

Highland Shores Children's Aid Society Procedure

Service Area:	Finance
Procedure Title:	Procurement of Goods and Services
Associated Policy:	
Effective Date:	June 1, 2013
Reference Number:	1289

Procedure Statement:

1. Purpose

The purpose of this procedure is to ensure that all goods and services are procured in an open, fair and transparent manner, through consistent processes that ensure that expenditures represents value for money. Responsibilities are outlined throughout each stage of the procurement process.

This procedure is based on five key principles:

1. **Accountability**
The Society must be accountable for the results of its procurement decisions and the appropriateness of the processes.
2. **Transparency**
The Society must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.
3. **Value for Money**
The Society must maximize the value it receives from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.
4. **Quality Service Delivery**
Front-line services provided by the Society must receive the right product, at the right time, in the right place.
5. **Process Standardization**
Standardized processes remove inefficiencies and create a level playing field.

Procedure:

2. Application

This procedure applies to all persons in the organization participating in procurement activities, including employees and board members. This procedure applies to all goods, property related, consulting services and information technology acquired by the Society, with allowable exceptions/exemptions. This procedure also applies to goods and services purchased jointly with other organizations. The total value of procurement includes cost of freight, installation but not taxes.

As a designated Broader Public Sector (BPS) organization under the BPS Accountability Act, the Society must comply with the BPS Procurement Directive (the "Directive") as of April 1, 2011. Where any agreement addresses the subject matter of the Directive, the Directive prevails over the relevant terms of the agreement if there is any conflict or inconsistency between them. This procedure follows the Directive and expands on areas as required for Society purposes.

3. Exceptions and Exemptions to this Procedure

Please refer to Appendix A, Exemptions and Exceptions to Competitive Procurement Requirements for details of circumstances where non-competitive procurement is permitted.

Where the Society has relied on an exception or exemption to this procedure, as per Appendix A, the rationale must be clearly and formally documented. Exceptions and exemptions relate to the procurement of the goods and/or services only. All other requirements of this procedure continue to apply, including documentation, contract management, supplier management, et cetera.

See CAS Tools & Templates, [Procurement Appendix A - Exemptions Exceptions](#)

See CAS Tools & Templates, [Procurement - Non-Competitive Approval Form](#)

See CAS Tools & Templates, [Procurement - Business Case](#)

See CAS Tools & Templates, [Single & Sole Sourcing Procurement Process Map](#)

See CAS Tools & Templates, [Procurement - Non Competitive Process Guide](#)

See CAS Tools & Templates, [Procurement - Business Case Template Procurement Exemptions](#)

See CAS Tools & Templates, [Procurement Appendix G - Procurement Required Documentation](#)

See CAS Tools & Templates, [Procurement Appendix H - Procurement Process Flows](#)

4. Definitions

Refer to Appendix B, Definitions

5. Supply Chain Code of Ethics

The BPS Supply Chain Code of Ethics has been formally adopted in accordance with the governance processes of the Society (Appendix C). The Society will post on its website the

BPS Supply Chain Code of Ethics to ensure that it is available and visible to all members of the Society, suppliers, and stakeholders involved with supply chain activities.

6. BPS Mandatory Requirements(25):

Segregation of Duties (Mandatory Requirement #1)

The Society will segregate at least three of the five functional procurement roles: Requisition, Budgeting, Commitment, Receipt, and Payment. The roles must lie with different departments or, at minimum, with different individuals.

See *CAS Tools & Templates*, [Procurement - Segregation of Duties](#)

Approval Authority (Mandatory Requirement #2)

Competitive Procurement – Goods and Non-consulting Services

The Society will establish and maintain an Approval Authority Schedule (AAS) for competitive procurement of goods and non-consulting services. This schedule will reflect financial levels of authority for each of the five procurement roles identified in Segregation of Duties.

Non-competitive Procurement – Goods and Non-consulting Services

For any non-competitive procurement of goods and non-consulting services, the level of approval authority must shift one level higher than the level for competitive procurement noted above in the AAS.

Consulting Services

Procurement of consulting services follows the same AAS as goods and non-consulting services with the following exceptions:

- Non-competitive procurement up to \$1,000,000 must be approved by Executive Director
- Non-competitive procurement greater than a \$1,000,000 requires Board of Directors approval

The Society's AAS must be approved by the Board of Directors of the Society.

Prior to commitment, any procurement must be approved by the appropriate AAS.

