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## Policy

To ensure expenditures represent good value for money spent, while promoting fair dealings with vendors, and while aligning with the requirements of the Broader Public Sector Procurement Directive, Maltby Centre shall:

- Specify the principles that shall govern the planning, acquisition and management of the goods and services needed by the organization;
- Specify the requirements for adherence to those principles;
- Specify the responsibilities of individuals/organizations involved in acquisition of goods and services and with the administration of this Policy;
- Establish prudent requirements for the competitive acquisition of goods and services; and;
- Adhere to those requirements, unless they can document adequate reasons for doing otherwise.

## Scope

This Policy applies to the planning, acquisition and management of goods and services, including consulting services. Goods, services and consulting services that are exempt from this Policy are as follows:

- Licensed professional services;
- Training and education;
- Refundable employee expenses; and
- Utilities;

The principles and requirements of this Policy apply to all Maltby Centre (organization) acquisitions other than those specifically excluded within this Policy. This Policy shall be reviewed at least once every five years. Any exception to this Policy shall be justified and documented.

## Procedures Overview

The overall objective is to acquire, at the right time and in the most economical manner, the goods and services needed to meet the organization's mandatory requirements, while following the principles and guidelines described.

## **Planning**

Goods and services shall be acquired only after consideration of the needs, alternatives, appropriateness of the goods or service for the purpose required, timing and the overall organization's supply strategy. The rationale for any major planned expenditure (\$25,000 or greater) will be documented in Business Plan attached to the organization's annual budget. This Business Plan and overall budget will be approved by the organization's Board of Directors. Rationales for expenditures \$50,000 or greater, not included in the organization's annual budget, will be documented separately and approved by the Board of Directors. For expenditures greater than \$5,000 but less than \$25,000, the rationale for the purchase should be documented and submitted for approval by the appropriate level of management.

## **Competitive Process**

A competitive process should be used to ensure that needed goods and services are provided at the lowest possible cost. The organization, at its option, may choose to pre-qualify vendors. The pre-qualification process requires an assessment by a Selection Committee (composed of at least three staff or board members) of the possible bidders based on pre-established criteria which may include:

- Brief outline of the size of the firm and range of experience with not-for-profit organizations;
- Experience in providing services to child welfare organizations; and/or
- Specific qualifications of staff who might be assigned to provide services to the organization.

The firms seeking pre-qualification will be required to submit a letter of qualification which responds specifically to the pre-established criteria. Competitions will be fair, open, transparent and consistent and recognize the needs and responses of the community the organization serves. Conflicts of interest (e.g., where a non-arms length relationship exists) shall be avoided in acquiring goods and services and in resulting contracts. Vendors shall not be permitted to gain a monopoly for a particular kind of work and relationships shall not be created that result in continuous reliance on a particular vendor. For each competition, a clear description of the product or service requirement must be prepared and a clear outline of the criteria to be considered must be developed. The decision about which vendor to choose must be based solely on the requirements and criteria that have been developed. To ensure a fair process, no action shall be undertaken by the organization's staff to allow a given bidder an unfair advantage. However, it is in the best interests of the organization to factor in costs associated with conversion from existing supplier(s) to new supplier(s) when evaluating competitive bids.

To avoid conflicts of interest (e.g., where a non-arms length relationship exists), the organization shall:

- Acquire goods and services in a manner consistent with the organization's Conflict of Interest Policy;
- Require prospective vendors participating in an acquisition process to declare any actual or potential conflict of interest;
- Reserve the organization's right to disqualify prospective vendors from an acquisition process due to conflict of interest;
- Reserve the right of the organization to solely determine whether any situation or circumstance constitutes a conflict of interest;
- Require vendors to avoid any conflict of interest during the performance of their contractual obligations for the organization;

- Require vendors to disclose any actual or potential conflict of interest arising during the performance of a contract;
- Reserve the right of the organization to prescribe the manner in which a vendor should resolve a conflict of interest;
- Allow the organization to terminate a contract where a vendor fails to disclose any actual or potential conflict of interest or fails to resolve its conflict of interest as directed by the organization; and
- Allow the organization to terminate a contract where a conflict of interest cannot be resolved.

