
	March 2006	February 2009	Director, Corporate Services

## 1.00 Purpose

1.01 The purpose of this guideline is to identify the procedure for developing relevant evaluation criteria and methods to weight the criteria to score a vendor response.

## 2.00 Procedure

2.01 Corporate Services, the requestor and/or the evaluation committee identifies criteria that are relevant to properly evaluate a vendor response. The number of evaluation criteria should not be so numerous so as to make it impossible for the evaluators to determine whether a vendor has satisfied them all.

2.02 The following are some examples of evaluation criteria that may be considered:

Technical: Include the vendor's understanding of the procurement; their management plan; the quality of the proposed design for certain goods; the experience and qualifications of key personnel; and vendor resources.

Qualifications of the vendor: The qualifications and experience of the vendor and, in particular, the project team members, including the consultants, proposed to be assigned to the project.

Experience/familiarity with similar projects: The vendor's performance record and/or familiarity with similar projects/scope with respect to such factors as control of costs, quality of the work, and the ability to meet schedules.

Availability of the vendor: The availability of key personnel, equipment, and facilities assigned to provide the goods and/or perform the services.

Cost: For the procurement of goods and nonprofessional services only, cost criteria include the vendor's proposed price (for fixed-price contracts); the realistic expected cost of performance, plus any proposed fixed fee (for cost-reimbursement contracts); and other costs, such as that of ownership, including transportation costs, and life-cycle costs (installation, operation, maintenance, security and disposal).

Financial strength: The financial strengths and weaknesses of a vendor affect its capability to respond to the needs of the corporation. Individual financial measures that may be examined include, but are not limited to, credit rating, capital structure, profitability, ability to meet interest and dividend obligations, working capital, inventory turnover, current ratio and return on investment.

Remote Geographic Support: With certain requirements of the corporation for remote geographical areas, support for local suppliers may need to be considered and given a weighting depending on a number of factors (size of award, type of service, etc.).

Ability To Satisfy The Corporation's Requirements: Includes but are not limited to following elements: quality, safety, price, continuity of supply, capacity, reliability, environmental profile and ethical compliance.

### **3.00 Ranking of Evaluative Criteria**


- 3.01 The evaluation criteria should be properly weighted in accordance with its importance.
- 3.02 The evaluation criteria should be ranked prior to issuing any bids for the procurement of goods and/or services.
- 3.03 The evaluators may determine a minimum threshold score that a potential vendor will have to attain in order to be accepted or considered for pre-qualification.

### **4.00 Evaluation Assessments**

- 4.01 The following types of evaluation assessments can be conducted at the Corporation's discretion:
  - Formal assessments – Where an evaluation committee evaluates responses.
  - Semi-formal assessments – Where the requestor evaluates responses.
  - Other assessments tools – Other assessment tools can be used as mutually agreed and upon the discretion of Corporate Services and the requestor.

### **5.00 Scoring Responses**

- 5.01 Corporate Services and the requestor use their discretion in determining how to score responses provided that it is not arbitrary.
- 5.02 The following are some methods for scoring responses:
  - By adjective (excellent, good, fair . . .);
  - Numerical (10, 9, 8 . . .); or
  - Narrative and ranking. A narrative evaluation may be the most effective scoring procedure in situations where the evaluation committee must present its results to the board of supervisors. Narratives can communicate specific information that adjectives and numbers cannot.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-008	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Bid Security Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		Director, Corporate Services	

## 1.00 Purpose

- 1.01 To define requirements for bid security, performance and payment bonds.
- 1.02 Purchase Requisitions that have a total estimated value over \$250,000 shall be reviewed as to whether bid security is required and if not required, justification provided as to that decision.
- 1.03 Bid security submitted by the bidder guarantees that the bidder will execute a contract with the Corporation at the bid price upon award of the bid. If the successful bidder refuses to enter into a contract, the bid security will be forfeited to the Corporation.

