

# Procurement Policy

November 2023

<b>Procurement Policy</b>			
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# 1.0 PRINCIPLES OF USE

The purpose of this policy is to identify the principles and methods that the Resource Productivity and Recovery Authority (RPRA) uses to procure services and goods.

## 1.1 Procurement Principles

RPRA adheres to the following procurement principles:

- (a) Access for qualified vendors to compete for business will be open. The procurement process will be conducted in an ethical, fair, and transparent manner, providing equal treatment to vendors. Access will be geographically neutral with respect to other jurisdictions that practice reciprocal non-discrimination in Ontario.
- (b) The procurement of goods and services will be responsibly and effectively managed through appropriate organizational structures, systems, policies, regulations, applicable laws, by laws, processes, and procedures.
- (c) Conflict of interest, real, potential, and apparent, will be avoided during the procurement process and ensuing contract. Any real, potential, and apparent conflict of interest will be declared to the board prior to engaging in any procurement activity. Relationships that create a perpetual reliance on a particular vendor for any type of work will be reviewed on a regular basis.
- (d) Goods and services will be procured in accordance with this policy only after consideration of business requirements, alternatives, timing, and adherence to all documented procurement methods to achieve best value for money.
- (e) RPRA staff will evaluate all factors including the most cost-effective and efficient use of funds and resources by acquiring the specified goods and services at the optimum quality, quantity, price, delivery, and performance. RPRA may consider environment, social and governance impact when purchasing goods and services.
- (f) Dividing a service, deliverable commitment, or transaction into two or more parts to circumvent the procurement process or methods is a violation of the policy.

## 1.2 Segregation of Duties

Segregation of duties and delegation of authority are control mechanisms within the procurement process designed to ensure the integrity of the process and reduce exposure to inappropriate expenditures.

RPRA has segregated and delineated six key functions within the procurement process as detailed below.

Functional Role	Responsibility to Authorize	Responsible Party
Budgeting	Funding is available	Board or RPRA staff, per Financial Management and Controls Policy
Requisition	The procurement process	RPRA staff
Commitment	Release of the order/contract to the supplier under agreed terms	Board or RPRA staff, per expenditure commitment in Financial Management and Controls Policy
Receipt	The order/service was received, correct, and complete	RPRA staff
Payment Authorization	Release of payment to the supplier	Chief Financial and Administrative Officer
Payment Disbursement	Execution of disbursement	Per signing authority in Financial Management and Controls Policy

### 1.3 Dividing Transactions

No actions may be taken to reduce the value of the procurement in order to avoid any requirements of this policy. Dividing a service, deliverable commitment, or transaction into two or more parts to circumvent the procurement process or methods is a violation of the policy.

### 1.4 Documentation

Employees managing procurement processes, developing procurement documents, purchase orders and contracts, and authorizing transactions must ensure that:

- All policies and procedures are followed;
- Reviews and approvals required have been obtained;
- Appropriate documentation of these approvals is maintained; and
- All procurement documents are filed according to RPRA's Records Retention Policy.

### 1.5 Calculation of Costs

Where a product or service that meets the specifications is purchased, the cost will be the sum of all costs including but not limited to purchase price, delivery, installation, warranty, and operating costs. When determining the value of a procurement for approval purposes as outlined in the policy, sales taxes that are recoverable will not be included.

### 1.6 Technology (Hardware & Software) Procurements

Any project with technology components (hardware and/or software) requires approval of the Chief Information Officer or delegate. If the project amount is less than \$15,000 this approval should occur before purchase. If the project amount is greater than \$15,000 this approval should occur at both the RFX stage and the contract stage.

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## 1.7 Contractual Arrangements

All contracts must include appropriate cancellation or termination clauses. Appropriate procurement and legal advice should be sought on the development of these clauses. For goods and services procured as part of an information technology (IT) project, clauses that permit cancellation or termination at critical project lifecycle stages must be considered.

The term of the contract and any options to extend must be set out in the RFx documents.