Contract terms shall typically be three to five years with options to open the contract if benchmarks are not met. The Board of Directors has ultimate responsibility for all expenditures entered into by the organization. The Board delegates this responsibility to the Executive Director. The Executive Director (or authorized designate) shall ensure relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of goods or services. The Director of Finance & Corporate Services (or authorized designate) shall ensure quote submissions are reviewed and that all specifications of the quote are met. The organization reserves the right to accept or reject any submission.

### **Procurement Documentation**

All acquisitions greater than \$5,000 shall be documented. More expensive acquisitions require more detailed levels of documentation. This may include contracts, analysis and rationale for the decision made. Proposed procurement documentation shall be reviewed to ensure clarity, reasonableness, and quality.

In general, procurement documentation should avoid naming specific products or brands, unless there is a valid purpose such as to avoid unacceptable risk. In these situations, the rationale for the choice of the specific product will be documented. The Executive Director (or authorized designate), in reviewing the documentation shall ensure:

- Value analysis is provided to compare options or choices;
- Specifications have been thought out to provide the best value; and
- The analysis is documented and filed.

Documentation for the acquisition of professional services must include:

- The basis on which the professional firm or individual was selected and why the fees are commensurate with the qualification of those firms or individuals; and
- A formal written agreement detailing: the conditions under which services are to be provided and paid for; periodic evaluation of results achieved; and that the supplier of the service provides detailed invoices containing sufficient details to assess the appropriateness and reasonableness of amounts billed.

### **General Procurement Procedures**

To ensure fair value for money and a competitive process, the following purchasing thresholds shall be used for Goods, Non-Consulting Services and Construction:

- Under \$1,000—no quote required;
- \$1,000 to \$4,999—a minimum of two documented verbal quotes are required;
- \$5,000 to \$25,000—a minimum of three documented written quotes are required; or a Vendor of Record is selected; and

- Over \$25,000—Open and Transparent Request for Proposals; Request for Quotations; or Request for Tenders is required.

The following thresholds shall be used for Consultants and Consulting Services:

- \$0 to \$25,000—a minimum of three documented written quotes are required; or a Vendor of Record is selected; and
- Over \$25,000—Open and Transparent Request for Proposals; Request for Quotations; or Request for Tenders is required.

Orders cannot be split to circumvent this policy. When purchases are made, supporting documentation (e.g., contracts, purchase justification, quotations, etc.) shall be attached to the detailed invoices and included in the appropriate files.

### **Verbal Quotes**

Verbal quote documentation shall include:

- A brief description of the goods or services;
- The name(s) of the vendor(s) solicited;
- The date of the quote(s); and - rationale for choosing a specific vendor whenever multiple quotations are required (See Appendix A).

### **Written Quotes**

Written quote documentation shall include:

- A description of the goods or services;
- A copy of the documentation provided to vendors to solicit quotations;
- A list of all vendors invited to quote, including a note on any vendor who declined to provide a quote;
- Copies of all quotes received; and
- The rationale for choosing the successful vendor (See Appendix B).

### **Request for Quotation (RFQ), Request for Proposal (RFP), Request for Tender (RFT)**

These are the three types of competitive bidding processes. These processes are to be open and transparent. The lowest bid meeting all specifications should be awarded the contract. If the lowest bid is not awarded, the reasons for this decision must be documented in writing.

**Request for Quotation (RFQ)** - An RFQ will be used when: the good or service is valued at more than \$25,000; requirements can be readily and completely defined in a specification to the vendors; and best value for the organization can be achieved by an award selection made on the basis of the lowest bid that meets specifications. The RFQ may or may not include a vendor pre-qualification.

**Request for Proposal (RFP)** - An RFP will be used when: the good or service is valued at greater than \$25,000; the requirement is best described in a general performance specification; and innovative solutions are sought from the vendors to achieve the general performance leading to the desired result. To achieve best value, the award selection may be based on a point system or other method involving a combination of mandatory and desirable requirements. Proposals will be posted on an electronic tendering website accessible to Canadian suppliers. Multiple respondents are to be sought. Postings are to be for a minimum of 15 calendar days and a minimum of 30 days if procurement needs are a higher value, complexity or risk. Vendor pre-qualification may or may not be included. Where the requirement is not straightforward, or

an excessive workload would be required to evaluate proposals, either due to their complexity, length, number or any combination thereof, a pre-qualification phase may be used to reduce this.

