
PROCUREMENT

Policy

The purpose of this procurement policy is to ensure all goods and services achieve value for money and are procured by DCAFS in an open, fair and transparent manner.

The objective in purchasing and procurement is to acquire and supply at the right time and in the most economical manner the goods, services, and consulting services needed to meet the agency's requirements. Goods, services and consulting services shall be acquired through a competitive process that seeks to achieve the best value for money and that promotes fair dealings and equitable relationships with vendors.

This policy is based on the following key principles:

- Accountability – the organization must be accountable for the results of its procurement decisions and the appropriateness of the processes.
- Transparency – the organization must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.
- Value for Money – the organization 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.
- Quality Service Delivery – front line services provided by the organization must receive the right product, at the right time, in the right place.
- Process Standardization – standardized processes remove inefficiencies and create a level playing field.

This policy is applicable to Board members, senior executives and any employees of the organization.

This policy applies to all goods, construction and services, including consulting services acquired by the DCAFS.

The organization will conduct procurement activities according to the law in Ontario, including contract law, the law of competitive processes, privacy legislation, accessibility legislation and any other legislation as may be applicable.

The organization shall not artificially subdivide projects, procurements or contracts to avoid any directive, policy, or procedure requirements.

For ongoing and recurring procurement activities, existing contracts (except external audit) will be re-procured at a minimum of every five years. External audit services will be re-procured at a minimum of every ten years.

DCAFS will maintain liability coverage consistent with the levels of contractual risk.

Purchases related to Foster Care will be in accordance with the Agency's Guidelines for Foster Parents.

The following activities will be followed in purchasing and procurement activities:

- Planning – goods, services, and consulting services shall be acquired only after consideration of needs, alternatives, timing, and the overall organization supply strategy
- Acquiring – goods, services, and consulting services shall be acquired from qualified vendors to meet specified needs and to achieve the best value for money. Quality, quantity, delivery, servicing, experience, environmental sustainability, and the financial capability of the vendor will be taken into consideration when acquiring goods, services, and consulting services.
- Managing – once procured, goods, services and consulting services shall be managed efficiently, effectively, and economically.

Approval Authority Schedule

The Board of Directors will have ultimate responsibility for all purchases entered into by DCAFS. The Board will delegate this responsibility to the Executive Director through the approval of the annual budget or by specific resolution.

Position in Organization	Amount authorized to encumber or expend	Approval of payment
Board President	<ul style="list-style-type: none"> • Any encumbrance/expenditure within the Board approved annual forecast • Any encumbrance/expenditure not provided for within the Board approved annual forecast; details of such encumbrance/expenditure will be approved by the Board by board motion • Every approval will be in congruence with organizational goals 	<ul style="list-style-type: none"> • Executive Director
Executive Director	<ul style="list-style-type: none"> • Any encumbrance/expenditure within the Board approved annual forecast • Up to \$25,000 for any 	<ul style="list-style-type: none"> • Executive Director

	<p>encumbrance/expenditure not provided for with the Board approved annual forecast; details of such encumbrance/expenditure will be provided to the Board at the next regular meeting.</p> <ul style="list-style-type: none"> • Every approval will be in congruence with organizational goals 	
Director	<ul style="list-style-type: none"> • Any encumbrance/expenditure up to \$10,000 within the Board approved annual forecast, and within the Director's service area, with the exception of: <ol style="list-style-type: none"> 1. OPR expenditures 2. Payroll and benefit expenditures – Director of Corporate Services • Every approval will be in congruence with organizational goals 	<ul style="list-style-type: none"> • Director
Manager	<ul style="list-style-type: none"> • Any encumbrance/expenditure up to \$2,000 within the Board approved annual forecast, and within the Manager's service area • Every approval will be in congruence with organizational goals 	<ul style="list-style-type: none"> • Manager
Executive Assistant, Lead, , IT Manager, Custodian	<ul style="list-style-type: none"> • Any encumbrance/expenditure up to \$1,000 within the Board approved annual forecast, and within the staff person's service area • Every approval will be in congruence with organizational goals 	Executive Assistant, HR Lead, IT Manager, Custodian

- Amounts listed are before applicable taxes
- All staff to be hired are approved by the Executive Director
- All travel outside of the province is approved by the Executive Director
- No person may approve their own expenses, or an expense that is for the benefit of him or herself
- Any position in the organizational chart above the position listed has the authority of positions

Exceptions and Exemptions to competitive procurement requirements:

The agency should employ a competitive procurement process to achieve optimum value for money. It is recognized however that certain circumstances and activities may require an agency to use non-competitive procurement. The circumstances and activities that will be excluded from the competitive procurement requirements of this policy are noted here. These exceptions are generally consistent with the Agreement on Internal Trade (AIT) or other trade agreements.