## 2.00 Procedure


- 2.01 Bid security is normally required for a Purchase with an estimated value of \$250,000 or more for construction and or building requirements. The security may take the form of a bid bond or a certified cheque in the amount identified in the bid document. Performance bond and/or a labour and materials payment bond may be required.
- 2.02 Bid security in the amount of ten percent (10%) of the bid price is normally required with all bids for construction projects when the construction cost is estimated value over \$250,000.00. The Corporation may authorize bid security for procurements if such a requirement is advantageous to the Corporation.
- 2.03 Corporate Services should use their discretion as to whether or not performance bonds are required as the costs associated with bonds may outweigh the advantages. If performance bonds and labour and material bonds are required, the bond shall be in effect until twelve months after the certificate of final completion.
- 2.04 Corporate Services may authorize certified cheques in lieu of a bid bond for the purpose of bid security if the project can be best served and competitiveness can be enhanced.
- 2.05 A bid submitted without proper bid security when requested shall be disqualified unless the Director, Corporate Services determines in writing that the bid substantially complies with the security requirements.
- 2.06 No payment shall be made on a contract where surety is required until the requested form of surety has been furnished.

#### **4.00 Performance and Payment Bonds**

- 4.01 Performance and/or payment bonds may be required for all construction contracts. Corporate Services and the requestor shall determine the percentage of the contract price required for performance and/or payment bonds.
- 4.02 Performance and/or payment bonds submitted by the successful bidder upon award of the contract guarantee faithful performance of the contract and payment of materials and labour by the contractor to all subcontractors, material suppliers and employees
- 4.03 Performance bonds for service contracts may be required to protect the interests of the Corporation. The amount of the bond shall be determined by the Corporation.

#### **5.00 Bid Withdrawal**

- 5.04 Before Bid Closing: If a bid is withdrawn at any time before bid closing, the bid security shall be returned to the bidder.
- 5.05 After Bid Closing: A successful bidder may not withdraw the bid after bid closing without forfeiture of bid security unless the bidder can establish by clear and convincing evidence that a nonjudgmental mistake was made in the bid. If withdrawal of a bid after bid closing is permitted by the Director, Corporate Services, no action may be taken against the bidder or bid security.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-009	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Emergency Purchases Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		Director, Corporate Services	

## 1.00 Purpose

- 1.01 Situations arise whereby an exception to Yukon Energy's Purchasing Policy and related Guidelines may be required. Emergency purchases represent one of these potential situations. Typically, emergency purchases result when an unforeseeable situation or urgency exists. Failure to anticipate a need or lack of planning is not of itself considered a bona fide emergency. Proper planning will eliminate most "emergency" purchases.

## 2.00 Procedure

The following is the procedure for requesting an emergency purchase:


- 2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods and services to be purchased. Any associated documents (e.g. Vendor quote, drawings, etc.) must be included with the Purchase Requisition.
- 2.02 Clearly mark "Emergency Purchase" on the Purchase Requisition and state the nature of the emergency to qualify for processing under the guidelines.
- 2.03 Proposed emergency purchases will be processed in the most expeditious manner to secure the goods or services in a timely manner to satisfy the emergency situation. The appropriate processing action will be taken by Corporate Services and can include a non-competitive purchase. The authorized employee will need to complete a Non-competitive request form.
- 2.04 Corporate Services will issue a Purchase Order and/or Contract to the Supplier.
- 2.05 Any revisions/corrections to an emergency purchase must be done by way of Change Order request. Corporate Services will issue all Change Orders.

## 3.00 Emergency Purchase Signing Authority

- 3.01 All emergency purchase transactions are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

## 4.00 Document Retention

- 4.01 Corporate Services will retain all original documents, including bids complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-010	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>	
	All		Corporate Services	Non-Competitive Purchases Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>
	March 2006		February 2009		Director, Corporate Services

## 1.00 Purpose

- 1.01 The purpose of the Non-Competitive Purchases Guideline is to identify and provide guidance and justification to waive the competitive bid process and proceeding directly to acquisition by means of a single or sole source purchasing process.

## 2.00 Procedure

The following procedure outlines the steps involved in initiating a purchase involving a Non-Competitive Purchases request:

- 2.01 Requestor submits a completed Non-Competitive Purchases request to Corporate Services (attach to the Purchase Requisition) clearly stating the reasons for the non-competitive purchase.
- 2.02 Requestor submits a completed and properly signed Purchase Requisition to Corporate Services clearly indicating the goods and services to be purchased and the estimated purchase price.
- 2.03 Requestor identifies the potential source of supply (if known).
- 2.04 Exception requests will be reviewed and evaluated by Corporate Services and where applicable, the department head and/or the President & CEO.
- 2.05 Approved Non-Competitive Purchases will be processed by Corporate Services.
- 2.06 Any revisions/corrections to a Non-Competitive Purchase must be done by way of Change Order request. Corporate Services will issue all Change Orders.

