

<p>Procurement Policy Applies to: All</p>	<p style="text-align: center;"><u>BOARD & GENERAL</u> Policy No. 2.02</p>	<p style="text-align: right;">Page: 1 of 10 Effective: January 2005 Revised: June 2012</p>
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INTENT:

It is the policy of the District of Parry Sound Social Services Administration Board (“DSSAB”) to obtain goods and services in a manner that;

1. Ensures service and product quality, efficiency and effectiveness
2. Encourages competition among suppliers
3. Ensures fairness among bidders
4. Avoids waste and duplication
5. Ensures adherence to financial policies, administrative practices and budgets
6. Follows sound business practices and protects the financial best interest of the DSSAB while meeting the public need for openness, efficiency, accountability and transparency.
7. The Procurement Policy shall be reviewed upon the commencement of each three-year term of the Board.

POLICY:

Responsibility and Duties

The C.A.O. in conjunction with the Chief Financial Officer shall be responsible for the development, implementation and management of the DSSAB's purchasing function, including:

1. The procurement, storage and distribution of all materials, furniture, equipment, supplies and services on behalf of the Board;
2. The implementation and management of an effective inventory control system; and
3. The implementation and management of an effective system to dispose of obsolete or redundant equipment and furniture.

Limitations and Authorizations

1. The Chief Financial Officer shall conduct the purchase of goods and services on a competitive basis in keeping with accepted public purchasing practices and procedures and in accordance with the applicable laws of the Province of Ontario, the Government of Canada and the regulations made pursuant to these laws.
2. Purchases of goods and services should reflect the lowest total cost to the DSSAB with due regard and consideration of the importance of quality, service and price with no preferential treatment being given to local bidders.
3. Purchases or contracts for goods and services may be made within the constraints of the approved budget, subject to the following limitations and conditions:
 - a. The Supervisors of the DSSAB may, at their discretion and within the constraints of their respective budgets, make purchases not exceeding \$1,500

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- from such suppliers and upon such terms and conditions that, in their judgement, are beneficial to their Program.
- b. The Program Managers or Property Manager of the DSSAB may, at their discretion and within the constraints of their respective budgets, make purchases not exceeding \$2,500 from such suppliers and upon such terms and conditions that, in their judgement, are beneficial to their Programs and Department.
 - c. On purchases not exceeding \$5,000, the Chief Financial Officer and Program Managers jointly, or Housing Manager, in the case of Property Management purposes, may order from such suppliers and upon such terms and conditions that may be deemed advisable after obtaining, wherever possible, at least three (3) written quotations from at least three (3) suppliers.
 - d. On purchases in excess of \$5,000 but not exceeding \$20,000 the Program Managers and Chief Financial Officer shall proceed in accordance with the Board policy for Requests for Quotations.
 - e. On purchases that exceed \$20,000 the Program Managers and Chief Financial Officer shall proceed in accordance with the Board policy for tendering procedures or request for proposal procedures, as may be applicable, and following award enter into a contract signed by the supplier and approved by the Board of Directors.
 - f. Where an emergency situation occurs that constitutes an imminent danger to life or property and requires immediate procurement of goods and services, the C.A.O or the Chief Financial Officer and Program Managers, may purchase such goods and services by open-market procedures at the lowest obtainable price irrespective of the amount of the expenditure. When such purchases have been made and total less than \$2,500, notification to the Board will be at the Chief Administrative Officer's discretion. When such purchases have been made and they are in excess of \$2,500, a full written report is to be submitted to the Board by the Chief Financial Officer at the next Board meeting.

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<i>Procedure*</i>	<i>Dollar Value limitations</i>	<i>Authorization Required</i>	
Informal Procurement for Purchase Orders, Invoices or Petty Cash	Less than \$2,500	Less than \$1,500	Program Supervisor
		Less than \$2,500	Program Manager or Property Manager
Informal Procurement for Purchasing using 3 written quotations	Less than \$5,000	Program Manager and CFO Housing Program Manager re; property management expenditures	
Requests for Quotations	Less than \$20,000	Program Manager, CAO and CFO	
Requests for Tenders or Requests for Proposals	Over \$20,000	Program Manager, CAO and CFO	
Sole Sourcing in Emergency	As may be required	Program Manager, CAO and CFO	

*The procurement procedures referred to are described in "Procurement Practices" below.