The organization shall maintain a list of suggested evaluation criteria to include factors such as qualifications and experience, strategy, approach, methodology, scheduling and past performance, facilities, equipment and pricing. - The Executive Director (or authorized designate) shall identify appropriate evaluation criteria for use in an RFP. The evaluation methodology and process used will be disclosed in the proposal call. Cost will always be included as a factor, as best value includes both quality and cost. A Selection Committee, composed of a minimum of two senior managers, shall review all proposals against the established criteria, reach consensus on the final rating results and ensure the final rating results, with supporting documents, are kept in the procurement file. To ensure consistency through the proposal process, all communication with bidders shall be through a single designated staff member. Closing dates and times will be clearly stated in the documentation. Any submission received after the closing time will be returned to the vendor unopened. The designated staff member shall forward to the Executive Director (or authorized designate), an evaluation summary of the procurement, as well as the Selection Committee's recommendation for award of contract to the supplier meeting all mandatory requirements and providing best value as stipulated in the RFP. Where the lowest bid is not accepted, the Executive Director (or authorized designate) is responsible for documenting the determination of best value prior to award of contract. With respect to all reports initiated for RFPs, a report on the sources of financing and other financial commentary, as considered appropriate, shall be prepared. Unsuccessful proponents may, upon their request, attend a debriefing session with the organization contact person to review their bid submission. Discussions relating to any bid submissions other than that of the proponent present will be strictly prohibited. The organization reserves the right to accept or reject any submission.

**Request for Tender (RFT)** - An RFT will be used when: the item is valued at more than \$25,000; requirement can be readily and completely defined in a specification to the vendors; and best value for the organization can be achieved by an award selection made on the basis of the lowest bid that meets specifications. The organization shall document the relevant specifications, budget authorization, approval authority and terms and conditions for the purchase of the good or service.

The Director of Finance & Corporate Services shall be responsible for arranging for the opening of tender bids at the time and date specified by the tender call. There shall be at least two senior managers in attendance at that time. The Director of Finance & Corporate Services shall forward to the Executive Director (or authorized designate), a summary of the bids and recommend the award of contract to the lowest responsive bidder, subject to review by the Executive Director (or authorized designate) regarding specifications and contractor performance. With respect to all reports initiated for tenders, there shall be a report on the sources of financing and other financial commentary as considered appropriate. The organization reserves the right to accept or reject any submission.

### **Vendor of Record**

A Vendor of Record may be established where:

- The actual demand is not known in advance;
- A need is anticipated for a range of goods and services for a specific purpose, but the actual demand is not known at the outset and delivery is to be made when a requirement arises; or

- The organization shall establish and maintain a reference list of approved Vendors of Record to source frequently used goods or services.

The reference list will specify Vendors of Record, pricing, discounts from published catalogues, standard pricing, etc. More than one supplier may be selected where it is in the best interests of the organization. The bid solicitation should specify that more than one supplier may be chosen. In a Request for Vendor of Record, the expected quantity of the specified goods or services to be purchased over the time period of the agreement will be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage. Purchases of frequently used goods and services are to be made from the approved Vendors of Record.

### **Co-operative Purchasing/Buying Groups**

The organization may participate with the Provincial Government, other government agencies or public authorities in co-operative purchasing arrangements where it is in the best interests of the organization to do so. The decision to participate will be made by either the Executive Director (or authorized designate) or the Director of Finance & Corporate Services. The policies of the government agencies or public authorities calling the co-operative tender are to be the accepted Policy for that particular tender.

