

Section: Finance

Procurement Policy	Date Approved:	February 2021
	Person Responsible:	VP, Finance & Organizational Services
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**PURPOSE**

To outline KidsAbility’s policies for procurement of goods and services.

**DEFINITIONS**

**Competitive Procurement:** A set of procedures for developing a procurement contract through a bidding or proposal process. The intent is to solicit fair, impartial competitive bids. A requirement for an open or invitational competitive procurement would be fulfilled through a Request for Proposal process.

**Consulting Services:** The provision of expertise or strategic advice that is presented for consideration and decision-making.

**Procurement Value:** The estimated total financial commitment resulting from procurement, excluding sales tax, but taking into account optional extensions.

**Request for Expressions of Interest (RFEI):** A document used to gather information about supplier interest in an opportunity or information about supplier capabilities/qualifications. This mechanism may be used 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):** A document issued to potential suppliers to gather general supplier, service or product information. It is a procurement procedure whereby suppliers are provided with a general or preliminary description of a problem or need and are requested to provide information or advice on 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):** 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 price is not the only factor.

**Request for Quotation (RFQ):** A document similar to an RFT which describes exactly what needs to be purchased and the evaluation is based solely on price.

**Request for Supplier Qualifications (RFSQ):** 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. Ensure that the terms and conditions built into the RFSQ contain specific language that disclaims any obligation on the part of the Centre to call on any supplier to provide goods or services as a result of the pre-qualification.

**Request for Tender (RFT):** A document used to request supplier responses to supply goods or services based on stated delivery requirements, performance specifications, terms and conditions. An RFT usually focuses the evaluation criteria predominantly on price and delivery requirements.

**Single Sourcing:** A non-competitive method of procurement of goods or services from a supplier in situations where there is or may be another supplier or suppliers capable of delivering these goods or services.

**Sole Source:** The use of a non-competitive procurement process to acquire goods or services where there is only one available supplier for the source of the goods or service.

## **SCOPE**

The entire organization

## **POLICY**

KidsAbility is committed to a transparent, fair and competitive process in its procurement of goods and services. To this end, we follow the tenets outlined in the Broader Public Sector Accountability Act Procurement Directive and the Supply Chain Code of Ethics formally adopted by the Board of Directors.

We spend our funding wisely, in accordance with all terms and conditions imposed on us by donors and funders, and with a steadfast focus on maximizing value for money.

## **PROCEDURE**

### ***Supply Chain Code of Ethics***

All employees and members of the Centre must comply with KidsAbility's Supply Chain Code of Ethics (Appendix A). This Code is posted on the Centre's website and is physically posted in the Finance office.

### ***Approval Authority Schedule***

Approval of procurement requests is required before the procurement occurs. The approval authority schedule below outlines the maximum amounts that can be approved by positional levels within the organization and outlines when approval by the Board is required. The Approval Authority Schedule is approved by the Board of Directors.

Irrespective of the authority granted below, if a purchase will cause a shortfall in an individual's annual budget, then the purchase must be approved by the next level in the approval authority schedule (for example, a purchase of less than \$5K which would cause a budget shortfall must be approved by an Associate Director).

<b>ORGANIZATIONAL LEVEL (or position if separately identified)</b>	<b>MAXIMUM PURCHASE APPROVAL AUTHORITY</b>
Supervisors, Managers Health, Safety & Wellness Coordinator	\$5K

Associate Directors, Controller	\$10K
Directors, VP's	\$25K
VP Finance and Organizational Services	\$50K
CEO	\$100K
Board of Directors	Above \$100K

Subject to the approval of the VP Finance and Organizational Services, recurring payments to a maximum of \$50K, where the initial terms have been approved through the regular approval schedule, may be delegated to the individual who supports the service area's expense as long as payment amounts continue to comply with contract specifics or are within budget. For example, an IT contract that has been approved may have individual payments greater than \$5k approved by the Manager of IT so long as payments strictly adhere to contract terms.