4. Except in an emergency situation, all purchases of goods and services shall be pre-authorized in writing by the responsible staff member and all invoices shall be signed and dated by the authorizing party indicating that the goods and services were received in good order and in accordance with the terms and conditions of the purchase order. Such evidence shall serve as the employee's recommendation to pay the account in question.
5. No persons save and except those acting in the capacity of the positions described above, shall commit the District Social Services Administration Board to the purchase of goods and services.
6. Petty cash funds may be established for Departments in amounts approved by the Chief Financial Officer. The Program Managers may authorize expenditures not exceeding \$100.00 with respect to any one purchase or transaction. The petty cash fund shall be reimbursed only upon the delivery of receipts from the person incurring the expenditure.
7. No contract for goods or services may be divided into two or more parts to avoid the application of the provisions of this policy.
8. From time to time, there may be circumstances where changes to the original scope of the procurement of goods or services are warranted after a tender award or contract negotiation. When a change to the scope of an existing contract is warranted, a determination must be made on whether a change order to the existing contract is sufficient, or a further tender is required for the changed

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scope. The following procedures shall apply in the event a change order is determined to be the preferred approach:

- a. A change order request shall be prepared, providing detail on the reasons and the nature of the change, along with the engineer's certification when appropriate.
- b. All change orders must be approved by the CFO and CAO or designate prior to the commencement and authorization of the expenditure.
- c. Where a change order or alteration to a tender has occurred, a report shall be provided to the Board.

Restrictions on Employees and Board Members of the DSSAB

1. In house bids may not be used for the procurement of goods or services.
2. No contract for services shall be awarded where the services would result in the establishment of an employee-employer relationship
3. No employee shall purchase, on behalf of the DSSAB, any goods or services, except in accordance with this policy.
4. Where an employee involved in the award of any contract, either on his or her own behalf or while acting for by, with or through another person, has any pecuniary interest, direct or indirect, in the contract, the employee shall immediately disclose the interest to their immediate supervisor and shall describe the general nature thereof. In addition, the employee shall not take part in the award of the contract.
5. All Board Members shall conduct themselves in accordance with the Municipal Conflict of Interest Act.

Disposal of Corporation Assets

1. *Purpose:* To implement an effective, objective, fair, open, transparent, accountable and efficient process for the disposal of corporation assets.
2. *Procedure:* When it is determined that the Board no longer requires an asset or assets, the following procedure shall take place:
 - a. A list of Board assets for disposal shall be provided to the Chief Financial Officer;
 - b. The Chief Financial Officer in conjunction with the Program Manager shall determine the method by which the asset shall be disposed of (i.e. sale, garbage, etc.) based on the estimated value;
 - c. Items having a value of \$500 or less shall be disposed of at the discretion of the Chief Financial Officer;

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- d. The information in items 1 and 2 for an asset or assets having an estimated value of more than \$500 shall be presented to the Board for approval prior to disposal. Details of the final disposal shall be reported to the Board in writing.
- e. No asset of the Board shall be disposed of to any member of the Board, or to any Board employee or to any family member as set out in the *Municipal Conflict of Interest Act*.
- f. Gifted items to individuals or community organizations must be accompanied by a final and full release form, that includes the following statement:
 - i. "Surplus assets are sold, donated or transferred "as is, where is", with no warranty as to condition, serviceability or fitness for use. The government assumes no liability for accident, injury or loss resulting from the use of the asset subsequent to disposal."
- g. Upon the Board declaring land and/or buildings surplus, public notice shall be made (in local papers and other papers if necessary) of the intent to dispose of the property. Any reserve bids and details of site visits shall be specified in the notice. Notice shall include the statement that "the District of Parry Sound Social Services Administration Board reserves the right to reject any or all bids". Bids will be reviewed by applicable staff/consultants and a recommendation prepared for a meeting of the Board of Directors.
- h. A non-competitive process for the disposal of land and/or buildings declared surplus may be warranted from time to time. If so, the process shall be followed under Board direction.

Procurement Practices

The following procurement practices shall be followed according to the amounts specified in the Limitations and Authorizations.

Informal Procurement Process

1. *Purpose:* To obtain competitive pricing in an expeditious and cost effective manner through phone, fax, e-mail or other similar communication method, vendor advertisements or vendor catalogues.
2. *Procedure:* Purchases in this category shall be made from the competitive market place wherever possible and must follow the procurement policy.
3. *Conditions:* In informal procurement processes, sole-sourcing will be used only when the product or service is unique to a vendor and cannot be obtained from another source. In all other cases, it is expected that sufficient research will be

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conducted into pricing to ensure that the most advantageous pricing has been utilized.

