

POLICY

CATEGORY/SECTION

**CORPORATE SERVICES -
PURCHASING**

SUBJECT

**PROCUREMENT OF GOODS, SERVICES
AND CONSTRUCTION****AUTHORITY***By-law Number 05-2014***INTENT OF POLICY**

To ensure that The District of Thunder Social Services Administration Board (TBDSSAB or the Board) obtains the best value when purchasing goods or contracting services.

To maximize openness, accountability and transparency while safeguarding the assets, protecting the financial best interest of the TBDSSAB and allow for programming needs.

To promote and maintain the integrity of the procurement process and the controls necessary for a public institution, including adherence to the Supply Chain Code of Ethics.

Definitions

“Canadian Free Trade Agreement (CFTA)” is a national agreement that regulates trade between the provinces to ensure equal access to public sector procurement for all Canadian suppliers. The agreement aims to reduce barriers to the movement of persons, goods, services and investments within Canada.

“Award” means authorization to proceed with purchase of Goods and/or Services from a chosen Supplier.

“Board” means the Board of Directors of The District of Thunder Bay Social Services Administration Board.

“Budget” means the budget or portion of the budget approved by the TBDSSAB Board.

“Chief Administrative Officer” or “CAO” means the head of operations at the TBDSSAB, his or her designate or any successor position thereto.

“Conflicts of interest” can occur, for example if employees:

- Have a financial or other personal interest in any transaction(s) during the proper discharge of their duties;

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- Derive direct or indirect benefits from TBDSSAB contracts on which they can influence decisions;
- Demand, offer, or accept from a person who has dealings with the TBDSSAB, commissions, rewards, advantages, or benefits of any kind, directly or indirectly, themselves or through a member of their family, or through anyone else for their benefit;
- Knowingly accord preferential treatment to relatives, friends, or to organizations in which they, or relatives or friends, have an interest.

“Contract” means a binding agreement between two or more parties that creates an obligation to provide goods or perform services.

“Disposal” means the selling, trading, assignment and/or scrapping of surplus assets.

“Emergency” includes:

- an imminent or actual danger to the life, health or safety of a member of the Board, volunteer or an employee while acting on the TBDSSAB’s behalf;
- an imminent or actual danger of injury to or destruction of real or personal property belonging to TBDSSAB;
- an unexpected interruption of an essential public service;
- mandate of a non-compliance order.

“In House Bid” means a bid made by one or more internal staff or affiliates to compete with external entities for procurement opportunities by formally providing a submission in response to a Public Bid solicitation.

“Purchase Order” means a written confirmation of the purchase of Goods and/or Services at a specific cost.

“Total Acquisition Cost” means an evaluation of quality and service in the assessment of a bid and the sum of all costs including purchase price, all taxes, warranties, life cycle costs, time of completion or delivery, inventory carrying costs, operating and disposal costs for determining the lowest compliant bid.

Policy

It is the policy of the TBDSSAB to:

1. Purchase goods and services in an efficient and cost effective manner;
2. Consider the total cost of acquisition, repair, staff training, operation and disposal as opposed to only the lowest invoice price;

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3. Maintain best and leading practices for its Procurement Procedures;
4. Structure specifications that do not exclude vendors or manufacturers unless there is documented evidence to warrant exclusion;
5. Procure goods, services and/or construction with due regard for the preservation of the natural environment and to encourage the use of environmentally sustainable products and services;
6. Participate with other publicly funded bodies in co-operative purchasing activities where they are in the best interest of the Board;

Procurement Goals

Goal	Description
<i>Effective</i>	The extent to which the procurement process is achieving its intended results. The desired outcomes are substantive or quality results as opposed to process results.
<i>Objective</i>	The procurement of goods and services made in an unbiased way and not influenced by personal preferences, prejudice or interpretations.
<i>Fair</i>	Applying policies equally to all bidders.
<i>Open and Transparent</i>	The quality of transactions and activities being open to examination by all stakeholders and the public. While promoting openness and transparency, the policy should be governed by the legal considerations for confidentiality and the protection of privacy.
<i>Accountable</i>	The obligation to answer for procurement results and for the way the procurement responsibilities are delegated.
<i>Efficient</i>	Measures the quality, cost and amount of goods and services procured as compared to the time and effort to procure them.

STANDARDS OF APPLICATION

Roles and Responsibilities

1. It is the responsibility of the Board to approve corporate policies, and a Supply Chain Code of Ethics governing procurement.