## 3.00 Non-Competitive Purchases

- 3.01 Non-Competitive Purchases may be requested if the following conditions are identified:
- **Sole Source:** There is only one source of supply; or
  - **Single Source:** There are other suppliers, but Yukon Energy elects to purchase from one single supplier due to one of the following:
    1. The work is of a proprietary nature and only one supplier can do the work within timeline;
    2. The work to be undertaken is an emergency;



3. For purposes of community support, the purchase will be awarded to a specific supplier; or
4. The President & CEO or Directors authorizes that work be given to a specific company.


3.02 Directors may award Non-Competitive Purchases up to a maximum value of \$25,000.00. The President & CEO must approve all other Non-Competitive Purchases contracts.

**4.00 Signing Authority**

4.01 All Non-Competitive Purchases are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

**5.00 Document Retention**

5.01 Corporate Services will retain all original documents complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-011	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Purchase Order Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		Director, Corporate Services	

## 1.00 Purpose

1.01 The purpose of a Purchase Order is to:

- Provide a basic instrument that describes the item(s) purchased and the circumstances under which it is to be produced and delivered, as well as the legal consideration under which the contract is to be performed and paid for; and
- Identify the total dollar value authorized to be paid for the items identified to be purchased.

## 2.00 Procedure

The following is the procedure for ordering goods, services and equipment:

2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods, services and/or equipment to be purchased. Any associated documentation (e.g. specifications, quotes, drawings, etc.) must be included with the Purchase Requisition. The Purchase Requisition must be properly authorized to initiate the procurement process and provide valid coding.

2.02 Purchase requisitions will be processed and subject to the competitive bid process except where the non-competitive purchase guidelines are justified.

2.03 Corporate Services will issue a Purchase Order to the successful vendor on behalf of the Corporation (and requestor).


2.04 Any revisions/corrections to a Purchase Order must be done by way of Change Order request. Corporate Services will issue all Change Orders.

## 3.00 Signing Authority

3.01 All purchase requisitions or transactions are to be requested only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.

## 4.00 Purchase Document Retention

4.01 Corporate Services will retain all original documents complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> <b>Goods &amp; Services Guidelines</b> <b>GS-012</b>	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Standing Agreements Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
	March 2006	February 2009	Director, Corporate Services

**1.00 Purpose**

- 1.01 The purpose of Standing Agreements is to provide a procurement method for repetitively purchased, lower dollar value goods and services for a specified period.
- 1.02 Standing Agreements are a method of purchase used to provide direct access to a pre-qualified vendor for the supply of specific goods and/or services, on an as-required basis, for specific periods of time, at prearranged prices and delivery conditions.
- 1.03 Standing Agreements shall only be awarded as a result of a competitive bid process undertaken by Corporate Services and approved by the Director of Corporate Services or President, when appropriate.
- 1.04 Standing Agreements may be requested if:
  - Yukon Energy is purchasing a large number of units of goods or services over time and the total volume of purchases is relatively predictable and consistent over time;
  - The specification of each unit varies very little from unit to unit; and
  - There are other value add services or elements that could be achieved by a long-term agreement.

**2.00 Procedure**

The following is the procedure for implementing Standing Agreements:

- 2.01 Submit a completed Purchase Requisition to Corporate Services clearly indicating the goods and/or services to be purchased, and the estimated annual usage (both in quantity and estimated dollar amount).
- 2.02 All Purchase Requisitions requesting a Standing Agreement will be subject to the Competitive Bid or Non-Competitive Purchases Guidelines where appropriate to that particular potential purchase.
- 2.03 The award of Standing Agreements will be made by Corporate Services, once proper processing and if necessary proper bidding procedures have been completed.
- 2.04 Standing Agreements will normally be issued on a yearly basis and are subject to review (renewal or cancellation) annually coordinated by Corporate Services and with input from the user departments.
- 2.05 Any revisions/corrections to a Standing Agreements must be done by way of a Change Order request. Corporate Services will issue all Change Orders.

### **3.00 Signing Authority**

3.01 Standing Agreements and all associated acquisitions/ transactions are to be accessed only by authorized employees in accordance with Yukon Energy's Signing Authority Policy.


