Strategic Procurement Services

Purchasing in the Public Sector

19th May, 2016
Purchasing in the Public Sector

• 1. Introduction
• 2. SPS – Who we are and what we do
• 3. External influences – Federal & Provincial law
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• 8. Non-competitive procurement
• 9. Group Work
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• 11. OECM – Ontario Education Collaborative Marketplace
• 12. New Policy: Approval and Execution of Contracts
• 13. The Year Ahead

• Q & A session

http://www.queensu.ca/procurement
Strategic Procurement Services – What we do

• Sourcing activities – Vendors of Record
• Tendering for high value goods and services
• Support for Research procurement – CFI, NSERC
• Support all construction procurement for PPS
• Manage Credit Card Programs
• Manage IT procurement
• Provide support for import and export of goods
• Sourcing for printed materials
• Support and training for Procurement in Peoplesof
External Influences

- Federal Law covering procurement across Canada
  - Agreement on Internal Trade (AIT), 2005
  - CITT court provides AIT governance

- Provincial law covering procurement within Ontario
  - Broader Public Sector Accountability Act 2010
    - Broader Public Sector Procurement Directive 2011
    - Broader Public Sector Expenses Directive 2011
    - Broader Public Sector Perquisites Directive 2011

http://www.queensu.ca/procurement
What is the purpose of the BPS Procurement Directive?

The Broader Public Sector (BPS) Procurement Directive will:

• provide consistent procurement practices for BPS organizations

• ensure that publicly funded goods and services are acquired by BPS organizations through a process that is open, fair, and transparent

• ensure accountability through each stage of the procurement process

• maximize the value that BPS organizations receive from the use of public funds

http://www.queensu.ca/procurement

**Principles:**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Accountability</strong></td>
<td>Organizations must be accountable for the results of their procurement decisions and the appropriateness of the processes.</td>
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<tr>
<td><strong>Transparency</strong></td>
<td>Organizations must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.</td>
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<tr>
<td><strong>Value for Money</strong></td>
<td>Organizations must maximize the value they receive from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.</td>
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<tr>
<td><strong>Quality Service</strong></td>
<td>Front-line services provided by Organizations, such as teaching and patient care, must receive the right product, at the right time in the right place.</td>
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<tr>
<td><strong>Process</strong></td>
<td>Standardized processes remove inefficiencies and create a level playing Standardisation field.</td>
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[http://www.queensu.ca/procurement](http://www.queensu.ca/procurement)
The Broader Public Sector Accountability Act, 2010 brings in new rules and consistent accountability standards for the broader public sector, including:

• Ban on using public funds to pay for consultant lobbyists;

• **New directives setting out rules for procurement and expenses**;

• **Specific rules covering consultants and consultancy services**;

• Requirements specific to hospitals and Local Health Integrations Networks (LHINs); for example, reporting and publicly posting expense information; and

• Bringing hospitals under freedom of information legislation.
The BPS Procurement Directive substantially aligns with:

- Provincial Trade Agreements (Agreement on Internal Trade, Quebec/Ontario Trade Agreement)
- Management Board of Cabinet (MBC) Procurement Directive

The Procurement Directive has the following requirements:

- A Supply Chain Code of Ethics
- Procurement Policies and Procedures
Queen’s University must maintain high legal, ethical, managerial, and professional standards in the management of the resources entrusted to it as a publicly funded institution. We must ensure that products and services are acquired in a manner that ensures the University:

- **Obtains value for money** by incurring the lowest cost in the fulfilment of specified needs with appropriate levels of quality and service;
- **Uses fair and open process** when calling for, receiving and evaluating quotations and tenders from qualified, efficient suppliers;
- **Meets its statutory, legal and ethical obligations** in the acquisition of products and services by purchase, rental or lease;

And

- **Employs trained staff skilled in purchasing techniques** including negotiating contractual terms and conditions, cost reduction strategies, and cooperative buying processes.

The University has adopted the **Ontario Broader Public Sector (BPS) Procurement Directive** and the BPS **Procurement Code of Ethics** as required by the Ontario Ministry of Finance with effect 1st April 2011.

The University Procurement system may not be used for personal purchases.

All requirements for consultancy must be processed using a Purchase Order.
Procurement Policy

The Procurement Policy overs:

- Segregation of Duties: In line with BPS Directive
- Competitive Procurement: Non-Consulting
- Competitive Procurement: Consulting
- Non-Competitive Procurement: Non-Consulting
- Non-Competitive Procurement: Consulting
Supply Chain Code of Ethics

Goal: An ethical, professional and accountable supply chain

Personal Integrity and Professionalism

• All broader public sector (BPS) supply chain participants must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all supply chain activities within and between BPS organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. Participants must not accept gifts and favours, provide preferential treatment, publicly endorse suppliers or products or engage in any other activity that would create, or appear to create, a conflict of interest.