***Procurement Practices***

Procurement can be achieved in various ways. The schedule below outlines the nature of the procurement approach required depending on the nature and amount of the purchase. The procurement approach must be documented and retained.

PROCUREMENT APPROACH REQUIRED	Procurement Value	
	GOODS, NON-CONSULTING SERVICES & CONSTRUCTION	CONSULTING SERVICES
1 quote	Up to \$10K	n/a
3 quotes	\$10K to \$50K	n/a
Invitational Competitive Process	\$50K to \$100K	Up to but not including \$100K
Open Competitive Bid Process	\$100K and over	\$100K and over

Non-competitive procurement of goods or non-consulting services over \$50K must be approved by the Board of Directors.

Non-competitive procurement of consulting services up to but not including \$50K must be approved by the CEO, and \$50K or over must be approved by the Board of Directors. Non-competitive procurement of consulting services may be used only in situations outlined in the exemption, exception, or non-application clauses of the Agreement on Internal Trade (AIT) or other trade agreements. The applicability of any of these clauses must be formally established and documented. Example exemptions, exceptions, and non-application clauses which may apply to Centre procurement are listed in Appendix B.

Refer to Appendix C for further detail and requirements for competitive procurement processes.

***Frequency of Market Comparisons***

Ongoing contracts with suppliers/service providers should be reviewed every 3 to 5 years and market comparators established through the processes outlined above. In rare cases (like banking and legal relationships) where a change in the supplier would be disruptive to the organization or the historical

context of the relationship is critical to the quality of the services provided, a longer period between review periods is acceptable when approved by the VP of Finance and Organizational Services or CEO.

### ***Conflicts of Interest***

The individual signing off on a purchase must be free from conflicts of interest, in fact and appearance, from the vendor. A conflict of interest exists in a situation in which financial or other personal considerations have the potential to compromise or bias judgment and objectivity. An apparent conflict of interest is one in which a reasonable person would think that the individual's judgment is likely to be compromised.

For clarity, a conflict of interest would exist in any of the following circumstances:

- A direct family member (parent, sibling, spouse or child) of the purchaser works at the vendor organization;
- The purchaser has a business or personal relationship with the vendor separate from their business relationship at KidsAbility;

The purchaser 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.

When a real or perceived conflict of interest exists, the purchaser must declare the nature of the conflict in writing, discuss it with their supervisor, attach the declaration to the purchase documentation and obtain the approval from their supervisor to proceed with the purchase from the vendor.

### ***Receiving and Returns***

An individual receiving a purchase that was shipped to their attention is responsible for reviewing the items to ensure they are in good condition and to ensure that all items listed on the packing slip have been received. Packing slips should be signed to indicate receipt of the items and then forwarded to Accounts Payable.

Returns may be managed by the Finance, Facilities, IT, or Customer Service Representative teams, as appropriate. The individual responsible will notify the supplier of the reason for the return and arrange for the receipt of credit notes or corrected invoices. This individual will also package the items to be returned, ensure the return address is placed on the package(s) and arrange for courier pick-up if required.

### **REFERENCE**

Broader Public Sector Procurement Directive Implementation Guidebook available on [doingbusiness.mgs.gov.on.ca](http://doingbusiness.mgs.gov.on.ca)

### **CONTEXT**

KidsAbility's procurement practices are based on five key principles:

- **Accountability** – we are accountable for the results of our procurement decisions and the appropriateness of our processes.
- **Transparency** – we are transparent to all stakeholders. Wherever possible, stakeholders have equal access to information on procurement opportunities, processes and results.
- **Value for Money** - We strive to maximize the value we receive 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** - Services are provided using the right product, at the right time, in the right place.
- **Process Standardization** - Standardized processes remove inefficiencies and create a level playing field.

**APPENDIX A**  
**KIDSABILITY SUPPLY CHAIN CODE OF ETHICS**

**Goal:** To ensure an ethical, professional and accountable supply chain.

**I. Personal Integrity and Professionalism**

Individuals involved with Supply Chain Activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence are integral to all Supply Chain Activities within and between organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. Participants 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.