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2. Unless otherwise provided in accordance with the Procurement of Goods, Services and Construction Policy, the Director, Corporate Services or designate shall:
 - a. Be responsible for providing all necessary advice and services required for purchases authorized by this policy;
 - b. In order to maintain consistency, provide guidelines to departments on procurement policies and procedures and on the structure, format and general content of procurement documentation;
 - c. Review proposed procurement documentation to ensure clarity, reasonableness and quality and shall advise the requisitioning departments of suggested improvements;
 - d. Conduct training as required to teach the requirements of this Policy to TBDSSAB employees;
 - e. Review the effectiveness of this policy every five years, or more frequently as required. This review will include both legislative and best practices;
 - f. Establish purchasing procedures consistent with the purchasing principles set out in the policy relating to:
 - i. Maintaining appropriate internal controls to ensure accountable processes for purchasing;
 - ii. The form, content and use of forms, whether electronic or printed, including requisitions, purchase orders, bonds, letters of credit and other forms of guarantee or surety, tender, proposal and other contract documents;
 - iii. The identification of goods, services and construction which, are more effectively acquired through cooperative purchasing;
 - iv. The process to be followed in issuing, receipt and evaluation of quotations, tenders and request for proposals;
 - v. Any aspect of process or procedure not specifically provided for in this policy.

3. Requisitioning departments are responsible for :
 - a. Preparing and approving all specifications and terms of reference in consultation with the Supervisor of Purchasing and Inventory Control;
 - b. Managing respective contracts to ensure goods and/or services are received by TBDSSAB, comply with contract terms and conditions and recording receipt in form prescribed by Purchasing;
 - c. Monitoring all contract expenditures and ensuring that all financial limitations have been complied with;
 - d. Monitoring supplier performance and completing documentation through established vendor performance reporting processes;
 - e. Standardizing the use of goods and/or services where such standardization supports the purpose and principle of this Policy.

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4. The approval authority schedule, as established in Policy CS-01: 79 outlines the delegated authorities that may be authorized to commit the TBDSSAB to any procurement. Prior to commencement, any procurement of goods, services or construction must be approved in accordance with Policy CS-01 79 Goods and Services that are obtained without following the provisions of the aforementioned will not be accepted, and any invoices received may not be processed for payment.
5. All acquisitions shall be in accordance with approved department budgets except where the TBDSSAB Board, by resolution, determines otherwise.
6. Each staff member is accountable for the decisions and actions, which they take pursuant to this Policy and in the administration of contracts, which have been awarded pursuant to this policy.
7. In-House bids will not be considered in response to public bid solicitations.

General Information

Purchase of Goods, Non-Consulting Services and Construction

1. \$0 - \$100: Purchases may be carried out by the requisitioning department in accordance with the principles established in this policy using petty cash;
2. \$0 - \$1,000: Purchase may be carried out by the requisitioning department in accordance with the principles established in this policy using corporate procurement card;
3. \$1,001 - \$5,000: The Purchasing Department, in consultation with the requisitioning department, shall solicit verbal quotes. The contract award will be made to the lowest compliant quotation;
4. \$5,001 - \$40,000: The Purchasing Department, in consultation with the requisitioning department, shall solicit a minimum of three written quotes through an appropriate public procurement process;
5. \$40,001 or greater: The Purchasing Department, in consultation with the requisitioning department, shall coordinate an open Request for Tender (RFT), or Request for Proposal (RFP).

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Purchase of Professional or Consulting Services

1. \$0 - \$40,000: The Purchasing Department in consultation with the requisitioning department, shall solicit at least three quotes through an invitational Request for Tender (RFT), or Request for Proposal (RFP) process;
2. \$0 - \$40,000: Where the Direct Negotiation method is recommended to select a vendor for professional and consulting services, the Director, Corporate Service or designate shall obtain written approval of the CAO prior to proceeding;
3. \$40,001 or greater: the Purchasing Department, in consultation with the requisitioning department, shall coordinate an open Request for Tender (RFT), or Request for Proposal (RFP);
4. \$40,001 or greater: Where the negotiation method is recommended with an estimated value of \$40,001 or greater the Director, Corporate Service or designate in consultation with the requisitioning department, shall report to the Board setting out the circumstances for recommending the award.

Direct Negotiation

Unless otherwise provided in accordance with the procurement Policy, goods and services may be purchased using the Direct Negotiation method only if one or more of the following conditions apply:

1. the required goods and services are reasonably available from only one source by reason of scarcity of supply in the market or the existence of exclusive rights held by any supplier or the need for compatibility with goods and services previously acquired and there are no reasonable alternatives or substitutes;
2. the required goods and services will be additional to similar goods and services being supplied under an existing contract;
3. an attempt to purchase the required goods and services has been made in good faith using a method other than Direct Negotiation which has failed to identify a successful supplier and it is not reasonable or desirable that a further attempt to purchase the goods and services be made using a method other than Direct Negotiation;
4. the goods and services are required as a result of an emergency, which would not reasonably permit the use of a method other than Direct Negotiation;

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5. the required goods and services are to be supplied by a particular vendor or supplier having special knowledge, skills, expertise or experience.