Accountability & Transparency

• Supply chain activities must be open and accountable. In particular, tendering, 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 scarce public sector resources are used in a responsible, efficient and effective manner.

Compliance & Continuous Improvement

• All BPS supply chain participants must comply with this Code of Ethics and the laws of Canada and Ontario. Participants should continuously work to improve supply chain policies and procedures, to improve supply chain knowledge and skill levels, and to share leading practices.
Purchasing Policies and Procedures –25
Mandatory Requirements

Approval Authority Levels
1. Segregation of Duties
2. Approval Authority

Procurement Thresholds
3. Competitive Procurement Thresholds

Competitive Procurement
4. Information Gathering
5. Supplier Pre-Qualification

Purchasing
6. Posting Competitive Procurement Documents
7. Timeline for Posting Competitive Procurements

Evaluation
8. Bid Receipt
9. Evaluation Criteria
10. Evaluation Process Disclosure
11. Evaluation Team
12. Evaluation Matrix
13. Winning Bid
14. Non Discrimination

Contract Award
15. Executing the Contract
16. Establishing the Contract
17. Termination Clauses
18. Term of Agreement Modifications
19. Contract Award Notification
20. Vendor Debriefing

Non-Competitive Procurement
21. Non-Competitive Procurement

Procurement Documents and Records Retention
22. Contract Management
23. Procurement Records Retention

Conflict of Interest
24. Conflict of Interest

Dispute Resolution Process
25. Bid Dispute Resolution

http://www.queensu.ca/procurement
New Mandatory Requirements

The BPS Procurement Directive and the BPS Expenses Directive introduced new mandatory requirements related to:

- competitive acquisition of consulting services regardless of dollar value
- the approval authority framework related to consulting services
- effective management of BPS contracts
- Payment for meals and incidental expenses to contractors and is not allowed.
- Per diem expense claims no longer permitted. Receipts required and daily maximum is based on Treasury Board of Canada Meal Allowances (Appendix C, Section 1.2)
- Mileage 55c/Km

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Hiring “consultants”

The Expenses Directive sets out 8 requirements that must be included in the expense rules for an organization.

One of the requirements covers the procurement rules for consultants and contractors:

**Reimbursement of meal and incidental expenses for consultants and contractors is prohibited**

The BPS Procurement Directive established a definition of, and signing authority approval matrix for “consulting service providers.”

http://www.queensu.ca/procurement
## Procurement Thresholds

### Goods, Non-Consulting Services and Construction

<table>
<thead>
<tr>
<th>Total Procurement Value</th>
<th>Means of Procurement</th>
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<tr>
<td>Under $5,000</td>
<td>P-Card or PO with single quote</td>
</tr>
<tr>
<td>$5,000 to $9,999.99</td>
<td>PO with single quote</td>
</tr>
<tr>
<td>$10,000 to $99,999.99</td>
<td>PO resulting from invitational competition (3 quotes minimum) or open competitive process</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>Open competitive process (RFx)</td>
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### Consulting Services Providers (CSP)

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Consulting Service Provider (CSP)

"Consultant" means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making. "Consulting Services" means the provision of expertise or strategic advice that is presented for consideration and decision-making.

Non-Consulting Service Provider (NCSP)

A “Non-consulting Service Provider” is an individual/company who contracts to provide services, other than consulting services to another individual or business. Examples may include “consultants” such as property brokers, head hunters or trainers.

Employee

An “employee” is typically on payroll, with deductions made at source. An individual may be hired on a full or part time, temporary or permanent basis. The organization reserves the right of direction and control over the employee’s actions, has the power to dismiss the individual and provides the tools and equipment for the job.

