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Purchasing of Items and Services

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1 Process Description

1.1 Purpose

The objective is to identify the process for purchasing Items and/or services that are required to perform work contracted to PGR.

1.2 Process Boundaries

The Process begins with identification of a need for items or services, and ends with closeout of the purchase order. The final output of the process is a received item or accepted service, and closed purchase order.

1.3 General

Purchasing Manager shall ensure that Items and Services are acquired through a process which is consistent, open, and transparent to meet the business requirements. The purchasing process may include Request for Quotations (RFQ) / Request for Proposals (RFP) to obtain information and quotations from potential suppliers, evaluation of proposals, negotiation with the potential supplier, obtaining purchase approvals, award of contract, commercial administration of the contract, and close out the purchase orders with the Suppliers.

1.4 Requisition

A requisition initiates the purchasing process. Requisitioning of Items and/or Services shall be performed through completion of an electronic Purchase Requisition obtained in BMREQ or using paper form BM-227, Purchase Requisition, unless otherwise directed by Purchasing Manager. Requisition for tools shall follow the same process as Services, unless otherwise directed by the Purchasing Manager.

A competitive process shall be utilized unless otherwise specified. If a competitive purchasing process is not to be employed, a single/sole source justification shall be included on the Purchase Requisition by the Requisitioner. Purchase requisition numbers shall be assigned/obtained by the Purchasing Department in their electronic numbering system.

When possible, the Requisitioner shall contact Purchasing Manager or delegate during the initial stage of identifying a need to allow for sufficient time to plan and execute the purchasing process.

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Requisitioner shall adhere to financial limits as specified in Schedule 1 of this procedure and ensure approved budgets are available for the purchase request.

Requisitioner shall ensure requirements are clearly defined and identified in the requisitioning documents including:

a) Statement of work and scope of work.
b) Acceptance criteria for purchased services.
c) Estimated cost of Item and/or service(s)
d) Deliverables (in accordance to technical and quality requirements)
e) Timelines and schedules.
f) Quantity required.
g) Shipping location.
h) Jurisdictional and/or regulatory, quality management system/quality assurance requirement, and technical requirements
i) Codes, standards, approved drawings and specifications.
j) Labour requirements.
k) Inspection, test, and acceptance requirements, including any special instructions and requirements for the submittal of Inspection Test Plan (ITP).

1.4.1 Revision to Requisition

Revision(s) to Purchase Requisitions shall follow the same process as the initial issue.

1.5 Creation of Catalogue Items

All Items purchased shall have a unique Black & McDonald materials code number, unless specifically approved by the Purchase Manager.

The Catalogue Items shall be created by the Buyer who has the Record of Qualification identifying their qualification to perform this function. The Buyer shall obtain the purchasing requirements from the Engineering Organization who has requested the item for purchase. The Purchasing Manager may authorize the creation and approval of the Catalogue Item if a Buyer is qualified on the Record of Qualification as capable of identifying the requirements.

In general the methodology used in the creation of the catalogue description includes the review of technical /engineering requirements, the requirements of the quality program specified, code/jurisdictional requirements and to develop purchasing requirements to meet engineering and quality requirements.

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The Catalogue Item shall include, as a minimum, the following in the BMIN system:

a) Unique Black & McDonald materials code number
b) Description of Item (including manufacturer, part number when available)
c) Quality Assurance requirements
d) Purchasing requirements (purchasing clauses associated with the Item as defined by the Engineering Organization unless the item is identified as PEEL Item)
e) Storage requirements (including in-storage maintenance requirements)
f) Shelf life information (if applicable)
g) MSDS (if applicable).

1.6 Selection of QA Program/Management System

1.6.1 Items

Requisitioner shall consult with the responsible Engineering Organization when creating a Purchase Requisition for selection of the appropriate Management System/ Quality Assurance Program for the Item to be purchased. Quality requirements shall be included in the Purchase Requisition.

1.6.2 Services

For Services, the Requisitioner shall consult with the following:

a) When the need for and scope of a quality program for services has been provided by the customer, the customer's design agency, or a Black & McDonald subcontracted design agency, the Requisitioner shall ensure that the quality requirement is specified on the requisition.
b) When it is required by the Project, for specific scope of work, the customer's design agency or a subcontracted design agency can select the applicable Quality Assurance requirements for subsequent CSA N286-05 Nuclear Power Plant lifecycle activities. In this case, the process described by BM-INS-028, Grading Approach Application of CSA N286 Requirements, shall apply.

1.7 Bid List Development

A competitive process shall be used unless otherwise approved by the Purchasing Manager. The Buyer shall develop a list of potential bidders to be considered and discussed with the Requisitioner (if required) and shall be documented on the Bid List Approval, BM-048.

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If a competitive purchasing process is not used, a single/sole source justification shall be identified on the Purchase Requisition. Completion of a Bid List Approval is not required for single source purchases.

The selection of bidder(s) shall be based on:

a) Ability to supply an acceptable product or service
b) Supplier's quality program
c) Supplier's history of delivering acceptable Item/services (when available).

Preference is given to bidders who have a positive history with Black & McDonald and who are currently active on the Approved Suppliers List (ASL) per BM-PROC-028.