### **Purchases Made without a Competitive Process**

The requirement for competitive bid solicitation for goods, services and construction may be waived by the Executive Director (or authorized designate) and Director of Finance & Corporate Services under the following circumstances:

- where competition is precluded due to the application of any Act or legislation or because of the existence of patent rights, copyrights, technical secrets or controls of raw material;
- where due to unusual market condition, the goods, services or construction required are in short supply; - where only one source of supply would be acceptable and cost effective;
- where the goods, services or construction can only be supplied by a particular supplier and no alternative exists;
- where, due to security or confidentiality issues, it would not be in the public interest to solicit competitive bids; or
- in the event of an emergency, as defined below

### **Procurement in Emergencies**

An emergency includes a situation presenting imminent or actual danger to the life, health or safety of employees or others acting on the organization's behalf or imminent or actual danger of damage to or destruction of property belonging to the organization. Where, in the opinion of two senior managers, an emergency has occurred, the organization may initiate a purchase order in excess of the preauthorized expenditure limit. The justification for the exception is to be fully documented and included in the appropriate files.

### **Direct Negotiation**

Goods and services may be purchased using Direct Negotiation only if one or more of the following conditions apply:

- the required goods and services are reasonably available from only one source by reason of the 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;
- the required goods and services will be additional to similar goods and services being supplied under an existing contract (i.e., contract extension or renewal); - an attempt to purchase the required goods and services has been made in good faith using a method other than Direct Negotiation, but 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;
- 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; and/or - the required goods and services are to be supplied by a particular vendor or supplier having special knowledge, skills, expertise or experience.

### **Bid and Contract Administration Submission of RFPs, RFQs and Tenders**

The time, date and method of delivery shall be specified in the request document. Bids received later than the specified closing time shall be returned unopened to the bidder. □ A bidder who has already submitted a bid may submit a further bid at any time up to the official closing time and date specified by the request call. The last bid received shall supersede and invalidate all bids previously submitted by that bidder. □ A bidder may withdraw their bid at any time up to official closing time with a signed letter. □ Bidders may be requested to supply a list of all sub-contractors to be employed on a project. Any changes to the list of sub-contractors, or addition thereto, must be approved by the Purchaser.

### **No Acceptable Bid or Equal Bids Received**

When all the bids exceed the organization’s budget, or do not meet the requirements, or do not represent fair market value, a revised solicitation will be issued. The Executive Director (or authorized designate) may waive the need for a revised bid solicitation and enter into negotiations with the lowest responsive bidder, under the following circumstances:

- the total cost of the lowest responsive bid is in excess of the funds approved by the organization for the project;
- the Executive Director or authorized designate is able to justify, in writing, that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the bid solicitation; and
- the method of negotiation shall be those accepted as standard negotiating procedures that employ ethical public procurement practices.

The organization has the right to cease negotiations and reject any offer. If two equal bids are received, the organization will offer an opportunity for bidders to re-bid. Should a tie persist, the following factors will be considered:

- prompt payment discount;
- when delivery is an important factor, the bidder offering the best delivery date be given preference;
- a bidder in a position to offer better after sales service, with a good record in this regard, shall be given preference;

- a bidder with an overall satisfactory performance record shall be given preference over a bidder known to have an unsatisfactory performance record or no previous experience with the organization; and
- if the above does not break the tie, the Director of Finance & Corporate Services will flip a coin with one of the bidders making the selection of heads or tails.

### **Only One Bid Received**

If only one bid is received, but the Executive Director (or designate) feels more bids could be secured, the bid may be returned unopened to the bidder and the RFP/RFQ/RFT sent out again at a later date. The bidder will be informed that this is the plan. If only one bid is received, the Executive Director (or designate) may recommend opening and evaluating the bid and awarding the bidder the purchasing contract if it is acceptable. If the bid is not acceptable, the procedures set out under “No Acceptable Bid” are to be followed.

### **Contractual Agreements**

The award of contract may be made by way of a formal agreement, Contract Record or Purchase Order. A Purchase Order or Contract Record is to be used when the resulting contract is straightforward and will contain the organization’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 organization’s standard terms and conditions. It shall be the responsibility of the Executive Director (or authorized designate) and Director of Finance & Corporate Services to determine if it is in the best interest of the organization to establish a formal agreement with the supplier. If a formal agreement is established, it shall be reviewed and approved. Where a formal agreement is issued, the organization may issue a Purchase Order or Contract Record incorporating the formal agreement. Where a formal agreement is not required, the organization shall issue a Purchase Order or Contract Record incorporating the terms and conditions relevant to the award of contract.