4. Wherever possible, the DSSAB will take advantage of bulk purchasing in order to benefit from lower costs and better servicing. (E.g. through the Ontario Non-Profit Housing Association or the Social Housing Services Corporation)

Requests for Quotation

1. *Purpose:* To obtain competitive pricing through solicitation of bids on an invitational basis from a pre-determined bidders list.
2. *Procedure:* The following procedures are to be followed when carrying out requests for quotation:
 - a. A Qualified Suppliers List will be maintained listing suppliers, vendors, and contractors in appropriate categories who are determined by the DSSAB to be qualified to offer goods and services to the DSSAB by invitation.
 - b. The Program Manager in conjunction with the Housing Department will ensure that the drawings, specifications and scope of work are accurately prepared and specified.
 - c. The Request for Quotation contract file should include (along with any other relevant information as determined by the Housing Manager or designate); specifications of the work to be performed, the number and names of contractors from the Qualified Suppliers List who were invited to submit a quotation, the date quotation invitations were sent, the date quotations were received, details of the quotation approval, quotation evaluation worksheets, and a copy of the purchase order issued after the selection was made.
 - d. Quotations will be requested from as many contractors on the Qualified Suppliers List (following the procedures for utilizing the contractors on the list) as are necessary to ensure that three (3) quotations will be received. For property management expenditures above \$5,000 but less than \$20,000, when obtaining three (3) quotations is not possible, the utilization of qualified contractors must be rotated among all applicable qualified contractors on record.
 - e. Quotations received are to be opened in the presence of the CAO or designate, the CFO and a minimum of one other employee or Board member.
 - f. Applicable personnel (including relevant technical/engineering services) will evaluate quotations received and determine if a contract is to be awarded and to whom. If the decision is made to award a contract, a report should be prepared detailing the price of each quotation received, the name

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of the contractor awarded the contract, the date and time at which the contract is awarded, and the names and positions of all personnel involved in the decision.

- g. The successful contractor should be notified in writing of the acceptance of their quotation and a purchase order will be issued for the work to begin. Unsuccessful contractors should then be notified that the contract has been awarded elsewhere.
- h. A report should be made and forwarded to the Board monthly providing the details of all Request for Quotations awarded since the last meeting of the Board.

Requests for Tenders

1. *Purpose:* To implement an effective, objective, fair, open, transparent, accountable and efficient process for obtaining competitive bids based on precisely defined requirements for which a clear or single solution exists.
2. *Procedure:* The following procedures are to be followed when calling for tenders.
 - a. Establish a qualified specification for product or service. Determine whether or not equivalents will be considered in specifications. Determine whether or not a performance bond may be required.
 - b. Determine whether a pre-qualification process is necessary, and if appropriate, carry out the process to identify prequalified bidders.
 - c. Advertise in local papers and other papers if necessary and applicable (e.g. not if a pre-qualification process has taken place). The advertisement must include the following statements: "*Lowest or any tender not necessarily accepted.*" Mail out to known suppliers or organizations that have submitted tenders in the past.
 - d. Arrange a site meeting where appropriate.
 - e. Tenders will be required to be submitted at least two weeks from the date of the advertisement and must be accompanied by a consent of surety letter, when a performance bond is required.
 - f. Where a product or service requires an accompanying bid bond, it must be submitted at the same time as the tender submission.
 - g. Tenders are to be opened in the presence of the CAO or designate, the CFO and a minimum of one other employee or board member. The tender documents are to be date stamped at the time of opening and secured in a locked storage for safekeeping. In the event that only one tender is submitted, it will be brought forward for the Board's considerations and direction. Tender documents will specify that where agreement cannot be

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- reached on a sole tender, the DSSAB has the right to decline the tender and proceed with a non-competitive process.
- h. If a prequalification process has taken place, tenders are not to be accepted from bidders who were not prequalified to bid.
 - i. Tenders are reviewed by applicable staff/consultant and a recommendation is prepared for a meeting of the Board of Directors.
 - j. A resolution is prepared for approval by the Board of Directors.

