

Policy Title: Purchasing Policy	Approval Date: March 17, 2006
Policy Type: Finance	Revision Date(s): February 21, 2017, June 24th, 2021
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Cross Reference: Accountability Agreement, FS 01 Delegation of Financial Authority, Broader Public Sector Procurement Directive, Public Sector Accountability Act

Preamble:

The Society is considered to be part of the Broader Public Sector and is required to follow the directives issued under the authority of the Public Sector Accountability Act (2010) in respect of its purchasing activities. The foundational principles of the directives are: Quality Service Delivery, Accountability, Transparency, Value for money, and Process Standardization.

Application:

This policy applies to all employees and Board members of the Society.

The nature of certain purchases are exempt from this policy:

- Boarding payments and other per diem amounts paid to foster parents and Outside Paid Resources relating to the client's ongoing care
- Periodic recurring payments made to youth and young adults relating to the daily care
- Period allowance payments relating to children in care
- Permanency subsidies
- Registered Education Savings plan contributions and payments under the Ontario Child Benefit Equivalency directive
- Payments relating to employees' pensions
- Compensation
- Purchases arising from a court order or judgement with which the Society must comply
- Expenditure reimbursement to employees
- Utility payments

Definitions:

1. **Procurement Period:** the period of time during which the Society is expected to need a defined good or service. A procurement period may not extend beyond five years and should not be shortened in order to undermine an appropriate competitive procurement process.
2. **Procurement Value:** recognizes the expected value of the goods or services being acquired over the procurement period without regard to applicable sales taxes.
3. **Major expenditure:** is any expenditure with a procurement value of \$100,000 or more.
4. **Consulting Services:** a procured service, the objective of which is to recommend, inform, guide or advise organization decision makers in issues of strategy or having a long-term impact on the operations of the Society. An organization identifying itself as a consulting firm may provide services which do not meet the definition of consulting services for the purposes of this policy.

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5. **Stakeholders:** include board members, employees, foster parents, volunteers, clients and suppliers of goods and services.
6. **Conflict of Interest:** any act or behaviour resulting in a decision where the interests of the Society are subordinated to the interests of one or more stakeholders.
7. **Vendor of Record:** The Society retains the option to pre-qualify vendors for the supply of goods or services where the quantity and or the expected delivery dates are unknown.
8. **Purchasing Roles:** The directives which govern Society procurement policy define five distinct procurement roles:
 - a. Requisition: a formal request to obtain goods or service, usually made by an end user,
 - b. Budgeting: the process of allocating financial resources to meet planned requisitions,
 - c. Commitment: a legally binding promise is made by an employee with appropriate decision making authority to a selected vendor committing the Society to pay a defined price for defined goods or services upon receipt under defined terms and conditions,
 - d. Receipt: an employee of the Society with appropriate approval authority acknowledges the selected vendor has delivered the goods and/or services to the Society according to the terms of the commitment , and
 - e. Payment: transfer of funds to the selected vendor according to the terms of the commitment.
9. Approval Authority Schedule: a document approved by the Board which describes the purchasing roles, the employment positions which are authorized to perform each role and the monetary limit associated with employment positions.
10. Business Case: A document providing a clear description of a proposed investment in a specific good or service and its accompanying rationale. The rationale should describe how the investment will benefit the Society in pursuit of its strategic plan, the alternatives that were considered in evaluating the proposed investment and the short term and long term consequences of not proceeding with the investment.

POLICY:

The Society will conduct its purchasing and procurement activities ethically in a manner which incorporates the foundational principles of directives issued under the Broader Sector Public Accountability Act. The objective will be to acquire needed goods and services at the right time in the most economical manner.

Procedure:

1. A planned approach is required for procurement decisions which considers both the need and the capacity of the organization to finance the purchase. Planned major expenditures should be identified and the justification documented and included in the annual budget provided to the Board for approval. Unplanned major expenditures arising after the approval of the budget must be documented and are subject to Board approval.
2. Stakeholders must declare actual, perceived or potential conflicts of interests. Individuals involved in procurement decisions must monitor for conflicts and take appropriate mitigation should a conflict arise.