See *CAS Tools & Templates*, [Procurement Appendix D - Highland Shores AAM](#)

See *CAS Tools & Templates*, [Procurement - Approval Authority Schedule Template](#)

Competitive Procurement Thresholds (Mandatory Requirement #3)

Goods, Non-Consulting Services and Construction			
Total Procurement Value	Means of Procurement	Required/Recommended	Alternate Means
\$ 0 - \$100	Petty cash	Recommended	Invitational, Open
\$0 - \$3,000	Credit card	Recommended	Invitational, Open

\$0 - \$5,000 (Property)	Credit card	Recommended	Invitational, Open
\$0 - \$7,000 (HR,IS, CS Admin)	Credit card	Recommended	Invitational, Open
\$ 0 - \$10,000	Purchase order	Recommended	Invitational, Open
\$10,000 to \$100,000	Invitational competitive (minimum 3 suppliers invited to bid)	Recommended	Open Competitive
\$100,000 or more	Open competitive process	Required	None

Consulting Services			
Total Procurement Value	Means of Procurement	Required/Recommended	Alternate Means
\$ 0 - \$100,000	Invitational OR open competitive process	Required	N/A
\$100,000 or more	Open competitive	Required	N/A

The total value of procurement includes cost of freight, installation but not taxes. For multi-year procurements; calculate the total projected value for the entire period of the anticipated agreement including optional renewals; multiple purchases may not be used to circumvent competitive procurements.

See CAS Tools & Templates, [Procurement Appendix A - Exemptions Exceptions](#)
 See CAS Tools & Templates, [Procurement Appendix B - Definitions](#)

Information Gathering (Mandatory Requirement #4)

The Society may choose to use a formal process such as Request for Information or Request for Expression of Interest, where the results of informal information gathering are not sufficient and where the time and effort required conducting such processes is seen as warranted.

An RFI and RFEI must not be used to prequalify vendors. An RFI or RFEI may not alter or influence the opportunity for a participating supplier to become the successful bidder in any subsequent opportunity.

Information gathered during an RFI and RFEI process is subject to all documentation management requirements of this policy.

See CAS Tools & Templates, [Procurement Appendix B - Definitions](#)
 See CAS Tools & Templates, *RFI Process Map*
 See CAS Tools & Templates, *RFI Checklist*
 See CAS Tools & Templates, [Procurement - Business Case](#)

Supplier Pre-qualification (Mandatory Requirement #5)

Suppliers may be prequalified to:

- Gather information about supplier capabilities and qualifications for an immediate purchase
- Gather information about supplier capabilities in advance of expected future competitive procurements

In development of "Request for Supplier Qualification" the Society must include language to ensure there is no obligation to purchase goods or services as the result of prequalification.

See CAS Tools & Templates, [Procurement Appendix B - Definitions](#)

See CAS Tools & Templates, *Procurement Workflows*

See CAS Tools & Templates, *RFSQ VOR List Procedure Guideline*

Planning

Planning is an integral part of the acquisition process.

- I. Goods and services shall be acquired only after consideration of the needs, alternatives, appropriateness of good or service for the purpose required, timing and the overall Society supply strategy.
- II. The basic rationale for each major type of planned expenditure \$25,000 or greater will be identified, justified and documented in a companion Business Plan (using an executive summary style) to the Society's annual budget (Appendix L).
- III. Justification for acquisitions \$25,000 or greater not included in the Society's annual budget will be documented separately and attached to the budget documentation (Appendix E).

Prior to placing orders for goods and services valued in excess of \$1,000, document the Society's rationale for the purchase and include the documented justification in the Accounts Payable file (Appendix F or Appendix I). The level of justification documentation should reflect the value of the purchase.

For goods and services that will be paid for, via installments, assess the appropriateness of buy vs. lease and document the rationale for the decision made.

Acquiring

Goods and services shall be acquired from qualified vendors through a competitive process to meet specified needs at the best price / cost value for money. For repetitive purchases, a Vendor of Record (VOR) may be established.

For large dollar purchases, the Society, at its option, may choose to pre-qualify vendors. The pre-qualification process requires an assessment by a Selection Committee (composed of, at a minimum, three senior Society staff managers) of the possible bidders based on pre-established criteria which may include:

- I. Brief outline of the size of the firm and range of experience with not-for-profit organizations.
- II. Experience in providing services to child welfare organizations.
- III. Specific qualifications of staff that could be assigned to providing services to the Society.
- IV. The firms will be required to submit a letter of qualification which responds specifically to the pre-established criteria. All appropriate documentation throughout the selection process will be retained.

A Vendor of Record may be established where:

- I. the actual demand is not known in advance, or

- II. a need is anticipated for a range of goods and services for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.
- III. the Society shall establish and maintain a reference list of approved Vendors of Record to source frequently used goods or services. The reference list will specify Vendors of Record, pricing, discounts from published catalogues, standard pricing, etc.
- IV. to establish prices and/or discounts and select sources, the Society shall employ the provisions contained in this procedure for the acquisition of goods, services.
- V. more than one supplier may be selected where it is in the best interests of the Society and the bid solicitation allows for more than one.
- VI. when a purchasing action is initiated for frequently used goods or services, it is to be made with the supplier or suppliers listed in the Vendor of Record.
- VII. in a request for Vendor of Record, the expected quantity of the specified goods or services to be purchased over the time period of the agreement will be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage.