### **Contract Amendments and Revisions**

No amendment or revision to a contract shall be made unless the amendment is in the best interest of the organization. No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work. Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within the organization’s approved budget, including authorized revisions. The Executive Director (or authorized designate) and Director of Finance & Corporate Services may authorize amendments to contracts provided the total amended value of the contract is within the approval authority. Where expenditures for the proposed amendment combined with the price of the original contract exceeds the organization’s approved budget for the project, a report prepared by the Director of Finance & Corporate Services shall be submitted to the Executive Director (or authorized) for approval.

### **Execution and Custody of Documents**

The Executive Director (or authorized designate) is authorized to execute formal agreements in the name of the organization. The organization shall execute Purchase Orders and/or Contract Records issued in accordance with these provisions. The Director of Finance & Corporate Services shall be responsible for the safeguarding of original purchasing and contract documentation for the contracting of goods or services for which the award is made by delegated authority.

### **Exclusion of Bidders Due to Poor Performance**



The Executive Director (or authorized designate) shall document rationale where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for health and safety violations. The Director of Finance & Corporate Services may prohibit an unsatisfactory supplier from bidding on future contracts for a period of up to five years.

**Receipt of Goods**

The organization shall:

- arrange for the prompt inspection of goods on receipt to confirm conformance with the terms of the contract;
- rectify discrepancies immediately; and
- coordinate an appropriate course of action for any non-performance or discrepancies.

**Reporting**

The organization shall maintain a register of all goods and services contracts, agreements, Vendors of Record and Purchase Orders valued in excess of \$100,000 for which this Policy applies.

**Appendix A  
Verbal Quotation Documentation  
To be used for purchases greater than \$5,000**

Name	Date
Organizational Requirements	
Verbal Quote #1 Company Name: Company Address: Telephone Number: Contact Name: Quotation Price: Taxes Included: Yes/No Notes:	
Verbal Quote #2 Company Name: Company Address: Telephone Number: Contact Name: Quotation Price: Taxes Included: Yes/No Notes:	
Verbal Quote #3	

Company Name:  
Company Address:  
Telephone Number:  
Contact Name:  
Quotation Price:  
Taxes Included: Yes/No  
Notes:

Quotation Selected:  
Quotation Amount:  
Rationale:

**Appendix B**

**Written Quotation Documentation  
To be used for purchases between \$5,000 and \$24,999**

Name	Date
Organizational Requirements	
Written Quote #1 Company Name: Company Address: Telephone Number: Contact Name: Quotation Price: Taxes Included: Yes/No Notes:	
Written Quote #2 Company Name: Company Address: Telephone Number: Contact Name: Quotation Price: Taxes Included: Yes/No Notes:	
Written Quote #3 Company Name: Company Address: Telephone Number: Contact Name: Quotation Price: Taxes Included: Yes/No Notes:	
Quotation Selected: Quotation Amount: Rationale:	

**Appendix C  
Irregularities Contained in Bids**

Irregularity	Response
Late Bid	Automatic rejection, not read publically and returned unopened to the bidder
Unsealed Envelopes	Automatic rejection
Incomplete, illegible or obscure bids or bids which contain additions not called for, erasures, alterations, errors or irregularities of any kind	May be rejected as information documents
All necessary Addenda have not been acknowledged	Automatic rejection
Failure to attend mandatory site visit	Automatic rejection
Failure to include signature of the person authorized to bind the Tender	Automatic rejection
Conditions placed by the Tenderer on the total contract price	Automatic rejection
Bids containing minor mathematical errors	<p>If the amount tendered for a unit price item does not agree with the extension of the estimated quantity and the tendered unit price or, if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly</p> <p>If both the unit price and the total price are left blank, then both shall be considered as zero.</p> <p>If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity.</p> <p>If the total price is left blank for a lump sum item, it shall be considered as zero.</p> <p>If the Tender contains an error in addition and/or subtraction and/or transcription in the approved tender documentation format requested (i.e., not the additional supporting documentation supplied), the error shall be corrected, and the corrected total contract price shall govern.</p>
Tenders containing prices which appear to be so unbalanced as to likely affect the interests of the organization adversely	May be rejected