



# The College of The Bahamas

## POLICY ON CONTRACTING

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| <b>POLICY NUMBER</b>              | 2008-09-POL   |
| <b>TITLE OF THE POLICY</b>        | CONTRACTING   |
| <b>DATE OF ADOPTION</b>           | November 12, 2008   |
| <b>COUNCIL RESOLUTION NUMBER</b>  | 2008-09-POL   |
| <b>SUPERSEDES</b>                 | Previous practices  |
| <b>DATE OF IMPLEMENTATION</b>     | November 12, 2008   |
| <b>PROJECTED DATE OF REVISION</b> | November 2010   |
| <b>PURPOSE OF THE POLICY</b>      | <p>The objective of this policy is to establish guidelines and procedures that will govern and guide The College's Council, faculty and staff on the process involved when committing The College in terms of contracts. This policy covers the processes for approving and entering contracts and ensures that The College establishes the following:</p> <ol style="list-style-type: none"> <li>1. An inventory of contracts; in essence, at any one time, The College will know its total commitments under all contractual agreements.</li> <li>2. Procedures to monitor and control potential conflicts of interest in the contracting process.</li> <li>3. Guidelines to monitor the quality of the service or product received.</li> </ol> <p>This policy also ensures that all contracts entered on behalf of The College are signed by two College officials as set out in the approval levels. The policy does not extend to independent contractors or consultants, as they do not have the authority to bind The College.</p> |
| <b>REVISION NUMBER</b>            | Not applicable  |
| <b>ACCOUNTABILITY</b>             | This policy is under the responsibility of the Vice-President, Finance and Administration who is accountable for its implementation.  |
| <b>ASSOCIATED PROCEDURES</b>      | Determined by Vice-President, Finance and Administration  |
| <b>RELATED POLICIES</b>           | Policy on Delegation of Financial Authority, Policy on Request for Proposal (RFP)   |
| <b>HISTORY</b>                    | New   |

## 1. Authority

- 1.1. The College of The Bahamas Act assigns the power to the Council to “to provide for the welfare of the students of the College; to control and superintend the property and policies of the College and to fix fees and charges for courses of study, facilities and other services provided by the College and to reduce, waive or refund fees and charges so fixed, generally or in any particular case or class of case”.<sup>1</sup>

## 2. Overview

The College of The Bahamas is embarking on the next stage of its development, University level. It is expected that this transition will result in the growth of construction and other related contracts. This policy establishes guidelines and procedures that will govern and guide The College, its Council, faculty and staff on the process involved when committing the College to contractual agreements.

## 3. General

This policy should be read along with the policies on:

- Delegation of Financial Authority
- Requests For Proposals

It should be emphasized that on annual basis The College should have considered all matters that are subject to contracting in its budgeting process.

***ALL CONTRACTS ARE TO CONTAIN AN EXIT CLAUSE AND SHALL BE SIGNED BY TWO PERSONS AS SET OUT IN THE POLICY ON THE DELEGATION OF FINANCIAL AUTHORITY.***

## 4. Policy

***This policy will govern the following processes:***

- Capital projects
- Borrowings
- Repairs and maintenance
- Consultants and service providers
- Supplies and materials contracts
- Purchasing

### 4.1 Capital Projects

Capital projects generally involve the construction of a structure and a number of players such as architects, contractors, project monitors and the like. Capital projects, based on the dollar value of the project, are to be approved by The College Council and are subject to a tendering process. The scope of the work, details of persons authorized to approve contracts and general conditions of the contract are to be set out in an RFP.

Proposals are to be forwarded to The College in the manner specified in the RFP; site visits are encouraged for contractors to assess The College’s needs as set out the RFP. ***Details of the approval process are set out in clause 4 of this document.***

All contracts entered shall be drafted by The College and shall include an exit clause, prior to executing such contracts.

The Secretary to the Council is charged with the duty of maintaining an inventory of all College contracts.

#### 4.2 Borrowing

The Council is charged with approving all borrowings of The College. The decision to obtain borrowing shall be evidenced by a resolution of the Council. In its decision, details of the purpose, terms and conditions of the borrowing shall be available. The Council may request that its legal counsel vet the loan agreement before the agreement is signed.

All agreements should be reviewed by a Finance appointee in order to assess the economic effect and to ensure that The College meets and monitors all terms and conditions that are set out in the agreement.

#### 4.3 Consultants and Other Service Providers

The College will use competitive procedures for the selection of consultants and/or personal services contracts.

Tenders must be forwarded to The College in the manner specified in the RFP.

Personal services, for example, legal counsel and auditing, will be governed by written proposals with the scope of services and the basis for cost clearly defined. The scope of the work will be determined and general conditions of the contract will be drafted and set out in a RFP.

***Details of the approval process are set out in clause 4 of this document.***

#### 4.4 Repairs and Maintenance

The College should always assess its need and the nature of work required under this category in an effort to determine whether the necessary services can be obtained in-house.

If unable to be completed in-house and if the cost of the job exceeds \$25,000, a request to tender will be required.. A project for bidding requires, at a minimum, a detailed scope of work. Recurring activities will not be contracted for more than two years without a re-bidding on the work. For jobs below \$25,000, 3 quotes will be required from The College's pre-approved service providers.