### **4.00 Accessing Standing Agreements**

4.01 Authorized employee can access or use a Standing Agreements by:

- a) Checking Standing Agreements log to ensure Standing Agreement exists with vendor;
- b) Checking to ensure valid proof of Insurance and WCB;
- c) Purchasing goods and/or services where there is compliance with (a) and (b);
- d) Requesting vendor to put Standing Agreement number on all invoices;
- d) Coding purchases;
- e) Obtaining second authorized signature for purchase; and
- f) Forwarding purchasing documents to Accounts Payable for processing.

### **5.00 Standing Agreements Document Retention**

5.01 Corporate Services will retain all original documents, complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-013	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Vendor Registration Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
March 2006	February 2009	Director, Corporate Services	

**1.00 Purpose**


- 1.01 Yukon Energy's Vendor Registration List is a directory of vendors who want to conduct business with the Corporation.
- 1.02 Vendor Registration is a procurement tool that allows vendors to register the goods and/or services that they are qualified and able to provide to the Corporation.

**2.00 Procedure**

- 2.01 Interested vendors complete and submit the Vendor Registration form that provides information and identifies the type of goods and/or services that the vendor is qualified and able to provide.
- 2.02 Vendors are responsible for providing any required licenses, tickets or levels of expertise.
- 2.03 Registered vendors may be given the opportunity to bid on competitive purchases made on behalf of the Corporation.
- 2.04 Registration on Yukon Energy's Registration List does not mean a vendor will automatically receive copies of all tenders. Vendors may contact Corporate Services to receive copies of tender packages.
- 2.05 Corporate Services is responsible for the on-going maintenance of the Vendor Registration list.

**3.00 Document Retention**

- 3.01 Corporate Services will retain all original documents complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-014	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Pre-Qualified Vendor Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
	March 2006	February 2009	Director, Corporate Services

## 1.00 Purpose

1.00 A Pre-Qualified Vendor list is a procurement tool that allows pre-qualified vendors to participate in competitive and non-competitive procurement of goods and/or services for Yukon Energy.

## 2.00 Procedure

2.01 Corporate Services and/or requestor identify the types of goods and/or services required in conducting business on behalf of the Corporation.

2.02 Corporate Services publicly advertises and promotes interested vendors to submit application form(s) for consideration for pre-qualification. The pre-qualification of vendors may be done on a project specific basis.

2.03 Corporate Services forwards the applicable application form(s) to potential vendors for consideration for pre-qualification.

a) **General Pre-Qualification Application** - This form requests such information as name, address, name of principles, name of insurance coverage, WCB information, business license, OH&S compliances and policies, management policies and other forms of general information important to the corporation.

b) **Technical Pre-Qualification Application Form** – This form requests information to ascertain technical or engineering qualification, list of past projects or work, distribution capabilities and other required information as to ascertain the suppliers' ability to meet the Corporation's standards.

2.04 Interested vendors complete and submit the appropriate application form(s) that provides information and identifies qualifications.

2.05 Selection of pre-qualified vendors will be assessed based fully on information disclosed in the completed application form(s) regarding the vendor's qualifications and their ability to meet the Corporation's requirements and standards.

2.08 Corporate Services will notify interested vendors in writing as to the status of their application once the pre-qualification process is complete.

2.09 Pre-Qualified vendors will be added to Yukon Energy's Pre-Qualified Vendors list.

2.10 Pre-qualified vendors shall be given the opportunity to bid on Purchasing Agreements (contracts, purchase orders, standing agreements, etc).

2.11 Corporate Services maintains the Pre-Qualified Vendor list to ensure that qualified vendors are provided with the opportunity to bid on goods and/or services.

### **3.00 Tenure of Vendor Pre-Qualification**

3.01 The evaluation team determines the appropriate period of qualification for a pre-qualified vendor. The tenure should be for a minimum of three years subject or at the discretion of the Corporation.

### **4.00 Responsibilities**

4.01 Each representative is responsible for their respective area of expertise and due diligence is required in completing these responsibilities. All assessments will be documented to ensure accountability and transparency of the decisions made and the actions taken in the pre-qualification process.

5.02 Corporate Services is responsible for: the operation and on-going maintenance of system; assessing potential vendors; repository of information gathered and release of assessment decisions.


5.03 Major users of the goods and/or services participate in the assessment of potential suppliers through review of application form(s) for technical, engineering and safety requirements.

