



# Memorandum

**Date:** March 29, 2024  
**To:** Finance and Audit Committee  
**From:** Kate Cumming, Assistant Secretary-Treasurer

## **Information: Purchasing Administrative Procedure Update**

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### **1.0 BACKGROUND**

The Purchasing Administrative Procedure outlines the required procedures for District purchases in alignment with Policy 206 – Purchasing (*Appendix A*). The Purchasing Administrative Procedure (*Appendix B*) details the required procurement methods to be used based on the total acquisition value of the purchase, the guiding principles for purchasing goods and services on behalf of the District, and the responsibilities with regards to purchasing for District employees and for the Purchasing Department.

### **3.0 INFORMATION STATEMENT**

The Purchasing Administrative Procedure has been revised in order to update the acquisition dollar thresholds. The Purchasing Administrative Procedure was last revised in June 2018 and the cost escalation of goods and services over the past 6 years has resulted in a need to increase the acquisition dollar thresholds for operational effectiveness. The increases would maintain the intent of Policy 206 – Purchasing to ensure that the best value is obtained for the District's purchases while reducing processing and administration time for procurement and payment.

Below is an excerpt from the updated Purchasing Administrative Procedure that reflects the proposed acquisition dollar thresholds.

<b>Current Value</b>	<b>Proposed Value</b>	<b>Procurement Method</b>
Over \$75,000	Over \$125,000	Public Consultation
\$15,001 to \$75,000	\$20,001 to \$125,000	Minimum of 3 Written Quotations
\$2,001 to \$15,000	\$5,001 to \$20,000	Minimum of Three Verbal Quotations (excluding books, athletic clothing, field trips, donations, graduation events, and fundraising)
Up to \$2,000	Up to \$5,000	VISA Purchasing Card or School Funds No Purchase Order Required

Since the development of the British Columbia Building Code in 2018 (BCBC2018) the Ministry of Education and Child Care has utilized an escalation factor applied to the base unit rate of construction in Central Okanagan. This rate was 1.166 in 2018 growing to 1.941 in 2023 which is a .748 factor increase in the cost of construction.

<b>Table 5: Project location factors</b>		
<b>SD No.</b>	<b>Community</b>	<b>2<sup>nd</sup> QUARTER 2023 (October) Location Factor</b>
5	Cranbrook	2.017
5	Fernie	1.995
6	Golden	1.985
6	Invermere	2.051
6	Kimberley	2.044
8	Creston	2.038
8	Kaslo	2.07
8	Nelson	2.031
10	Nakusp	2.116
19	Revelstoke	2.025
20	Castlegar	1.998
20	Trail	2.017
22	Vernon	1.914
23	Kelowna	1.941

As a result, a building project with a total cost of \$75,000 in 2018 would cost \$124,850 in October 2023 according to the increase in the cost escalation factor. This has formed the basis of the proposed increase in the acquisition dollar thresholds.

#### **4.0 ASSISTANT SECRETARY-TREASURER’S COMMENTS**

None.

#### **5.0 APPENDICES**

- A. Policy 206 - Purchasing
- B. Purchasing Administrative Procedure (Revised March 2024)