Where the organization has relied on an exception or exemption to this policy, the rationale for the exception or exemption must be formally documented. Exemptions and exceptions relate to the procurement of goods and services only. All other requirements of the policy apply, including administration, documentation, contract management, supplier management, etc. '.

Licensed Professional and Specific Services for Children and Youth in Care – The procurement of services from licensed professionals including medical doctors and dentists, pharmacists, nurses, psychologists, and lawyers, accountants, architects, as well as boarding rate expenditures including reimbursable expenses paid to foster parents and outside paid resources and support services for the case of children and youth that have been placed by the agency.

Single Source Supply – Where only one supplier is available to meet the requirements of the organization procurement including the following circumstances:

- To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licenses, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- Where there is an absence of competition where the goods or services can be supplied only by a particular supplier and no alternative or substitute exists;
- For work to be performed on the behalf of the organization through a building lease agreement where the lessor will invoice costs back to the organization;
- For work to be performed according to provisions of a warranty or guarantee held in respect of the original work;
- For the procurement of a prototype or a first good or services to be developed that may be needed for research purposes, a particular study or other original purposes;
- For the purchase of goods under duress such as a bankruptcy or receivership, where the organization has clearly documented the advantageous value that would be received;
- For the procurement of real property.

Limiting Circumstances – Limiting circumstances may exist where inherent factors limit the procurement process that can be undertaken. Under limiting circumstances, the organization can deviate from competitive procurement requirements providing it does not do so for the purpose of avoiding competition between suppliers or in order to discriminate against suppliers. Limiting circumstances may include:

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- Where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest;
 - Where compliance with open tendering provisions would interfere with the organization's ability to maintain security and order;
 - In the absence of a receipt of any bids in response to a call for tenders made in accordance with the directive.

Emergency Situations – For the purpose of this procedure, an "emergency" means a situation where the immediate purchase of goods and services is essential to prevent serious delays in service delivery or to prevent or remedy damage to agency property or to restore an essential service.

An "emergency" includes an imminent or actual danger to the life, health, or safety of an official or an employee while acting on the organization's behalf (e.g. emergency boiler repairs or replacement), an imminent or actual danger of injury to or destruction of real or personal property belonging to the organization.

Under emergency circumstances, the Executive Director has the authority to take the necessary steps to address the emergency and will subsequently inform the Board of Directors of the actions taken setting out the details of any purchases made pursuant to this authority and the circumstances justifying the action taken.

If the cost to remedy the emergency exceeds \$25,000 or will result in an increase to the approved annual budget, the President of the Board will authorize the purchase based on the Executive Director's recommendation.

MANDATORY REQUIREMENTS

Mandatory Requirement #1: Segregation of Duties

Organizations must segregate at least three of the five functional procurement roles: Requisition, Budgeting, Commitment, Receipt and Payment. Responsibilities for these roles must lie with different departments or, at a minimum, with different individuals. Where it is not feasible to segregate these roles, i.e., for smaller Organizations, adequate compensating controls approved by an external auditor must be put in place.

Mandatory Requirement #2: Approval Authority

Competitive procurement of goods and non-consulting services

Organizations must establish and maintain an approval authority schedule (AAS) for competitive procurement of goods and non-consulting services. The schedule will reflect financial levels of authority for each of the five procurement roles identified in Segregation of Duties. The AAS must be approved by the board of directors of the Organization or its equivalent.

Prior to commencement, any procurement of goods and non-consulting services must be approved by an appropriate authority in accordance with the AAS of the Organization.