### **6.00 Post Evaluation of Pre-Qualified Vendors**

6.01 For the purposes of simplicity and to ensure the vendor pre-qualification system is as efficient as possible, post evaluation of pre-qualified vendor's performance is required.

### **7.00 Document Retention**

7.01 Corporate Services will retain all original documents complete with supporting documentation for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-015	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>	
	All		Corporate Services	Corporate Purchasing Card Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>
	March 2006		February 2009		Director, Corporate Services

## 1.00 Purpose

- 1.01 The purpose of the Corporate Purchasing card is to provide a convenient, cost-effective and efficient method of procuring and paying for lower dollar value goods by:
- Simplifying the procurement and payment process;
  - Reducing the use of small dollar purchase orders (LPO's);
  - Decreasing the use of petty cash in departments;
  - Reducing personal credit card reimbursement for goods and services;
  - Improving order cycle time;
  - Enabling both user and support areas to make more effective use of their resources;
  - Reducing paperwork; and
  - Expediting supplier payments.
- 1.02 Employees are encouraged to use Corporate Purchasing cards for the purchase of goods where it is efficient, economical and operationally feasible to do so and within stated parameters.

## 2.00 Procedure

- 2.01 Requests for a Corporate Purchasing card are triggered by completion of the "Signing Authorities" form by the requestor's immediate supervisor. The form shall be forwarded to Finance. Finance shall forward a copy of the form to Corporate Services for processing and retention.
- 2.02 Corporate Purchasing cards are issued and controlled by Corporate Services. Employees must sign an "Employee acknowledgement of Responsibilities and Obligations" form prior the issue of the purchasing card.
- 2.03 Card limits are set for each position in accordance with Yukon Energy's Signing Authority Guideline.
- 2.04 Corporate Purchasing cards must be used only to make legitimate purchases for Yukon Energy within the limitations established for the card. Only the employee whose name appears on the card is authorized to use the card.
- 2.05 An "Expenditure Statutory Declaration" form must be completed for all lost receipts.



### **3.00 Responsibilities**

#### **3.01 Cardholders are responsible for:**

- Signing the Employee Acknowledgement of Responsibilities and Obligations form;
- Following established procedures for the usage and safeguarding of the Corporate Purchasing card;
- Keeping adequate records of transactions for audit scrutiny;
- Matching receipts to monthly statements;
- Coding and signing monthly statements;
- Forwarding individual statements and receipts to your immediate supervisor and budget owner for review and approval;
- Reporting loss or suspected fraudulent or misuse of the card immediately to VISA and Corporate Services; and
- Returning the Corporate Purchasing card prior to leaving Yukon Energy's employ.

#### **3.02 Corporate Services is responsible for:**

- Controlling, distributing and canceling Corporate Purchasing Cards;
- Monitoring compliance with established policies and procedures; and
- Analyzing purchases.


### **4.00 Restricted items**

- a) Cash advances;
- b) Personal purchases;
- c) Goods stocked in Yukon Energy's warehouse;
- d) \*\*Meals;
- e) Services;
- f) \*\*Airline tickets;
- g) \*\*Tuition and professional fees;
- h) Charges incurred by independent contractors;
- i) Capital budget purchases;
- j) Furniture purchase;
- k) Goods and materials covered by master agreements or standing purchase orders.

\*\*Senior Management may waive any provisions of this guideline when it is in the best interest of Yukon Energy to do so.

### **5.00 Cancellation of Corporate Purchasing Card**

- 5.01 Any breach of this guideline may result in the cancellation of the cardholder's corporate purchasing card.

 <b>Goods &amp; Services Guidelines GS-016</b>	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Local Purchase Order Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
	March 2006	February 2009	_____ Director, Corporate Services

**1.00 Purpose**

- 1.01 The purpose of a Local Purchase Order (LPO) is to provide a basic instrument for purchases up to a value of \$5,000.00.
- 1.02 Employees are encouraged to use LPO's for the purchase of goods where it is efficient, economical and operationally feasible to do so and within stated parameters.
- 1.03 Local Purchase Orders are to be used only if the Corporate Purchasing card is not accepted.