To ensure that small dollar value projects are not concentrated in a small number of service providers and to ensure the receipt of good quality work for jobs below \$25,000, The College will establish a list of pre-approved service providers which shall include contractors, IT specialists, and mechanics. On an annual basis The College shall invite (via newspaper advertisements/notices and its website) local service providers to become pre-approved service providers.

To become a pre-approved service provider, the supplier will be required to provide information as set out in the invitation; this will include bank and customer references, a resume that outlines services and other details that may be used to assess its acceptance as a pre-approved service provider. Details of the requirements shall be determined by various Senior Team committees.

The Estates Administrator and Director of Physical Plant will develop procedures for the employment of on-call contractors for emergency services and on-demand small projects beyond the capacity of Physical Plant.

#### 4.5 Purchasing Policy

Purchase of inventory items with an individual value of \$500 or greater must be delivered through The College's central receiving for fixed asset accounting.

Commodity-based purchases are to be made through The College's purchasing officer who has the responsibility of using competitive bidding where applicable and for obtaining volume discounts when available. In such cases the amount of the bids should be noted on the general purchase requisition which shall also contain a copy of the bids.

Library purchases of books for the permanent collection are to be made by the College Librarian in coordination with the Business Office and are subject to fixed asset accounting procedures and inventory management.

### 5. Approval Process

The approval of tenders is the responsibility of a Tenders Committee whose membership will be set by Council on the basis of the nature of the work to be contracted. As such, the membership of the Committee will vary and may include an external consultant to assist in the review and selection of a contract.

In awarding a contract or selecting a tender, the Tenders Committee takes into consideration price, quality, specification compliance and experience. Prior to the tender review process, the Tenders Committee members are charged with establishing a weighting of the criteria that will be used to evaluate each of the bids and assign a score to each, and at the end of the process the supplier with the highest score would be awarded the contract. The scores and weighting will undoubtedly depend on the nature of the project and will vary from one project to the next. Scoring summaries must be kept on file.

An inventory of all tenders received shall be kept by the Office of the President and scoring summaries and related notes must be kept on file as a part of a tender package that is available to Council upon request.

Letters should be issued by the Office of the President to the suppliers that submitted tenders to confirm if the tender was accepted or not, and a copy of the issued letters is to form a part of the tender package.

### 6. Reporting Requirements

As previously indicated, all contracts are to be lodged with the Council Secretary. Copies of contracts are to be distributed to the President and the Vice President, Finance/CFO.

At each Council meeting, the Council Secretary is required to provide a brief report of the contracts entered into by The College during the previous month. The Council Secretary is also charged with keeping an inventory of the contracts. The inventory shall include the name of the contracting party, the date of the contract, the nature of the contract, the dollar value of the contract and its expiration date, if applicable.

### 7. Inspectorate Control

Based on the nature of the contract, the Inspectorate Control Team (ICT) may vary. That is, the membership of an ICT for a construction contract will differ significantly from the membership of an ICT for an IT project. The membership of an ICT for a given project shall be determined by The College's Senior Team. The membership shall not be exhaustive and shall consist of a finance representative. At the option of the Senior Team, external consultants may be appointed to the ICT. The ICT is vested with assessing the quality and adequacy of work and services received by The College and will be governed by set policies with its main task being to ensure that The College is receiving and paying for good quality work.

Before any payments are made to third parties, the ICT must confirm its satisfaction with the level of service received. The ICT is to provide a report to the Senior Team and the Council, in case of larger projects, on the state of contracts and the quality of work received. This satisfaction will be communicated via an Inspectorate Control Memo (ICM) forwarded to the finance department with the supplier's invoice and the necessary requisitions. If the ICT is not satisfied with the work, it must take immediate action to address poor quality work; in the event of poor quality work the ICT must provide recommendations on the action to be taken. Such recommendations may include requesting a correction of the problem or, if gravely dissatisfied, may involve invoking the exit clause.

ICMs are to be lodged with the Council Secretary who is vested with the responsibility of generating a service/contractor "stop list". The purpose of the "stop list" is to ensure that The College never contracts the particular service provider again.

## **8. Bond Insurance and Retention Payment**

Depending on the service being provided, The College will assess the need for a performance bond insurance. The performance bond insurance will be required for major construction and renovation projects. The College shall also ensure that contracts contain a retention payment clause. Retention of a percentage of the final payment is applicable to all contracts and it is The College's expectation that such payments will be released only after a satisfactory ICM is received.

## **9. Conflict of Interest**

The potential for a conflict of interest exists whenever a person has the authority to make a decision which may lead to a tangible benefit, either directly or indirectly, to that person, to a member of his or her family, or to a close friend or business partner. Making a decision when in a conflict of interest is strictly forbidden.

In order to avoid a conflict of interest, all employees and Council members involved in a decision on the allocation of a contract or any other benefit are required to disclose any potential conflict to the College President or the Council Chair. Should a conflict be deemed to exist, the person will not participate in the decision.

Any infraction of this matter will lead to the appropriate disciplinary action.