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3. The Society will maintain Standard Terms and Conditions for procurement and employees making procurement decisions will be familiar with them. Variance from Standard Terms and Conditions must be approved by the Executive Director and documented on the prescribed form.
4. Where informal information gathering to define the good or service needed and/or the sources of available supply do not provide sufficient clarity, the Society will use a formal process such as a "Request for Information" (RFI) or a "Request for Expression of Interest" (RFEI) giving due consideration to required time and effort. All requisitioning activity will include documenting a clear description of the good or service and the rationale (where not obvious) for each purchase. Employees authorized to make purchase decisions must be familiar with the Approval Authority Schedule and follow its provisions.
5. The extent of due diligence required in procurement decision is relative to its procurement value and the nature of the goods or services being purchased. More expensive purchases require more detailed documentation. Due diligence requirements are detailed in Appendices A and B. Due diligence documentation will be provided by the decision making employee to the Finance Department and it will be attached to the Society's copy of the Purchase Order. The Finance Department will store documentation relating to procurement activities for seven years.
6. Whenever possible, evidence of a contract is needed for financial commitments of \$3,000 or more. In most circumstances, this is accomplished by preparing a purchase order signed by the appropriate authority. Specific deliverables can be documented on the face of the PO or if necessary, appended to the Purchase Order provided the Appendix is referred to on the face of the Purchase Order and signed by the appropriate signing authority. Contracts awarded as a result of an RFP or which involve unusually complex terms may require a specific contract document. These documents should be prepared in consultation with the Finance Manager.
7. In the interests of openness and transparency, a form of competitive procurement should be used where possible. The Society shall avoid becoming reliant on a single source of supply. A non-competitive form of procurement, such as direct negotiation, may be used in the following circumstances:
 - a. The procurement value is relatively low (less than \$10,000) and does not involve consulting services,
 - b. Usual market conditions restrict the normal supply of goods or services being sought,
 - c. Technical or legal restrictions (propriety knowledge) limits the availability of supply,
 - d. Confidentiality or security concerns may result in the public interests not being best served by an open process,
 - e. Compatibility of procured goods and services with existing infrastructure would make competitive procurement impractical or cost inefficient.
 - f. The procurement is related to an emergency where there is imminent or actual danger to the health or well-being of employees or clients or imminent actual damage or destruction of Society property, or
 - g. The results of a competitive process has failed to identify a successful supplier.
8. Where a competitive process has not been used for the award of business, the circumstances should be documented on the prescribed form and approved by the Executive Director.
9. Where the Society chooses to select vendor(s) of record for the supply of specific goods or services, the selection must be the result of a transparent and competitive process. Criteria for



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selection must be established in advance and will include an outline of the nature of goods or services to be provided, requirements and qualifications with respect to experience in providing the goods or services and in doing business with not-for-profit agencies. Firms seeking pre-qualification will provide written responses which will be evaluated by a selection team of at least two management employees including one senior manager.

10. The use of an RFI or RFEI cannot be used to pre-qualify vendors or to unduly influence a competitive process which may arise from the RFI or RFEI.
11. In order to maintain adequate segregation of duties, no single employee will perform more than three purchasing roles in respect of a single procurement.
12. Ethical decision making requires managers to have a good faith belief in establishing total procurement values and should not be influenced by the level of due diligence required.

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Appendix A: Due Diligence Documentation for Goods, Services (other than Consulting Services) and Construction

Procurement Value	Required Documents
\$0 up to but not including \$3,000 (Non-competitive process)	Invoice or Payment/Deduction Request Form with "Spend" level of approval
\$3,000 up to but not including \$10,000 (Non-competitive process)	Contract / Agreement with "Contract" level approval
	Request Purchase Order with signed Contract/Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods
\$10,000 up to but not including \$25,000 (Invitational competitive process)	3 Verbal Quotes
	Contract / Agreement with "Contract" level approval
	Request Purchase Order with signed Contract/Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods
\$25,000 up to but not including \$100,000 (Invitational competitive process)	3 Written Quotes
	Contract / Agreement with "Contract" level approval
	Business Case, Request Purchase Order with signed Contract/Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods
\$100,000 or more (Open competitive process)	Business Case, Request for Proposal (RFP)
	Contract / Agreement with "Contract" level approval
	Request Purchase Order with signed Contract/Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods

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Appendix B – Due Diligence Documentation for Consulting Services