Prior to commencement, any non-competitive procurement of goods or non-consulting services must be approved by an authority one level higher than the AAS requirements for competitive procurement.

Mandatory Requirement #3: Competitive Procurement Thresholds

Organizations must conduct an open competitive procurement process where the estimated value of procurement of goods or services is \$100,000 or more. The exemptions must be in accordance with the applicable trade agreements.

Organizations must competitively procure consulting services irrespective of value. The exemptions must be in accordance with the applicable trade agreements.

Goods, Non-Consulting Services and Construction		
Total Procurement Value	Means of Procurement	Recommended/Required
\$0 up to but not including \$100	Petty cash or invoice	Recommended
\$100 up to but not including \$3,000	Procurement card (P-card) or invoice	Recommended
\$3,000 up to but not including \$10,000	Purchase order or invoice	Recommended
\$10,000 up to but not including \$100,000	Open competitive procurement	Required by DCAFS Recommended Invitational competitive procurement by the BPS Directive
\$100,000 or more	Open competitive process	Required

Consulting Services		
Total Procurement Value	Means of Procurement	Recommended/Required
\$0 up to but not including \$100,000	Open competitive process	Required by DCAFS Recommended Invitational or open competitive procurement by the BPS Directive
\$100,000 or more	Open competitive process	Required

Organizations must not reduce the overall value of procurement (e.g., dividing a single procurement into multiple procurements) in order to circumvent competitive procurement thresholds.

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

Further, for purchase of goods or services over \$5,000 a minimum of three quotations will be sought.

Mandatory Requirement #4: Information Gathering

Where results of informal supplier or product research are insufficient, formal processes such as a Request for Information (RFI) or Request for Expression of Interest (RFEI) may be used if warranted, taking into consideration the time and effort required to conduct them.

A response to RFI or RFEI must not be used to pre-qualify a potential supplier and must not influence the chances of the participating suppliers from becoming the successful proponent in any subsequent opportunity.

Mandatory Requirement #5: Supplier Pre-Qualification

The Request for Supplier Qualification (RFSQ) enables Organizations to gather information about supplier capabilities and qualifications in order to pre-qualify suppliers for an immediate product or service need or to identify qualified candidates in advance of expected future competitions.

Terms and conditions of the RFSQ document must contain language that disclaims any obligation of the Organization to call on any supplier to provide goods or services as a result of pre-qualification.

Mandatory Requirement #6: Posting Competitive Procurement Documents

Calls for open competitive procurements must be made through an electronic tendering system that is readily accessible by all Canadian suppliers. The organization will use its external website and the Ontario Public Buyer's Association website to electronically post procurement documents. For local purchases (e.g. snow removal) advertisements in the local paper will be utilized.

Mandatory Requirement #7: Timelines for Posting Competitive Procurements

Organizations must provide suppliers a minimum response time of 15 calendar days for procurement of goods and services valued at \$100,000 or more.

Organizations must consider providing suppliers a minimum response time of 30 calendar days for procurements of high complexity, risk, and/or dollar value.

Mandatory Requirement #8: Bid Receipt

Bid submission date and closing time must be clearly stated in competitive procurement documents. Organizations must set the closing date of a competitive procurement process on a normal working day (Monday to Friday, excluding provincial and national holidays). Submissions that are delivered after the closing time must be returned unopened.

Mandatory Requirement #9: Evaluation Criteria

Evaluation criteria must be developed, reviewed and approved by an appropriate authority prior to commencement of the competitive procurement process.

Competitive procurement documents must clearly outline mandatory, rated, and other criteria that will be used to evaluate submissions, including weight of each criterion.

Mandatory criteria (e.g., technical standards) should be kept to a minimum to ensure that no bid is unnecessarily disqualified.

Maximum justifiable weighting must be allocated to the price/cost component of the evaluation criteria.

All criteria must be non-discriminatory.

The evaluation criteria are to be altered only by means of addendum to the competitive procurement documents.

Organizations may request suppliers to provide alternative strategies or solutions as a part of their submission. Organizations must establish criteria to evaluate alternative strategies or solutions prior to commencement of the competitive procurement process. Alternative strategies

or solutions must not be considered unless they are explicitly requested in the competitive procurement documents.