Requests for Proposals

1. *Purpose:* To implement an effective, objective, fair, open, transparent, accountable and efficient process for obtaining unique proposals designed to meet broad outcomes to a complex problem or need for which there is no clear or single solution.
2. *Procedure:* The following procedures should be followed to select the proposal that earns the highest score and meets the requirements specified in the competition, based on qualitative, technical and pricing considerations.
 - a. Establish a term of reference prior to or in conjunction with a call for proposals.
 - b. Determine whether a prequalification or request for expressions of interest process is necessary, and if appropriate, carry out the process to identify interested and prequalified proponents.
 - c. Establish evaluation parameters for the process, which includes a ranking of components identified in the terms of reference.
 - d. Determine whether an interview/presentation of the proposal will be necessary.
 - e. Advertise in local papers and other papers if necessary and applicable. The advertisement must include the following statement: "*Lowest or any proposal not necessarily accepted*".
 - f. Seek proposals from known potential proponents.
 - g. Proposals are to be opened in the presence of the CAO or designate, the CFO and a minimum of one other employee or board member, as well as interested parties from the general public. The proposal documents are to be date stamped at the time of opening and secured in a locked storage for safekeeping.
 - i. If a prequalification process has taken place, proposals are not to be accepted from proponents who were not prequalified to submit a proposal.
 - j. Proposals are reviewed by applicable staff/consultant and a recommendation is prepared for a meeting of the Board of Directors. Such

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review may include seeking clarifications from proponents and negotiations with one or more preferred proponents.

- k. A resolution is prepared for approval by the Board of Directors.

Non-Competitive process

1. *Purpose:* A non competitive process may be warranted from time to time to allow for procurement in an efficient and timely manner without seeking competitive pricing or to provide for any exceptions stipulated in the Procurement policy.
2. The only circumstances where a non-competitive process may be used are as follows:
 - a. When there is a statutory or market based monopoly on the item
 - b. When there is only one supplier available and no alternative or substitute exists
 - c. When no bids are received in a competitive process
 - d. Where the use of a central service is mandatory
 - e. Where goods are purchased under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases
 - f. When the required item is covered by an exclusive right such as patent, copyright or exclusive licence
 - g. When the purchase is already covered by a lease-purchase agreement where payments are partially or totally credited to the purchase
 - h. When it is necessary to ensure compatibility with existing products or to avoid violating warranty/guarantee requirements when service is required
 - i. When the required item is in short supply due to market conditions
 - j. When competitive sourcing for low value procurement would be uneconomical or would not attract bids
 - k. When competitive procurement may be found to be impractical (e.g. meal expenses, incidental travel expenses, training expenses, petty cash.
 - l. When an urgent procurement is necessary for fulfilling a statutory order issued by a federal or provincial authority, such as an environmental, public health or workplace safety compliance order.
 - m. When there are emergency, protection or security concerns

Emergency Repairs

1. Emergency work will be undertaken to the extent required to eliminate the emergency and remove the risk to life, property or essential services. Normal Procurement Procedures will apply thereafter.

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2. Some (but not all) situations, which may be defined as an emergency would be:
 - a. Loss of heat, hydro or water
 - b. Roof failure
 - c. Water penetration through walls
 - d. Fire damage
3. Two types of emergency repairs may be made:
 - a. Temporary or partial repairs required by an unforeseeable event.
 - b. Permanent repairs, where time is of the essence and a successful public tender cannot be called due to the complexity of the problem, possible complications or a scarcity of qualified firms to carry out the work.
4. Emergency repairs require the approval of the Program Manager and the CAO or designate. They may be approved verbally however this approval must be confirmed in writing.
5. A written report should be prepared by the Program Manager on all emergency repairs carried out by the department and forwarded to the Chief Financial Officer within 24 hours. This report should include the dollar value of the repairs, the reason for the repairs, and any other pertinent details of the emergency situation.
6. Should the emergency also constitute a serious occurrence, reporting under the DSSAB Serious Occurrence procedures should be carried out.

Dispute Review Process

From time to time, a vendor or contractor may dispute either the procurement process or the outcome of a procurement practice. All objections or complaints shall be subject to internal review process, including being investigated and responded to in a timely manner. If applicable, complaints will be referred to the Board Chair for further investigation.

Internal Review Process

1. Bidders who have a dispute must provide their objection in writing. All requests for an internal review must be provided to the Program Manager and CAO or designate. The written complaint should identify the nature of the complaint and remedy sought.
2. A report summarizing all pertinent information with regards to the issue, providing all relevant documentation which is on file should be prepared by the Program Manager and submitted to the CAO or designate.
3. A written response will be provided to the bidder, informing the bidder of the results of the review.