**II. 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 participants must ensure that public sector resources are used in a responsible, efficient and effective manner.

**III. Compliance and Continuous Improvement**

Individuals involved with purchasing or other Supply Chain Activities must comply with this Code of Ethics and the laws of Canada and Ontario. Individuals should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels, and to share leading practices.

**APPENDIX B**  
**AGREEMENT ON INTERNAL TRADE CLAUSES WHICH MAY APPLY TO THE CENTRE**

Non-competitive procurement of consulting services may be used only in situations outlined in the exemption, exception, or non-application clauses of the Agreement on Internal Trade (AIT) or other trade agreements. The applicability of any of these clauses must be formally established and documented. Example exemptions, exceptions, and non-application clauses which may apply to Centre procurement include:

- Contracts with a public body or a non-profit organization
- Procurement of goods and services purchased on behalf of an entity that is out of scope of the Directive
- Procurement of goods and services that is financed primarily from donations that are subject to conditions that are inconsistent with the Directive
- Procurement of services that in Ontario may, by legislation or regulation, be provided only by any of the following licensed professionals: medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries.
- Single-source situations:
  - o Where an unforeseeable situation of urgency exists and the goods or services cannot be obtained in time by means of an open procurement procedure
  - o Where goods or 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
- Sole-source situations:
  - o 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
  - o Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists

**APPENDIX C  
COMPETITIVE PROCUREMENT PROCESS**

<b>Process Steps</b>	<b>Requirements</b>
Planning	<ul style="list-style-type: none"> <li>- Choose the type of competitive process best suited to the situation. Refer to Definitions section of this policy.</li> <li>- When an invitational competitive process is required, at least three written requests must be sent out to potential vendors to satisfy our responsibility under this policy. It is a vendor’s choice whether or not to respond to our request and this does not affect our compliance (i.e. if only two vendors respond, we do not have to send another request).</li> </ul>
Establish Evaluation Criteria	<ul style="list-style-type: none"> <li>- Evaluation criteria must be developed, reviewed and approved prior to commencement of the competitive procurement process. 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.</li> <li>- Establish scoring parameters for qualified Ontario businesses based on the value of the goods/services</li> <li>- Tenders above the domestic trade agreement threshold will include a weighted domestic scoring criteria between 25%-45% to increase the possibility of tenders being awarded to qualified Ontario businesses</li> <li>- Tenders below the domestic and international trade agreement threshold will include provisions to either only invite Ontario businesses to bid or award additional points to responses from qualified Ontario and/or businesses. Bidders will be informed of the scoring advantage afforded to qualified Ontario and/or Canadian businesses</li> </ul>
Create/Issue Competitive Document	<ul style="list-style-type: none"> <li>- Calls for open competitive procurements must be made through an electronic tendering system that is readily accessible by all Canadian suppliers.</li> <li>- The competitive document must contain:               <ul style="list-style-type: none"> <li>○ Bid submission closing date and time.</li> <li>○ Mandatory, rated, and other criteria that will be used to evaluate submissions, including weight of each criterion.</li> <li>○ Disclosure of the evaluation methodology and process to be used in assessing submissions, including the method of resolving a tie score and a statement that submissions that do not meet the mandatory criteria will be disqualified.</li> <li>○ The term of the agreement and any options to extend the agreement.</li> <li>○ For procurements valued at \$100K or more, a statement that unsuccessful suppliers are entitled to a debriefing.</li> <li>○ Bid dispute resolution procedures.</li> </ul> </li> <li>- The evaluation criteria are to be altered only by means of addendum to the competitive procurement documents.</li> </ul>
Blackout Period and Bid Receipt	<ul style="list-style-type: none"> <li>- Suppliers must be given a minimum response time of 15 calendar days for procurement of goods and services valued at \$100K or more.</li> </ul>