Procurement Value	Required Documents
\$0 up to but not including \$25,000 (Invitational competitive process)	3 Verbal Quotes
	Contract / Agreement with "Contract" level approval
	Request Purchase Order with signed Contract/Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods
\$25,000 up to but not including \$100,000 (Invitational competitive process)	3 Written Quotes
	Contract / Agreement with "Contract" level approval
	Business Case, Request Purchase Order with signed Contract/Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods
\$100,000 or more (Open competitive process)	Business Case, Request for Proposal (RFP)
	Purchase Order with "Contract" level of approval at time of order
	Contract / Agreement
	Invoice with "Confirmation" level of approval upon receipt of goods

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Appendix C Procedure for Competitive Procurement

1. Competitive Procurement will respect the procurement value thresholds outlined in Appendices A and B.
2. The Society will publish all Calls for **Open** Competitive Procurement opportunities on its website. The Society may chose to publish in other media as well in order to attract a greater number of proponents. Offering documents (Requests for Proposal – RFP and Requests for Quotation – RFQ) will be published on the Society's website.
3. The Society will provide potential respondents a minimum time period of 15 days from the date of issue. A longer response time may be provided for more procurements which in the opinion of the Society are more complex or riskier.
4. Criteria for evaluating responses and their respective weighting must be established for the purpose of scoring responses in advance of publishing offering documents. Mandatory criteria must be clearly defined and submissions which fail to meet mandatory requirements must be disqualified. Pricing must be a criteria in evaluating each proposal but it need not be the dominantly weighted criteria.
5. An evaluation team of at least two management employees must be formed for each competitive opportunity. At least one member of the evaluation team must either a Senior Manager or a member of the Finance Team. Evaluation team members must declare they have no conflict of interest and must maintain the confidentiality of any sensitive information which may relate to the procurement or the procurement process. All communication with proponents and potential proponents will be directed to and will originate from a designated Society employee ("Designate"), usually the management employee responsible for the procurement. Where any another employee is engaged by a proponent, she will refer the proponent to the Designate.
6. All proposals received which meet the mandatory requirements will be scored by members of the evaluation team according to the established weighted evaluation criteria. Members of the evaluation team may contribute their experience to the evaluation team in an unbiased manner to assist other members of the team understand information contained in proposal documents. Each team member will separately score each proposal and the proposal with the highest overall score will win the bidding process. In the event of a tie score, the proposal with the lowest cost will be the winner.
7. The Designate will inform the winner on a timely basis and will oversee the completion of a contract between the winner and the Society.
8. For procurement opportunities with a procurement value of \$100,000 or more, the identity of the winner will be published on the Society website along with an invitation for debriefing.

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9. Bid debriefing will consist of a meeting between the Designate and a representative of the proponent to discuss the process and the relative strengths and weaknesses of the proponent's response. Neither scoring details nor pricing information which may erode a competitive advantage of the winner will be discussed in the debriefing.

10. Bid disputes will be referred to the Director of Finance for resolution. If the Director of Finance was part of the evaluation team, an alternate will be determined. Bid disputes must be received in writing between the date of issue of the offering documents (RFP/RFQ) and 10 days after the award is made, Bid disputes must contain specific details of each allegation and all evidence supporting the allegation. The Director of Finance will review the dispute, the process documentation and may interview one or more members of the evaluation team and/or consider other such information as he determines to be appropriate for the circumstances. The Director of Finance will provide a response to the dispute within 10 business days of receiving the dispute.

11. Offering Documents will minimally contain the following information:
 - a. A description of deliverables (nature of the goods or services being procured).
 - b. Closing date and time and address at which responses will be received.
 - c. Criteria which will be used to evaluate responses, including mandatory criteria.
 - d. A statement indicating that failure to meet mandatory criteria will result in disqualification.
 - e. A requirement to disclose any potential or actual conflict of interest.
 - f. A requirement to communicate only with the Society Designate.
 - g. An anticipated form of contract.
 - h. Society reserved rights include:
 - i. The right to require a bid deposit
 - ii. The right to require mandatory site meetings
 - iii. The right to accept or reject any or all responses without obligation or penalty
 - iv. The right to amend, cancel and/or re-issue offering documents without penalty
 - v. The right to direct negotiate to preserved the best interests of the Society.
 - vi. The right to seek clarification of any information contained in a response in order to arrive at a decision which is in the best interests of the Society.
 - vii. The right to augment information about the proponent and or the goods or services being offered from sources other proponent's response. This may



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- include obtaining references from parties other than those provided by the proponent.
- viii. The right to disqualify a proponent from providing incomplete, inaccurate or misleading information to the Society.