Bid Irregularities

The process for administering irregularities contained in Bids pertaining to all Contracts shall be as set out in Schedule A.

Procurement in Emergencies

If an emergency exists requiring the immediate procurement of goods, services or construction, a Director or the Chief Administration Officer may requisition the required goods, services or construction by the most expedient and economical means available.

For all emergency purchases greater than \$40,000, a Report outlining the circumstances of the procurement must be submitted to the Board at its next scheduled meeting.

Co-operative Purchasing

The TBDSSAB shall participate with other government agencies or public authorities in Co-operative Purchasing where it is in the best interest of the TBDSSAB to do so.

The decision to participate in Co-operative Purchasing agreements will be made by the Director - Corporate Services.

Contractual Agreement

The award of contract may be made by way of a formal agreement or Purchase Order.

A Purchase Order is to be used when the resulting contract is straightforward and will contain the TBDSSAB's standard terms and conditions.

A formal agreement is to be used when the resulting contract is complex and will contain terms and conditions other than the TBDSSAB's standard terms and conditions.

Where a formal agreement is issued, Purchasing may issue a Purchase Order incorporating the formal agreement.

Where a formal agreement is not required, Purchasing shall issue a Purchase Order incorporating the terms and conditions relevant to the award of contract.

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Environmental Stewardship

In order to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing, acquisition of goods and services will ensure that, wherever possible, specifications are amended to provide for expanded use of durable products, reusable products and products (including those used in services) that contain the maximum level of post-consumer waste and/or recyclable content, without significantly affecting the intended use of the product or service.

It is recognized that cost analysis is required in order to ensure that the products are made available at competitive prices.

Excluded Goods and Services

Those items listed on Schedule B, Recurring or Non-competitive Expenditures, are exempt from the requirements of the Procurement of Goods, Services and Construction Policy.

Prohibitions

1. The division of contracts to avoid the requirements of this policy;
2. The purchase of any goods or services for personal use by or on behalf of any TBDSSAB employee, or elected official, for purposes other than the bona fide requirements of the TDBSSAB;
3. The bid for or purchase of any surplus goods either directly or through any other disposal process, by TBDSSAB Board members, employees or their family;
4. TBDSSAB employees and Board members should, at no time, or under any circumstances, accept directly or indirectly, gifts, gratuities, favours or other things of value from vendors or potential vendors. Items of a minimal value which are of an advertising nature only, and available to other customers may be accepted (e.g. pens, hats, coffee cup, etc.);
5. TBDSSAB Employees and Board members shall not place themselves into positions where they could be tempted to prefer their own interests or the interests of another, over the interests of the TBDSSAB. When employees and Board members become exposed to or involved in actual and/or potential Conflicts of Interest, they must disclose the situation to Purchasing and shall abide by the advice given;
6. No local preference shall be shown or taken into account in acquiring goods and services on behalf of the TBDSSAB;

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7. TBDSSAB shall not acquire goods and/or services from any of the following:
- a. Board members;
 - b. TBDSSAB employees at or above the level of Supervisor;
 - c. Businesses in which (a) or (b) above hold a controlling interest.

Discipline

Purchases made in the name of the TBDSSAB without proper authorization may be considered an obligation of the individual making the purchase and not the obligation of the TBDSSAB.

Breaches of this Policy by employees may be subject to the disciplinary action in accordance with principles and practices enforced by Human Resources.

Disposal of Surplus Goods (excluding buildings and land)

The disposal of surplus and obsolete equipment shall be evaluated on a case by case basis.

The Director, Corporate Services or designate, shall have the authority to sell, exchange, or otherwise dispose of goods declared surplus to the needs of the TBDSSAB, and where it is cost effective and in the best interest of the TBDSSAB to do so.

As appropriate, the disposition of tangible capital assets shall be recorded in accordance with the Tangible Capital Asset Policy.

Implementation of Process and Procedures

The Director, Corporate Services shall ensure that appropriate directives detailing process and procedures are issued and maintained to implement and carry out the intent of this policy.

References

1. *Municipal Act, 2001*
2. Canadian Free Trade Agreement (CFTA)
3. Discriminatory Business Practices Act
4. Procurement Procedure Manual
5. Broader Public Sector Procurement Directives

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Attachments

1. Supply Chain code of Ethics

RELATED POLICIES

CS-01:79 - Approval and Signing Authorization Policy

CS-02: 3 - Capital Reserve Planning Policy

RELATED PROCEDURES

Purchasing Procedures Manual

Corporate Credit Card Guidelines

CS-03:1-19 Petty Cash

FORMS

N/A

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Attachment 1

Supply Chain Code of Ethics

Goal: To ensure an ethical, professional and accountable Supply Chain.