**2.00 Procedure**

- 2.01 LPOs must be used only to make legitimate purchases for Yukon Energy within established limitations.
- 2.02 The Local Purchase Order is a three part form and is to be distributed as follows:

Page Colour	Receiver	Action/Rationale
White	Supplier	<ul style="list-style-type: none"> <li>• given at time of purchase for their records, after the signature is affixed at the bottom of the form,</li> <li>• if the LPO is faxed to the supplier then the Terms and Conditions on the reverse side of the document must be faxed as well</li> </ul>
Pink	Accounts Payable	<ul style="list-style-type: none"> <li>• forwarded to AP for payment to the vendor after the supervisor's signature is affixed at the bottom of the page or held in the LPO book until requested by AP</li> </ul>
Green	Originator	<ul style="list-style-type: none"> <li>• retained in the LPO book</li> </ul>


- 2.03 All relevant fields of the LPO shall be completed by the issuer (e.g. vendor name and address, type of purchase; date; item; quantity; part number; item description/scope of work/ unit cost; extension; remarks/special conditions; sub-total; GST and total).
- 2.04 The issuer must request the vendor to provide proof of valid insurance and WCB coverage for services performed on Yukon Energy premises/sites.
- 2.05 Fully used LPO books shall be returned to Corporate Services which will trigger the issue of a new LPO book.

**3.00 Signing Authority**

3.01 All LPO's shall be issued by authorized employees in accordance with Yukon Energy's Signing Authority Guideline.

**4.00 Document Retention**

4.01 Corporate Services will retain all completed LPO books for a period of six years plus current year for audit purposes.

 <b>YUKON ENERGY</b> <b>Goods &amp; Services Guidelines</b> <b>GS-017</b>	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Invoice Approval Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		Director, Corporate Services	

## 1.00 Purpose

1.01 The process for approving invoices or 'signing off' a purchasing agreement invoices requires the attention, diligence and cooperation of three areas:

- Owner's Designate (Owner Department);
- Corporate Services; and
- Accounts Payable

## 2.00 Responsibilities

2.01 **Owner's Designate** is responsible for ensuring that that the work being billed for has in fact been completed and to the satisfaction of the owner department.

- Audit invoice and verify that the scope of work or deliverables invoiced for is identified within the contract;
- Audit invoice to verify that the invoice has correct pricing and is according to any specified billing schedule;
- Attach all back-up documentation;
- Verify the coding is correct;
- Affix authorized signatory to invoice confirming goods and/or services have been completed to the satisfaction as identified within the scope of the contract;
- Obtain budget owner's signature and
- Once the invoice is signed, forward the invoice to the Corporate Services for their review, recording and approval.

2.02 **Corporate Services** is responsible for ensuring that the commercial terms and conditions of the contract have been adhered to and to track the progress of the contract in terms of the financial encumbrance and the release of funds through the approval process.

- Verify that the owner's designate and the budget owner has authorized the invoice within their financial authority. If either signature is absent, the invoice should be returned to the owner's designate;
- Verify that the vendor has satisfied all regulatory and statutory obligations (e.g. insurance, WCB, guarantees, warrantees, etc.);
- Verify that all commercial terms and conditions have been satisfied by the contractor;
- Verify proper purchasing agreement reference number;
- Ensure that invoice has not exceeded the financial limit or the timeframe stipulated in the contract and/or change orders;
- Verify that the invoice has not already been paid;
- Verify there are sufficient funds remaining on the purchasing agreement;
- Record invoices accordingly (files, logs, etc); and


- When the invoice has met the criteria, sign and forward the invoice to Accounts Payable for processing.

2.03 **Accounts Payable** is responsible for ensuring that there are two authorized signatures and that they have the accountability for the level of expenditure as per FA-004 Signing Authority Guidelines.

- Forward invoice to owner's designate for approval or disapproval;
- Upon return of the invoice from the Corporate Services, verify that there are three authorized signatures on the invoice, owner's designate, budget owner and Corporate Services. If any invoice fails to have the authorized signatures, accounts payable should return the invoice to the area(s) requiring a signature;
- When accounts payable receives an invoice with three correct signatures, this is notification of, and satisfies the requirement for due diligence and they may proceed to make payment; and
- Accounts payable to perform final check for accuracy, record and process invoice for payment.

### 3.00 **Signing Authority**

3.01 All invoices are to be approved only by authorized employees in accordance with the Corporation's Signing Authority Guideline.