## 2.0 PROCUREMENT METHODS

The most common procurement methods (RFx) that RPRA will use and the appropriate circumstances for use are as follows:

- **RFI (Request for Information)** - A sourcing strategy to investigate the marketplace about a potential expert, product, or service. Used mainly as an investigative tool in the initial step in procurement process but in some instances, to formalize thinking and specifications as a prequalification to an RFQ or RFP.
- **RFQ (Request for Quote)** - A formal or informal inquiry to determine the price of a specific good or service. Successful proponents are normally (but not exclusively) chosen based on the price submitted, although the evaluation can also allow for predetermined criteria in addition to price.
- **RFP (Request for Proposal)** - A formal request where a more complex solution, generally with identified deliverables, is required. In most cases, price is not the sole determining factor. This process allows vendors to propose different solutions to arrive at the end product or desired result and allows for evaluation based on predetermined criteria.
- **Sole Source or Single Source Procurement** - Sole source means the use of a non-competitive procurement process to acquire goods or services from a specific supplier because there are no other suppliers available or able to provide the required goods or services. Single source means the use of a non-competitive procurement process to acquire goods or services from a specific supplier even though there may be more than one supplier capable of delivering the same goods or services.
- **Follow-On Agreements** - A follow-on agreement is one that follows and is related to an already completed agreement. The procurement documents for the completed agreement need to disclose the potential for this additional related work. Related work could be something that continues work begun under the earlier contract or that is a consequence of the earlier contract.
- **Change Orders** - A change order is a change to an existing contract that modifies the scope, timing, and/or budget requirements from the original contract before the project is completed. Approval of a change order that increases the total project amount to a new authorization level must be reapproved in accordance with RPRA's Financial Management and Controls Policy authorization requirements.

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## 3.0 PROCUREMENT GUIDELINES

The following table outlines the approved guidelines and means of procurement for goods and services with the value set out in the column titled Procurement Value.

Procurement Value	Means of Procurement	Minimum Number of Suppliers
<= \$5,000	Purchase order not required	one
\$5,001 to \$15,000	Purchase order: acquired at competitive prices through advertised prices or negotiation	one
\$15,001 to \$299,999	Purchase order and/or contract: invitational or open competitive process	three
>= \$300,000	Contract: open competitive process	open competition

All procurement transactions will be supported by appropriate methods and approvals, per RPRA's Financial Management and Controls Policy. Each procurement transaction will be conducted as outlined below. All required documentation will be developed and maintained for verification and audit purposes.

### 3.1 Procurement of goods and services with a value of up to or equal to \$5,000

- Goods and services up to or equal to \$5,000 are acquired in accordance with the commitment authorizations in the Financial Management and Controls Policy.

### 3.2 Procurement of goods and services with a value of \$5,001 to \$15,000

- Goods and services valued from \$5,001 to \$15,000 are acquired at competitive prices by referencing supplier's lists, advertised prices, or through negotiation where prices offered are fair and equitable.
- Before the provision of goods and services commences, a purchase order or signed agreement must be completed.

### 3.3 Procurement of goods and services with a value of \$15,001 to \$299,999

- Goods and services valued between \$15,001 and \$299,999 are acquired through an invitational or open competitive RFX process.
- An invitational process must request written proposals from at least three qualified suppliers.
- Procurements greater than \$50,000 will adhere to an RFX template.
- Before the provision of goods and services commences, a purchase order and/or signed agreement must be completed. Procurement, in consultation with legal, will assess the circumstances and risks to determine when a signed agreement is also warranted.

### 3.4 Procurement of goods and services with a value of \$300,000 and over

- Goods and services with a value of \$300,000 and over are acquired only through an open competitive procurement process.
- Calls for open competitive procurements are to be made through an electronic tendering system that is readily accessible to the public such as biddingo.com and/or posted on RPRA’s website.
- The open competitive process may be supplemented by an invitational process that requests proposals from prequalified suppliers.
- Procurements must use an RFx template.
- Before the provision of goods and services commences, a signed agreement must be completed.
- Following the awarding and signing of a contract as a result of an open competitive procurement process, the name of the successful proponent is posted on RPRA’s website.