1. Personal Integrity and Professionalism

All employees of The District of Thunder Bay Social Services Administration Board (TBDSSAB) involved with purchasing or other supply chain-related 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 the TBDSSAB, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. All employees 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.

2. 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 employees must ensure that public sector resources are used in a responsible, efficient, and effective manner.

3. Compliance and Continuous Improvement

All employees involved in purchasing or other supply chain-related activities must comply with this Code of Ethics and the laws of Canada and Ontario. All employees should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels, and to share leading practices.

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**Schedule A
Irregularities Contained in Bids**

IRREGULARITY	RESPONSE
1. Late Bid	Automatic rejection. Not read publicly and returned unopened to the bidder
2. Unsealed Envelopes	Automatic rejection
3. Insufficient financial security (no bid security or agreement to bond or insufficient Bid Bond or agreement to bond)	Automatic rejection, unless in the opinion of the Director Corporate Services, the irregularity is trivial or insignificant
4. Bid completed and/or signed in erasable medium (such as lead pencil)	Automatic rejection
5. Bid is unsigned (or is improperly signed – for example, without corporate seal or by unauthorized person)	Automatic rejection
6. Addenda, which have financial implications, have not been acknowledged.	Automatic rejection
7. All required sections of bid document are not completed	Automatic rejection, unless in the opinion of the Director Corporate Services, the irregularity is trivial or insignificant
8. The execution (by the bonding company) of agreements to bond (performance security) are improper in that there is a company corporate seal or signature missing from the agreement bond.	Automatic rejection
9. Execution of bid bonds A. Corporate seal or signature of the bidder missing B. Corporate seal or signature of the bonding company missing	48 hours to correct Automatic rejection
10. Other bid security- Uncertified cheques	Automatic rejection

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<p>11. Erasures, overwrites or strike outs which are not initialed</p> <p>A. Un-initialed changes to tender documents which are minor</p> <p>B. Unit prices in the schedule of pricing have been changed but not initialed and the totals are consistent with the price as amended</p> <p>C. Unit prices in the schedule of pricing have been changed but not initialed and the totals are not consistent with the price as amended</p>	<p>48 hours to correct</p> <p>48 hours to correct</p> <p>Automatic rejection</p>
<p>12. Qualified Bids (Bid qualified or restricted by an attached statement)</p>	<p>Automatic rejection, unless in the opinion of the Director Corporate Services, the qualification or restriction is trivial or insignificant</p>
<p>13. Bids received on documents other than those provided or specified by TBDSSAB</p>	<p>Automatic rejection, unless in the opinion of the Director Corporate Services, the matter is trivial or insignificant</p>
<p>14. Failure to attend mandatory site visit</p>	<p>Automatic rejection</p>
<p>15. Only one bid is received</p>	<p>A. Bid returned unopened if additional bids could be secured</p> <p>B. If the bid should be considered in the opinion of the Director Corporate Services, and is found acceptable, then it may be awarded.</p>
<p>16. Any other irregularities</p>	<p>The Director Corporate Services, or designate shall have the authority to waive other irregularities or grant 48 hours to correct such other irregularities, considered minor in nature</p>

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Schedule B

Excluded Goods and Services

The following purchases of goods and services are excluded from the Procurement Policy:

1. Purchases under the Petty Cash Policy
2. Training and Education including:
 - Conferences, conventions, workshops, courses and seminars
 - Subscriptions, periodicals
 - Memberships, Association fees
3. Refundable Employee Expenses including:
 - Cash advances
 - Meal allowance
 - Travel expenses
 - Accommodation
4. Employer's General Expenses including:
 - Payroll deduction remittances
 - Medicals
 - Insurance premiums
 - Tax remittances
5. Licenses, certificate and other approvals required.
6. Ongoing maintenance for existing computer hardware and software.
7. Professional and Special Services including:
 - Special tax, accounting and audit services, and advise from Board approved auditor
 - Legal services on individual files, where the Boards contracted solicitor is unavailable or in a conflict of interest situation
 - Medical, Clinical and Laboratory Services
 - Confidential items, e.g. investigations, forensic audits
 - Witness fees
 - Honorariums
 - Counseling fees

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8. Utilities including:
 - Water
 - Sewer
 - Natural Gas
 - Electricity
 - Postage
 - Communication Infrastructure Services

9. Real Property Interest:
 - All real estate transactions