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-018	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>		<b>TOPIC:</b>	
	All		Corporate Services		Incoming Shipping Negotiation Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>	
	March 2006		February 2009		Director, Corporate Services	

## 1.00 Purpose


1.01 To ensure incoming material requirements are shipped in the most cost effective manner.

## 2.00 Procedure

The following is the procedure for securing the most economic and safe shipping service for incoming shipments.

- 2.01 Shipping instructions should be done in conjunction with establishing the F.O.B. point. Corporate Services should clearly define the routing and mode of transportation, if the corporation is to pay the freight charges or have ownership of the goods in transit. Terms such as 'Best Way' and 'Fastest Way' are too ambiguous and indefinite and provide no control or means of tracing shipments and are to be avoided.
- 2.02 When the corporation bears the shipping costs and ownership of goods in transit, the following factors need to be considered in determining the best mode of transportation, selection of carrier and in establishing the routing of the shipment.
- a) Determine the type of transportation service which will best meet the delivery requirements.
  - b) Review the shipment needs in terms of:
    - The required delivery date and the type of service that best meets those transit time requirements;
    - Size of the shipment;
    - Susceptibility of the commodity to damage;
    - Cost of the transit service;
    - Carrier accessorial services; and
    - Selection of adequate and safe equipment – special equipment is often needed for shipments of excessive height, width, length or weight measurements.
  - c) Select a specific carrier or carriers. The factors to consider are:
    - Financial condition of the carrier;
    - Quality of service;
    - Service at supplier's point of shipment;
    - Dependability;
    - Over-the-road service;
    - Tracing and expediting shipments;
    - Loss and damage claims;

- Overcharge claims;
  - Insurance capabilities; and
  - Miscellaneous services – i.e. handling complaints, remittance of COD's, rate notifications, document handling.
- d) Perform a periodic check of the transportation service once the shipment(s) are moving.
- 2.03 Shippers will be requested to provide a 'Bill of Lading' with the shipment clearly identifying the carrier, a description of the goods and the terms for the freight charges.
- 2.04 Shippers will be instructed to provide information to the Corporation's Custom Broker so they may prepare certified invoices for customs clearance for shipments originating outside Canada.
- 2.05 Corporate Services will negotiate critical delivery of good/equipment when required.
- 2.06 Yukon Energy reserves the right to cancel the order if goods are not shipped within the period specified, at no cost to the purchaser. (This must be clearly stated on the PO and must be accepted in writing by the supplier to be enforceable and without penalty to Yukon Energy).

 <b>YUKON ENERGY</b> <b>Goods &amp; Services Guidelines</b> <b>GS-019</b>	<b>DEPARTMENT:</b>	<b>INQUIRIES TO:</b>	<b>TOPIC:</b>
	All	Corporate Services	Shipping Invoice Approval & Payment Guideline
	<b>ISSUED:</b>	<b>REVIEW DATE:</b>	<b>APPROVED BY:</b>
	March 2006	February 2009	Director, Corporate Services

## 1.00 Purpose

1.01 The process for approving and processing payment for shipping invoices requires the attention, diligence and cooperation of all relevant parties.

## 2.00 Procedure

The following is the procedure for the payment of incoming shipping invoices:

2.01 Payment of incoming shipping invoices will be made provided:

- Terms of the purchase order have been fulfilled, if shipping is stated as a critical item of importance on the face of the purchase order (agreement).
- Freight or transportation invoices must be supported by a corresponding Bill of Lading from the shipper.

2.02 Any claims, which are the supplier's responsibility, will be subject of adjustment after goods have arrived at the point of final destination.

2.03 Freight invoices which relate to a Purchasing Agreement will be paid according to the negotiated freight terms and FOB point as stated on the purchase document. Exceptions are to be referred to Corporate Services for further handling and action.

2.04 Only those specific shipping costs identified on the Purchasing Agreement will be paid. No other costs will be paid without the specific approval from Corporate Services.

2.05 All incoming international shipments (outside of Canada) must be supported by certified Customs Invoices prepared by Yukon Energy's custom brokers.

2.06 Supplier invoices which include items relating to shipping charges beyond the agreed to terms stated by the FOB point, must be forwarded to Corporate Services for investigation and, if necessary, approval.

2.07 Shipping invoices which identify boxing or packing charges will not be paid, unless stated on the corresponding Purchasing Agreement.

2.08 Prior to payment of a shipping invoice, efforts must ensure there is compliance with all terms, conditions and special requirements outlined on the Purchasing Agreement.