Mandatory Requirement #10: Evaluation Process Disclosure

Competitive procurement documents must fully disclose the evaluation methodology and process to be used in assessing submissions, including the method of resolving tie score. Competitive procurement documents must state that submissions that do not meet the mandatory criteria will be disqualified.

Mandatory Requirement #11: Evaluation Team

Competitive procurement processes require an evaluation team responsible for reviewing and rating the compliant bids.

Evaluation team members must be made aware of the restrictions related to utilization and distribution of confidential and commercially sensitive information collected through the competitive procurement process and refrain from engaging in activities that may create or appear to create a conflict of interest.

Evaluation team members must sign a conflict-of-interest declaration and non-disclosure of confidential information agreement.

Mandatory Requirement #12: Evaluation Matrix

Each evaluation team member must complete an evaluation matrix, rating each of the submissions. Records of evaluation scores must be retained for audit purposes.

Evaluators must ensure that everything they say or write about submissions is fair, factual, and fully defensible.

Mandatory Requirement #13: Winning Bid

The submission that receives the highest evaluation score and meets all mandatory requirements set out in the competitive procurement document must be declared the winning bid.

Mandatory Requirement #14: Non-Discrimination

Organizations must not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.

Mandatory Requirement #15: Executing the Contract

The agreement between the Organization and the successful supplier must be formally defined in a signed written contract before the provision of supplying goods or services commences. Where an immediate need exists for goods or services, and the Organization and the 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 authority.

Mandatory Requirement #16: Establishing the Contract

The contract must be finalized using the form of agreement that was released with the procurement documents.

In circumstances where an alternative procurement strategy has been used (i.e., a form of agreement was not released with the procurement document), the agreement between the Organization and the successful supplier must be defined formally in a signed written contract before the provision of supplying goods or services commences.

Mandatory Requirement #17: Termination Clauses

All contracts must include appropriate cancellation or termination clauses. Organizations should seek legal advice on the development of such clauses.

When conducting complex procurements, organizations should consider, as appropriate, the use of contract clauses that permit cancellation or termination at critical project life-cycle stages.

Mandatory Requirement #18: Term of Agreement Modifications

The term of the agreement and any options to extend the agreement must be set out in the competitive procurement documents. An approval by an appropriate authority must be obtained before executing any modifications to the term of agreement.

Extending the term of agreement beyond that set out in the competitive procurement document amounts to non-competitive procurement where the extension affects the value and/or stated deliverables of procurement.

Mandatory Requirement #19: Contract Award Notification

For procurements valued at \$100,000 or more, Organizations must post, in the same manner as the procurement documents were posted, contract award notification. The notification must be posted after the agreement between the successful supplier and the Organization was executed. Contract award notification must list the name of the successful supplier, agreement start and end dates, and any extension options.

Mandatory Requirement #20: Supplier Debriefing

For procurements valued at \$100,000 or more, Organizations must inform all unsuccessful suppliers about their entitlement to a debriefing.

Organizations must allow unsuccessful suppliers 60 calendar days following the date of the contract award notification to request a debriefing.

Mandatory Requirement #21: Non-Competitive Procurement

- i. Organizations should employ a competitive procurement process to achieve optimum value for money. It is recognized, however, that special circumstances may require Organizations to use non-competitive procurement.

Organization may utilize non-competitive procurement only in situations outlined in the exemption, exception, or non-application clauses of the AIT or other trade agreements.

Prior to commencement of non-competitive procurement, supporting documentation must be completed and approved by an appropriate authority within the Organization.

- ii. School boards may utilize a non-competitive procurement process for the procurement of student home to school transportation services for the period July 1, 2011 to December 31, 2011.

Mandatory Requirement #22: Contract Management

Procurements and the resulting contracts must be managed responsibly and effectively.

Payments must be made in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.

Assignments must be properly documented. Supplier performance must be managed and documented, and any performance issues must be addressed.

To manage disputes with suppliers throughout the life of the contract, Organizations should include a dispute resolution process in their contracts.

For services, organizations must:

- Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.
- Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Directive¹ and ensure all expenses are claimed and reimbursed in accordance with these rules.
- Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.