	<p>Consider providing a minimum response time of 30 calendar days for procurements of high complexity, risk, and/or dollar value.</p> <ul style="list-style-type: none"> <li>- The closing date must be set on a normal working day. Submissions that are delivered after the closing time must be returned unopened.</li> </ul>
<p>Evaluation and Selection</p>	<ul style="list-style-type: none"> <li>- An evaluation team must be established which is responsible for reviewing and rating the compliant bids. Evaluation team members must be made aware of 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- The Centre will not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.</li> </ul>
<p>Written Contract</p>	<ul style="list-style-type: none"> <li>- The agreement with the successful supplier must be formally defined in a signed written contract before the provision of goods or services commences.</li> <li>- All contracts must include appropriate cancellation or termination clauses. When conducting complex procurements, consider the use of contract clauses that permit cancellation or termination at critical project life-cycle stages. Seek legal advice as needed.</li> <li>- Extending the term of an 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. An approval by an appropriate authority must therefore be obtained before executing any modifications to the term of agreement.</li> <li>- Contracts should include a dispute resolution process.</li> <li>- For services, contracts must: <ul style="list-style-type: none"> <li>o Establish clear terms of reference for the assignment, including objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.</li> <li>o Establish expense claim and reimbursement rules compliant with the Centre’s Expense Reimbursement Policy.</li> </ul> </li> </ul>
<p>Contract Award Notification and Supplier Debriefing</p>	<ul style="list-style-type: none"> <li>- For procurements valued at \$100K or more, a contract award notification must be posted in the same manner as the procurement documents were posted. This notification must be posted after the agreement with the successful supplier is executed. The notification</li> </ul>

	<p>must list the name of the successful supplier, agreement start and end dates, and any extension options.</p> <ul style="list-style-type: none"><li>- Unsuccessful suppliers must be allowed 60 calendar days following the date of the contract award notification to request a debriefing.</li><li>- Any bid disputes must be 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.</li></ul>
Records Retention	<ul style="list-style-type: none"><li>- All procurement documentation must be retained in a recoverable form for seven years.</li></ul>

**APPENDIX D  
TRADE AGREEMENT THRESHOLDS**

Domestic

Procurement Type	Ministries and most agencies	Provincial Agencies commercial / industrial entities	School boards, publicly funded academic, health and social services entities
Goods	\$30,300	\$605,600	\$121,200
Services	\$121,200	\$605,600	\$121,200
Construction	\$121,200	\$6,056,100	\$302,900

International

Procurement Type	Ministries and most agencies	Provincial Agencies commercial / industrial entities	School boards, publicly funded academic, health and social services entities
Goods	\$366,800	\$651,000	\$366,800
Services	\$366,800	\$651,000	\$366,800
Construction	\$9,100,000	\$9,100,000	\$9,100,000

**APPENDIX E**  
**EXAMPLES OF WEIGHTED DOMESTIC SCORING CRITERIA**

Domestic Criteria	Description
Supply Chain Security	Supply chain security, where delay in the provision of goods and/or services would impact the government or Ontarians adversely
Business Responsiveness	Proposed response time, turn-around and/or in-person resolution at the site
Local Knowledge	Knowledge and experience in Ontario with impacted stakeholders; development of Ontario based knowledge and expertise
Local Materials/ Content	Use of local materials for goods/content; potential job creation; small business development; community revitalization
Landed Emissions	Environmental impact associated with the transportation/provision of goods or services, e.g., CO <sub>2</sub> emissions
Environmental and Sustainability	Ability to demonstrate that they meet or exceed Ontario environmental laws where goods or services are produced
Labour	Ability to demonstrate that they meet or exceed Ontario labour laws where goods or services are produced
Local Benefit	Capital investment; use of local supply chain (including SME suppliers); skills development and training programs; innovation through research & development; Ontario-based export potential; potential to benefit small town, rural, businesses
Intellectual Property	Creation of intellectual property in Ontario, use/commercialization of Ontario intellectual property, or innovation and technology adoption