## 4.0 COMPETITIVE RFx PROCESS

### 4.1 RFx Process Map

Each competitive procurement transaction must be conducted and documented according to the four main phases identified below. Examples of the activities that might occur at each phase are provided in the accompanying table. The listed activities are only a guide to the four phases. Not all activities identified in each phase will be applicable to all procurement initiatives.



Phase 1	Phase 2	Phase 3	Phase 4
a. Identify and validate a need for a product or service.	a. Create RFx content (business, technical and pricing requirements, timelines, evaluation criteria & weightings).	a. Create supplier short-listing based upon evaluation output including financial viability and value for money assessments.	a. Contract execution and purchase order creation. Notify the unsuccessful suppliers that the decision was made and the RFx process is complete and conduct debriefing if requested after contract execution.
b. Determine current state, spend, budget, business trends, and objectives. Establish the scope of work.	b. Final approval of RFx document.	b. Conduct supplier proposal validation & investigation (e.g., Site visits, reference checks,	b. Conduct supplier transition meeting as required by business owner.

<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>
		sample works, presentations, workshops, pilots, testing etc.).	
c. Create sourcing project timeline with business owner (large strategic projects only).	c. Issue RFx.	c. Go/No Go Decision: Supplier Selection, including any required commitment approvals if not already obtained.	c. Assist/support the business owner as required in supplier governance.
d. Identify trends, potential providers in the marketplace, supplier pre-qualification and finalize the supplier list for invitational procurements.	d. Manage supplier Q&A and provide responses as required.	d. Send a formal award notification to the supplier selected as a result of the RFx process.	d. Contract Management & Procurement Records Retention (7 years). Validate that documentation for the entire RFx process is complete and stored appropriately.
e. Recommend an appropriate sourcing strategy and develop required RFx document. (e.g., RFP, RFQ, RFI, sole source, renewal, etc.).	e. Develop evaluation scoring templates for RFx responses and for presentations/demos (project specific).	e. Conduct supplier negotiation with selected supplier to arrive at 'Best and Final Offer.'	e. Manage the day-to-day operational relationship with the supplier.
	f. Receive RFx responses.		
	g. Review, evaluate and score RFx responses and presentation demos (project specific).		

## 4.2 RFx Response Submission

In the case of an RFx process, fair and equitable response times must be provided to allow vendors sufficient time to prepare and submit responses. At a minimum, fifteen (15) calendar days will be provided.

Any additional information, clarification, or modification of the procurement document will be provided via an amendment or addendum in the same manner as the original procurement document and will be released in sufficient time prior to the submission deadline to allow bidders sufficient time to submit a responsive bid. The submission deadline may be extended to ensure sufficient time is provided to bidders.

During an RFx process, vendors may only communicate questions of clarification in writing to RPRA point of contact specified in the RFx. The RFx will include a process and time deadline for



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the submission of questions regarding the procurement documents, including a description of how the answers will be provided. Responses to questions will be provided in the same manner as the procurement documents.

Quotations or proposals submitted after the RFX submission deadline will not be accepted unless the deadline is extended.

RFX responses will not include any hospitality, meal, or incidental expenses. Consultants and other contractors will not be reimbursed for any hospitality, meal, or incidental expenses including:

- Meals, snacks, and beverages
- Laundry or dry cleaning
- Dependent care
- Personal communications

Other allowable expenses may only be claimed when the contract with the vendor specifically allows for it.

### **Evaluation of RFX**

Evaluation of responses must be consistent and in accordance with documented evaluation criteria, rating, and methodology as detailed in the procurement document.

The evaluation process will, at a minimum, comprise three components: mandatory requirements, rated requirements, and price/cost. The evaluation of price/cost will be undertaken after the completion of the evaluation of the mandatory and related requirements. Any additional goods or service specific requirements may also be considered.

Price/cost is an important factor, but quality, quantity, delivery, servicing, experience, and any other criteria directly related to the procurement and stated in the procurement document's evaluation section must also be taken into account when evaluating vendor responses.