Mandatory Requirement #23: Procurement Records Retention

For reporting and auditing purposes, all procurement documentation, as well as any other pertinent information must be retained in a recoverable form for a period of seven years.

Organizations must have a written policy for handling, storing and maintaining the suppliers' confidential and commercially sensitive information.

Mandatory Requirement #24: Conflict of Interest

Organizations must monitor any conflict of interest that may arise as a result of the Members' of the Organization, advisors', external consultants', or suppliers' involvement with the Supply Chain Activities. Individuals involved with the Supply Chain Activities must declare actual or potential conflicts of interest. Where a conflict of interest arises, it must be evaluated and an appropriate mitigating action must be taken.

Mandatory Requirement #25: Bid Dispute Resolution

Competitive procurement documents must outline bid dispute resolution procedures to ensure that any dispute is handled in an ethical, fair, reasonable, and timely fashion. Bid dispute resolution procedures must comply with bid protest or dispute resolution procedures set out in the applicable trade agreements.

Approved by the Board of Directors
September 30, 2016
February 28, 2018
January 30, 2019

Reference: <https://www.ontario.ca/page/broader-public-sector-expenses-directive>

Definitions

Supply chain activities means all activities directly or indirectly related to the organization's planning, sourcing, procurement, moving and payment processes.

Approval authority means the authority delegated by the organization to a person designated to occupy a position to approve on its behalf one or more procurement functions within the plan-to-pay cycle up to specified dollar limits subject to the applicable legislation, regulations, and procedures in effect at such time.

Blanket purchase contract means any contract for the purchase of goods and services which will be required frequently or repetitively but where the exact quantity of goods and services required may not be precisely known or the time period during which the goods and services are to be delivered may not be precisely determined.

Conflict of interest means a situation in which financial or other personal considerations have the potential to compromise or bias professional judgement and objectivity. An apparent conflict of interest is one in which a reasonable person would think that the professional's judgment is likely to be compromised.

Consultant means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision making. A consultant provides expert or strategic advice related to operational consideration and decision making and not to clinical or case management decision making. A

consultant does not include services associated with implementing projects once a strategic decision has been made by management.

Consulting services means the provision of expertise or strategic advice that is presented for consideration and decision making. Consulting services provide advice for operational consideration and decision making and not in relation to clinical or case management services.

Professional service supplier means a supplier of services requiring professional skills for a defined service requirement including: lawyers, psychologists, management and financial consultants; and firms or individuals having specialized competence in planning or other disciplines.

Request for Expressions of Interest (RFEI) means a document used to gather information on supplier interest in an opportunity or information on supplier capabilities/qualifications. This mechanism may be used when a BPS organization wishes to gain a better understanding of the capacity of the supplier community to provide the services or solutions needed. A response to a RFEI must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

Request for Information (RFI) means a document issued to potential suppliers to gather general information about the suppliers, their services and products. It is a procurement procedure whereby suppliers are provided with a general or preliminary description of a problem or need

and requested to provide information or advice about how to better define the problem or need, or alternative solutions. A response to an RFI must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

Request for Proposal (RFP) means a document used to request suppliers to supply solutions for the delivery of complex products or services or to provide alternative options or solutions. It is a process that uses predefined evaluation criteria in which prices is not the only factors.

Request for Supplier Qualifications (RFSQ) means a document used to gather information on supplier capabilities and qualifications, with the intention of creating a list of pre-qualified suppliers. This mechanism may be used either to identify qualified candidates in advance of expected future competitions or to narrow the field for an immediate need. Organizations must ensure that the terms and conditions built into the RFSQ contain specific language that disclaims any obligation on the part of the organization to call on any supplier to provide goods or services as a result of the pre-qualification.

Segregation of duties means a method of process control to manage conflict of interest, the appearance of conflict of interest, and errors or fraud. It restricts the amount of power held by any one individual. It puts a barrier in place to prevent errors or fraud that may be perpetrated by one individual.

Vendor of record (VOR) is procurement arrangement resulting from a fair, open, transparent and competitive process that authorizes one or more qualified vendors to offer specific goods or services for a defined period of time on terms and conditions, including pricing and/or discounting, as set out in particular VOR agreement.