1.8 Bid Evaluation and Award

1.8.1 Request for Quotation (RFQ) / Request for Proposal (RFP)

Upon approval of the Purchase Requisition and the Bid List Approval, the Buyer shall develop RFQ / RFP package and distribute to potential bidders.

RFQ/RFP Number(s) shall be assigned/obtained from the Purchasing Department in their electronic numbering system.

Buyer shall transmit RFQ/RFP package to potential Suppliers by e-mail, facsimile, courier, or other mail services. The RFQ or RFP may include a separate acknowledgement page from the Supplier.

Amendments or revisions to the RFQ/RFP shall be issued by the Buyer in a similar format as the original issue. Supplier acknowledgement shall follow similar format as original issue.

Note: When requesting quotation on behalf of Black & McDonald proposal group, the requestor must identify that the information requested is for bidding purposes only and Black & McDonald is not committing issue of a purchase order.

1.8.2 Evaluating Quotations/Proposals

Individuals engaged in evaluating quotations or proposals must declare all actual, perceived or potential conflicts of interests, and Purchasing Manager shall ensure any such declarations are documented.

All quotations shall be received directly by Purchasing Department and all communication during the evaluation phase shall **only** be processed through the Buyer.

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Any technical exceptions or deviations requested by the Supplier(s) shall be received by the Purchasing Department and then directed to the appropriate department for acceptance/resolution, and documented in writing.

The Buyer shall perform technical and commercial evaluation of quotations/proposals, and seek assistance from the stakeholders where appropriate.

Criteria for evaluation of quotations/proposals may include, but are not limited to, the following:

a) Mandatory requirements.
b) Rated criteria
c) Price

During the evaluation, clarifications from the Suppliers shall be issued by the Buyer. When changes to the issued requirements are required, the Purchasing Manager shall be consulted.

If the selected bidder is not on the ASL, the Buyer shall submit a request to add the supplier to the ASL in accordance with BM-PROC-028, Approved Suppliers List, prior to proceeding with contract award.

The Buyer shall complete a Bid Evaluation, BM-047, to document the results of the RFQ/RFP evaluation when a competitive process is used.

1.8.3 Contract Award and Purchase Order Issue

The Buyer shall prepare the Purchase Order (PO) to meet the requirements of the requisition.

PO shall be prepared and include the following:

a) scope of work; (a description of the products or services ordered that includes specifications, drawings, verification requirements, and other relevant technical data by title or other positive identification and applicable issue;)
b) technical performance requirements;
c) applicable codes, standards, and/or specifications;
d) jurisdictional requirements;
e) management system requirements/ quality assurance requirements
f) inspection, test, and acceptance requirements, including any special instructions;
g) delivery requirements;
h) documentation requirements and the timing of deliveries;

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i) requirements for reporting and approving the disposition of nonconformances;
j) Black & McDonald, regulators, customers or other Black & McDonald representatives have right of access to work facilities and records;
k) provisions for extending applicable requirements to subcontractors; and
l) provisions for controlled distribution, retention, maintenance, and disposition of records
m) where required, environmental considerations (such as packaging, station fire loading, or others).

Black and McDonald performs due diligence to ensure that items and services continually meet requirements by only purchasing from approved suppliers who have the required management system/quality assurance program and have demonstrated capability and capacity to provide the required item or service.

PO shall be reviewed by another qualified Buyer or the Purchasing Manager and the review shall be documented on a Purchasing Document Checklist, BM-226.

The PO issue is authorized in accordance to the financial limits as specified in Schedule 1 of this procedure and using form BM-228, Purchase Approvals.

The Buyer will process PO revisions in the same manner as the original issuance.

Where purchasing department is both the requisitioning and purchasing departments, all such purchases shall utilize the rule of 1 principle. The rule of 1 requires an approval authority one level higher than the authorizations levels identified in Schedule 1.

1.9 Commercial Contract Administration

The Purchasing Manager shall administer commercial aspects of the contracts. The commercial administration activities may include:

a) Assessment of the extent to which suppliers are meeting the contract requirements;
b) Assessment and recommendation of whether requested scope changes are within the awarded contract requirements; or

The Project Manager shall be accountable for overall project administration and work performed by the Suppliers.

Purchasing Manager or delegate is responsible for accepting concession applications and non-conformances. The Purchasing Manager shall obtain approvals from other individuals and/or organizations in dispositioning the identified concessions applications and/or non-conformances. The Purchasing Manager, at his discretion, may utilize the Black &

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McDonald tracking system to manage the concessions and non-conformances in support of recording and tracking the item to its resolution.

1.10 Source Surveillance

Source surveillance shall be performed in accordance with BM-PROC-036, Surveillance and it shall be carried out at intervals consistent with the importance and complexity of the item or service and shall include monitoring, witnessing, or observing selected activities at the supplier facility.

1.11 Receiving

Receiving of purchased Item shall be carried out in accordance with BM-PROC-031, Receiving, Handling and Storage of Item.

Receiving and acceptance of Services shall be carried out by the Project Manager or the Requisitioner.