In responding to procurement documents, vendors may sometimes propose alternative strategies or solutions to the business needs or apply conditions to their responses. Unless expressly requested in the procurement documents, alternative strategies or solutions proposed by a vendor must not be considered. If so requested, the process used to assess submissions will be disclosed to vendors, and any dispute will be managed in a fair, transparent and consistent manner.

### **Commitment**

Following the evaluation process, the highest ranked submission will be selected. RPRA will send a formal award notification to the supplier selected. RPRA must notify all suppliers who participated in the RFX that the RFX process is complete. The agreement between RPRA and the supplier must be formally defined in a purchase order or in a signed agreement before the provision of goods and services commences.

On request, RPRA may offer unsuccessful suppliers an opportunity for a debriefing. Debriefings will be done separately with each vendor. Persons conducting debriefings must not disclose information concerning other suppliers, other than, if relevant, the names and addresses of suppliers who participated in the competitive process. Information about other suppliers may be confidential, commercially sensitive, or proprietary information that RPRA is not authorized to disclose.

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The content of a debriefing may include: a general overview of the evaluation process; a discussion of the strengths and weaknesses of a supplier's submission in relation to the specific evaluation criteria; suggestions on how the supplier may improve future submissions; and/or feedback from the supplier on existing procurement processes and practices.

### 4.3 Non-Competitive Procurement

#### Sole Source or Single Source Procurement

Sole or single source procurement shall be permitted only where circumstances prevent competitive purchasing including:

- An unforeseeable situation of urgency exists, and the goods or services cannot be obtained in time by means of open procurement procedures.
- Unique expertise in the area of work is required or the goods can only be supplied by a particular supplier, and no economical alternative or substitute exists.
- Compatibility with existing products and services must be ensured.
- An invitational or open competitive procurement process has been undertaken but has failed to identify a viable supplier or service provider.

Sole source or single source procurements must be accompanied by a written business case setting out the reasons why a non-competitive procurement process is not being used. The business case must be approved by the same approver who has authority to approve the commitment. All sole source or single source procurement transactions will be supported by appropriate approvals, per RPRA's Financial Management and Controls Policy.

### 4.4 Other Supply Sources

#### Vendor of Record

RPRA maintains various vendor of record (VOR) arrangements. A VOR arrangement means a procurement arrangement that authorizes one or more qualified vendors to provide goods or services for a defined time period on terms and conditions, as set out in the particular VOR agreement. Prequalification for a VOR involves an invitational and open competitive procurement process that assesses qualifications and capabilities of the suppliers. Qualified suppliers are then eligible to participate on an invitational basis to provide goods and services which may involve a second stage RFX process. RFX evaluation criteria may be tailored to the specific project.

#### Follow-On Agreements

Follow-on agreements are permitted only where an invitational or open competitive procurement, or VOR arrangement has been used to select a vendor.

Prior to entering into a follow-on agreement, the following activities must have taken place:

- (a) appropriate approval (as defined by the authority limits in the Financial Management and Controls Policy) has been obtained in writing prior to entering the original agreement;
- (g) procurement approval authority was based on the total value of the work in the original agreement and the follow-on agreement(s);

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- (h) the terms of the original agreement were fulfilled, and vendor performance was satisfactory;
  - (i) the appropriate procurement method was used for the original agreement; and
  - (j) the procurement documents for the original work disclosed the total potential scope of work to be completed.

### **Multi-Year Procurements**

Multi-year contracts also require a procurement process in accordance with this policy and require a purchase order or contract.

There are occasions when RPRA will engage the same supplier over multiple years based on a need for continuity, efficiency, and/or the ability to provide a unique service. Examples may include the provision of IT and data management services associated with the Registry or the municipal Datacall or when a series of oversight audits are planned over multiple years; or provision of legal services based on expertise in RPRA's legislative history and framework.

The payment of annual or periodic licensing fees arising from multi-year procurement of IT software is to be taken into account in the procurement process.

All multi-year suppliers require a performance review to be conducted on a periodic basis, and before the end of the contract.