Competitive Bid Documents (Mandatory Requirement #6, 7, 8, 25)

Competitive bid documents must be made available through an electronic tendering system that is readily accessible by all Canadian suppliers, such as MERX, Bidding, Ontario Public Buyers Association.

Response times for vendors to bid must be a minimum 15 days for procurements valued at \$100,000 or more. For procurements with a higher degree of complexity, risk or value, a minimum response time of 30 days is required.

Competitive procurement documents must clearly identify a bid submission date and time which falls on a regular working day (Monday to Friday, excluding holidays). Submissions received after the closing time must be returned unopened.

Competitive procurement documents must include bid dispute resolution procedures to ensure that any bid disputes are handled in fair, ethical, reasonable and timely fashion. The Society must ensure that such resolution procedures comply with similar procedures set out in the Agreements on Internal Trade, Chapter 5, Article 514, Bid Protest Procedures.

See CAS Tools & Templates, [Procurement - Bid Receipt Log Template](#)

See CAS Tools & Templates, [Procurement - Bid Dispute Resolution Process Options](#)

See CAS Tools & Templates, [Procurement - Bid Dispute Resolution](#)

Evaluation of Bids (Mandatory Requirements #9-14)

Evaluation criteria must be developed, reviewed and approved according to the Society's AAS (Per Approval Authority - Mandatory Requirement #2).

Competitive Procurement Documents

Competitive procurement documents must:

- Disclose evaluation criteria:
 - Must be disclosed in the procurement documents

- Must include mandatory, rated and other criteria that will be used in evaluation of submissions, including the weight of each criterion.
 - Maximum justifiable weight must be allocated to the cost/price component of the evaluation.
 - Criteria may not be structured to discriminate or provide preferential treatment to any supplier.
 - Mandatory criteria must be kept to a minimum to ensure that no bid is unnecessarily disqualified.
- Clearly state that bids not meeting mandatory requirements will be disqualified
 - Disclose the methodology that will be used to evaluate bids, including the method of resolving a tie score
 - Clearly state that alternative strategies or solutions will not be considered unless specifically requested in the procurement documents
 - Include any options to extend the agreement

Competitive procurement documents may request suppliers to provide alternative strategies or solutions as part of their submission. If such a request is included, the procurement documents must disclose the criterion that will be used to evaluate alternative strategies and solutions

See CAS Tools & Templates, [Procurement - Evaluation Matrix](#)

See CAS Tools & Templates, [Procurement - Evaluation Handbook](#)

See CAS Tools & Templates, [Addendum and Q&A Guidelines](#)

Evaluation Process

The Society shall create evaluation teams for the purposes of evaluating competitive bids.

Evaluation teams must:

- Be aware of restrictions related to use of confidential and commercially sensitive information collected through the procurement process
- Refrain from engaging in activities that create or appear to create a conflict of interest
- Individually sign a conflict of interest declaration and non disclosure agreement
- Individually and independently complete an evaluation matrix to rate each submission
- Ensure that all commentary or ratings are fair, factual and defensible
- Not discriminate or exercise preferential treatment in awarding contracts as the result of the competitive procurement process
- Complete evaluation of all non-monetary factors prior to opening/considering price/cost factors
- Declare the winning bid according to the supplier that receives the highest evaluation score and meets all the mandatory requirements set out in the procurement documents

See CAS Tools & Templates, [Procurement - NonDisclosure Agreement](#)

See CAS Tools & Templates, [Procurement - Conflict of Interest Disclosure](#)

Establishing & Awarding Contracts (Mandatory Requirements #15-20)

The agreement between the Society and the successful supplier must be formally defined in a signed written contract before the provision or supplying of goods or services commences. Where the procurement documents included a form of agreement, that form is to be used to finalize the agreement. Where an alternative strategy has been used and there is no form of agreement in the procurement documents, the agreement between the Society and the vendor must be defined formally in a signed contract, before delivery of the goods or services. Where an immediate need exists for goods or services, and the Society and supplier are unable to finalize the contract as described above, an interim purchase order may be used. The justification of such decision must be documented and approved by the appropriate signing authority.

