

# Procurement Policy

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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 (the Authority) uses to procure services and items.

## 1.1 Procurement Principles

The Authority 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 a 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, 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 of Directors prior to engaging in any procurement activity. Relationships that create a perpetual reliance on a particular vendor for any type of work should be reviewed on a regular basis.
- (d) Goods and services will be procured only after consideration of business requirements, alternatives, timing, and adherence to all documented procurement methods.
- (e) Authority staff will evaluate all factors in obtaining the most cost-efficient and effective price.

## 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.

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

Functional Role	Responsibility to Authorize	Accountable Party
Budgeting	Funding is available	Director of Finance and Administration
Requisition	The procurement process	Authority staff
Commitment	Release of the order/contract to the supplier under agreed terms	Authority staff, per expenditure commitment in Financial Management and Controls Policy
Receipt	The order/service was received, correct, and complete	Authority staff
Payment Authorization	Release of payment to the supplier; either by cheque, EFT, or credit card (credit card up to \$10,000)	Director of Finance and Administration

Functional Role	Responsibility to Authorize	Accountable Party
Payment Disbursement	Execution of disbursement	Per signing authority in Financial Management and Controls Policy

### 1.3 Dividing Transactions

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 the Authority’s Records Retention Policy.

### 1.5 Calculation of Costs

Where a product or service which meets the specifications is purchased, the cost will be the sum of all costs including but not limited to purchase price, delivery, installation, warranty, life cycle cost, operating and disposal costs incurred.

## 2.0 PROCUREMENT METHODS

The following table outlines the approved method and means of procurement for goods and services with the value set out in the column titled Procurement Value. The type of procurement described in the column titled Means of Procurement may be utilized for procurement of goods and services with lesser value than specified under the column titled Procurement Value in the relevant row but may not be used for procurement of goods and services with greater value.

Procurement Value	Means of Procurement	Minimum Number of Suppliers
< \$3,000	Credit card; Cheque; EFT	One
\$3,000 to \$15,000	Purchase order: Acquired at competitive prices through advertised prices or negotiation	One
\$15,001 to \$299,999	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 the Authority’s Financial Management and Controls Policy. Each procurement transaction will be

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conducted as outlined below. All required documentation will be developed and maintained for verification and audit purposes.

## **2.1 Procurement of Goods and Services with a value of < \$3,000**

- Goods and services < \$3000 are acquired using either the Authority's credit card, by cheque, or by EFT and in accordance with the commitment authorizations in the Financial Management and Controls Policy.

## **2.2 Procurement of Goods and Services with a value of \$3,000 to \$15,000**

- Goods and services valued from \$3,000 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 signed purchase order or contract must be completed.

## **2.3 Procurement of Goods and Services with a value of \$15,000 to \$299,999**

- Goods and services valued between \$15,000 and \$299,999 are acquired through an invitational or open competitive process, which includes three or more qualified suppliers submitting written proposals.
- Expenses greater than \$50,000 should adhere to the Request for Proposal (RFP) template.
- Before the provision of goods and services commences, a signed contract must be completed.
- If three suppliers cannot be identified for an invitational process due to a limited pool of qualified bidders or if a minimum of three submissions are not received in an open competitive process, the Chief Executive Officer may procure the service or item through sole source negotiation, where the price is fair and equitable, and with approval of the Board of Directors.

## **2.4 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 through an open competitive procurement process using the practices below.
- 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 the Authority website.
- Requests for proposals will follow a consistent format using an Authority Request for Proposals (RFP) template. The RFP will specify the evaluation methodology, including criteria and scoring system, and provide vendors a minimum of 15 calendar days to respond.

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- During an RFP process, vendors may only communicate questions of clarification in writing to the Authority point of contact specified in the RFP. Responses to the questions of clarification will be provided to all vendors who have identified themselves as intending to submit a proposal.
  - Addenda to the RFP will be made available using the same system as used for the call for procurement. The RFP will require interested vendors to notify the Authority of their interest in order to directly receive any addenda issued prior to the submission deadline and responses to questions received within the timelines noted in the RFP.
  - Quotations or proposals submitted after the RFP submission deadline will not be accepted.
  - Before the provision of goods and services commences, a signed contract must be completed.
  - Following the awarding and signing of a contract as a result of an RFP, the name of the successful proponent is posted on the Authority website.

## 3.0 PROCUREMENT PROCESS

Each procurement transaction must be conducted and documented pursuant to the following process.

### 3.1 Planning

Planning is an integral part of the procurement. Sufficient time must be provided to develop a commitment rationale that:

- Describes the type of goods and services to be procured, and any possible alternatives.
- Justifies the need for the good or service.
- Estimates the total procurement value (including taxes).
- Identifies the appropriate procurement methodology and commitment authority based on the type of service being procured and the value as set out in Procurement Methods.

The commitment rationale will be reviewed and approved by the person with the authority required to authorize the procurement, per the Authority's Financial Management and Controls Policy.

### 3.2 Procurement Document

For purchases greater than \$3,000, a procurement document will be used to procure the goods and services. The procurement document may take the form of a Purchase Order, Contract, and/or RFP in accordance with the procurement table in Section 2. At a minimum this document will include:

- A description of the needed goods or services in functional terms specific to the business needs that the good or service will serve.
- The name, email and location of the person to contact for additional information on the procurement documents.
- The email address, date and time limit for submitting a written proposal which responds to the documented procurement requirements.

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- Detailed information about the evaluation process that will be used to assess the written proposal (i.e. mandatory requirements, rated requirements, price/cost).

### **3.3 Submission**

In the case of an RFP 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 should be provided.

Any additional information, clarification or modification of the procurement document will be provided via an amendment or addendum to all bidders 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.

#### **Evaluation of RFPs**

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 should, at a minimum, be comprised of three components: mandatory requirements rated requirements and price/cost. The evaluation of price/cost should 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 the submission.

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 should be selected, and the purchase order or contract which will commit the Authority should be signed by the individual with the authority to approve the procurement.

### **3.4 Multi-Year Procurement or Vendor of Record**

There are occasions when the Authority 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 information technology and data management services associated with the Registry or the municipal Datacall; when a series of oversight audits are planned over multiple years or provision of legal services based on expertise in the Authority's legislative history and framework. The purchase order or contract would be based on the terms negotiated.

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The payment of annual or periodic licensing fees arising from procurement of information technology software is to be taken into account in the procurement process.

Following assessment and confirmation that key milestones and deliverables were achieved to the Authority's satisfaction and provided there was a continued need for the service, the purchase order or contract would be renewed or revised for the upcoming year.

## **4.0 RELATED TEMPLATE DOCUMENTS**

- Contract Template
- RFP Template
- Broader Public Sector Procurement Directive