1.12 Verification and Payment Release

Items received by the warehouse staff shall be accepted by the Buyer. The Buyer may use shipping invoices, receiving reports, receipt inspection reports or any other tools to support the verification.

Items and services received by site staff shall be accepted by the Construction Superintendent, Project Manager, or their delegates with signing authority. The verified document(s) shall be sent to the Buyer for processing.

Note: Items shipped from the warehouse to the work site does not require invoice approvals to support payment.

1.13 Completion Assurance and Close-out

Following the acceptance of Item(s) and/or service(s), the Buyer shall issue the accepted invoice to the Accounts Payable department for payment.

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Note: Where situations arise that requires non-intent changes to the PO value (maximum of $500CDN), the Buyer shall revise the PO and the Purchasing Manager shall approve these changes, without additional requisition authorization. When PO revision is made to facilitate a non-intent change, the Buyer shall document in the PO revision the rationale of the non-intent change. [Specifically, this note shall only apply in cases where we must match the PO value and Invoice value to close out the PO. The non-intent changes occur as a result of changes to transportation costs, currency exchange rates, and other similar costs. This provision cannot be used when additional scopes of services are obtained.]

After verifying the payment of invoices to the Supplier is completed, the Buyer shall close out the PO.
Note: Where applicable, the Buyer shall verify WSIB clearance certificates, construction liens, or payment of holdbacks prior to PO close out.

The Buyer shall complete the Purchasing Completion Assurance activities by completing Contract Completion Checklist, BM-225. The Buyer shall file the Contract Completion Checklist in accordance with BM-PROC-006, Document Control.

Note: When a PO is terminated for cause, the Purchasing Manager shall be responsible for notifying the Supplier.

2 Definitions and Acronyms

2.1 Definitions

Catalogue Item - refers to an Item that is identified in the Black & McDonald catalogue.

Item - refers to raw materials, parts, components, subassemblies, assemblies, equipment subsystems, systems, structures, or finished product.

Non-intent changes - refer to change to a management system document that does **not** change the scope, requirements, responsibilities, accountabilities, or actions performed. It is typically used to correct typographical errors, obvious incorrect sequence of steps, statements for clarification, or compliance date change.

Procurement Specialist - refers to an individual who is qualified to perform Procurement Engineering functions for Items and Services to be purchased. The qualification of the individual shall be recorded on the Record of Qualification.

Record of Qualification - is a document that identifies the individual meets the requirements of the assigned company role.

Requisition - refers to the document created to represent a demand for an Item/service.

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Requisitioner - refers to the person who is creating the demand for the Item/service

Services - refers to non-Item purchases which may include Engineering services, NDE services, construction services, rental services and others.

2.2 Acronyms

ASL - Approved Suppliers List

ITP - Inspection Test Plan

NCR - Non-conformance Report

PO - Purchase Order

QA - Quality Assurance

RFP - Request for Proposal

RFQ - Request for Quotation

PEEL - Procurement Engineering Exclusion List

BMREQ - Black & McDonald Requisitioning System

3 Records

Record	Retention	Record Repository
Purchase Requisition, BM-087	T7	SharePoint under job folder/Commercial
Bid List Approval, BM-048	T3	SharePoint under job folder/Commercial
Bid Evaluation, BM-047	T3	SharePoint under job folder/Commercial
Purchase Approval, BM-228	T3	SharePoint under job folder/Commercial
Contract Completion Checklist, BM-225	T7	SharePoint under job folder/Commercial
Concession Application, BM-224	T7	SharePoint under job folder/Commercial
Purchasing Document Checklist, BM-226	T3	SharePoint under job folder/Commercial

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4 References

4.1 Performance References

None

4.2 Developmental References

- N286-05, Management system requirements for nuclear power plants
- N286-12, Management system requirements for nuclear facilities
- Z299.1-85, Quality Assurance Program – Category 1
- ISO 9001:2008, Quality management system – Requirements

5 Revision Summary

Rev 00 – Initial issue 2014-Jul-21

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Schedule 1: Requisition and Purchase Financial Limits

Applicable for Projects Assigned to Engineering Canada											
Element	Function	Subject	RVP	Divisional Managers	Divisional Manager - Purchasing	Site Superintendents	Controller	Purchasing Manager	Project Managers	Manager HR	Buyer
1.1	Requisitions	Requisitioning services and items for approved projects	>$3.0M	$1.0M	$1.0M	$1.0M		$250k	$500k	$250k	
1.2		Requisitioning services and items for non- approved projects	>$250k	$250k	$250k						
1.3		Requisitioning of labour under augmented staff	>$250k							$250k	
2.1	Purchasing	Purchasing services and items for approved projects [1]	>$3.0M		$3.0M			$ 1.0M			$100k
2.2		Purchasing of labour under augmented staff[1]	>$3.0M		$3.0M			$ 1.0M		$1.0M	$100k
3.1	Invoice Payment	Project authorization to release payment for approved project	>$1.0M	$1.0M	$1.0M	$100k	$500k	$500k		$100k	
3.2		Project authorization to release payment for non- approved project	all								

Notes: [1] Purchase orders valued greater than 10M$ shall be reviewed by Regional Risk and approved by the RVP.

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