Contracts must:

- Include appropriate cancellation or termination clauses
- For complex procurements including provision of professional services, Society should consider inclusion of assessment, cancellation or termination clauses at specific life cycle stages of the procurement
- Include dispute resolution clauses as per procurement documentation

Contracts for Services must include:

- Clear terms of reference including objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements and knowledge transfer requirements
- Include rules for expense claim and reimbursement rules which are compliant with the Broader Public Sector Expense Directive

Modifications to terms of agreements

- May only be made when the terms of agreements and options to extend the agreement have been set out in the original procurement documents
- Must be approved by the appropriate authority (See AAS)
- Extensions of agreement beyond those set out in the procurement documents where the extension affects the value and/or stated deliverables of the procurement is a non-competitive procurement

Contract awards must be publicly posted on the Society website for procurements valued at \$100,000 or more. In the same manner as the procurement documents this award notification will:

- Be posted after the agreement for delivery of goods/services has been finalized
- Include the name of the successful supplier
- Include the start and end dates of the agreement
- Include information on extension options

See CAS Tools & Templates, [Procurement - Award Notification Letter](#)

See CAS Tools & Templates, [Procurement - Contract Award Letter](#)

See CAS Tools & Templates, [Procurement - Contract Review Checklist](#)

For procurements in excess of \$100,000, the Society must inform all unsuccessful suppliers concerning their entitlement to a supplier debriefing. The Society must allow unsuccessful suppliers 60 calendar days following the contract award notification date to request a briefing.

See *CAS Tools & Templates*, [Procurement - Vendor Debriefing Template](#)

Non-Competitive Procurement (Mandatory Requirement #21)

The Society may engage in non-competitive procurements only under the circumstances outlined in Appendix A.

Non-competitive procurements require approval at a minimum one level higher on the AAS than a competitive procurement of the same value. Supporting documentation must be completed and approved prior to commencement of non-competitive procurement.

For non-competitive procurements, the Society must demonstrate:

- The rationale for selection of the particular supplier over other available suppliers
- How fees charged are commensurate with services being procured

See *CAS Tools & Templates*, [Procurement - Non-Competitive Approval Form](#)

See *CAS Tools & Templates*, [Procurement - Non Competitive Process Guide](#)

Contract Management (Mandatory Requirement #22-23)

The Society shall ensure that:

- All procurements and the resulting contracts are managed responsibly and effectively.
- Payments are made in accordance with the terms of the contract; invoices must contain detailed information sufficient to warrant payment; and, any overpayments are recovered in a timely manner.
- Supplier performance is managed.
- Any supplier performance issues are documented.
- Contracts for services include terms as outlined in Mandatory Requirement #15-20 of this policy and that expense claims:
 - Are compliant with contract terms and with Broader Public Sector Expenses Directive
 - Are claimed only as explicitly permitted by the contract
- All procurement documentation and other pertinent information is retained in a recoverable format for seven (7) years including but not limited to:
 - Procurement justification or business case
 - All approvals
 - Evidence of receipt of deliverables
 - Where purchase was via a Vendor of Record, information concerning the process used to select the vendor
 - Advertisements, RFI, vendor prequalification
 - All responses and submissions
 - Vendor consultations
 - Evaluations
 - Awards
 - Contracts

- Payments
- The Society shall handle, store and maintain supplier confidential and commercially sensitive information:
 - Staff handling and having access to this information are aware of the Society's requirement to protect commercially sensitive information

See CAS Tools & Templates, [Procurement - Contract Management](#)

Conflict of Interest (Mandatory Requirement #24)

The Society must monitor any conflict of interest that may arise as a result of any employee or other organization member, advisor, supplier or other stakeholder's involvement with supply chain activities. Individuals involved with supply chain activities must declare actual or potential conflicts of interest. Where a conflict arises, it must be evaluated and appropriate mitigating action taken.

See CAS Tools & Templates, [Procurement - Conflict of Interest Disclosure](#)

Background and References:

- **Link:** [Procurement - Directive Tools and Template Reference Listing](#)
- **Procedure:** [Credit, Purchasing and Gas Cards Procedure](#)
- **Procedure:** [Travel, Meals, Training and Hospitality Expense Procedure](#)

Appendix "C"

Ontario Broader Public Sector Supply Chain Code of Ethics

Goal: To ensure an ethical, professional and accountable BPS supply chain.

I. Personal Integrity and Professionalism

Individuals involved with Supply Chain Activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all Supply Chain Activities within and between BPS organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. Participants must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.

II. Accountability and Transparency

Supply Chain Activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best value for public money. All participants must ensure that public sector resources are used in a responsible, efficient and effective manner.

III. Compliance and Continuous Improvement

Individuals involved with purchasing or other Supply Chain Activities must comply with this Code of Ethics and the laws of Canada and Ontario. Individuals should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels, and to share leading practices.

This document is required to be approved by the Society's Board of Directors.