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Non-Competitive Procurement - Sole/Single Sourcing

- Requesters must complete a P0001 form to justify *any* non-competitive procurement of goods or non-consulting services valued at more than $10,000 before taxes;

- The BPS Procurement Directive mandates that authorization of non-competitive procurements be obtained one level higher than that required for a competitive procurement of the same dollar value;

  - P0001 – sole/single sourcing – non-research AND research funded
  - P0001PPS - sole/single sourcing – construction and renovation
  - P0001C – sole/single sourcing – consultants
  - P0001H – request to use high bidder (follows normal approval) levels

- Options listed on page 2 of the form are eligible for exemption from competitive procurement, these are set by the Federal Agreement on Internal Trade (AIT). The written justification should clearly fit with the option selected!
### Non-Competitive Procurement

#### Sole Source

Where only one supplier is able to meet the requirements of a procurement, Organizations may conduct non-competitive procurement in the circumstances listed below (also known as sole source situations) provided that they do not do so for the purposes of avoiding competition between suppliers or in order to discriminate against suppliers:

- To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- 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;
- For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly;
- For the purchase of goods on a commodity market;
- For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor;
- For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
- For a contract to be awarded to the winner of a design contest;
- For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchaser;
- For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases;
- For the procurement of original works of art;
- For the procurement of subscriptions to newspapers, magazines or other periodicals; and
- For the procurement of real property.

#### Single Source/Emergency

Organizations may conduct non-competitive procurement in the circumstances listed below (also known as single source situations); provided that they do not do so for the purposes of avoiding competition between suppliers or in order to discriminate against suppliers.

**EMERGENCY**

- Where an unforeseeable situation of urgency exists and the goods or services cannot be obtained in time by means of open procurement procedures;

  **Failure to plan and allow sufficient time for a competitive procurement process does not constitute an unforeseeable situation of urgency.**

**SINGLE SOURCE**

- 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;
- Where a contract is to be awarded under a cooperation agreement that is financed, in whole or in part, by an international cooperation organization, only to the extent that the agreement between the entity and the organization includes rules for awarding contracts that differ from the obligations set out in the Directive;
- Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt, compound and pre-mixed concrete for use in the construction or repair of roads;
- Where compliance with the open tendering provisions set out in the Directive would interfere with the entities’ ability to maintain security or order or to protect human, animal or plant life or health; and
- In the absence of a receipt of any bids in response to a call for proposals or tenders made in accordance with the Directive,
Impact on Queen’s Contracts

SPS is now mandated to manage all contracts on behalf of Queen’s University.

- Contracts must be tendered in compliance with the Procurement Policy;
- “Evergreen contracts” prohibited;
- All contracts must have:
  Start – Finish dates,
  Clearly stated value,
  Clearly stated scope of work,
  Clearly state whether an extension will be included and what the length of the extension will be,
  Statement on payment of expenses
  A supplier performance program to be in place
- All procurement documentation must be retained for a period of seven years in a “recoverable” format. **ALL CONTRACTS MUST BE FILED WITH PROCUREMENT.**
The **Policy on Approval and Execution of Contracts** was approved at the May 8th 2015 meeting of the Board of Trustees. This policy came into effect on June 1st, 2015:

**Contracts to purchase goods and services:**
- Overall dollar limits have been increased. Department Heads or Directors can now sign contracts up to $100,000, and Deans can sign contracts up to $500,000.
- Signing authorities to purchase goods and services from research funds have been harmonized with requirements for purchases from non-research funds.
- Board approval is required for contracts to purchase goods and services greater than $5 million, **including purchases funded by research monies**

**New categories of signing authority have been added:**
- Invoice signing authority
- Revenue Generating Service Contracts and Employment
Open Competitive Procurement (RFx)

Request For Proposal (RFP)
• SPS is the lead if >$100K – Open (electronic) advertising
• Department can run invitational RFP if <$100K but should seek assistance from SPS;
• Formal process and template available from SPS.

Request For Quote (RFQ)
• SPS take lead if >$100K – Open (electronic) advertising
• Department can run invitational RFQ if <$100K but should seek assistance from SPS;
• Formal process and template available from SPS.
• Less formal as value decreases.

Request For Supplier Qualifications (RFSQ)
• An RFSQ is issued to set up a number of suppliers on a “preferred supplier list”. This process must be facilitated by SPS.

Collaborative Procurement Agreements
• SPS will tender certain goods and services on behalf of other Ontario Higher Education Institutions or utilise existing OECM or MGS agreements that are open to BPS Organisations.

http://www.queensu.ca/procurement
Open Competitive Procurement (RFx)

Queen’s University post all of it’s Open Competitive Tenders (RFx) on Biddingo.com.

http://www.biddingo.com/queensu

- $250 annual membership (access to thousands of bids across Ontario, no document charges);
- Free Trial Membership available ($30 fee plus document charges applicable to download individual bids);
- Submission and evaluation take place through an electronic portal: Bonfire

An SPS Employee/Representative acts as the Bid Administrator on all formal RFx ensuring all communication flows through a single channel and that all proponents/bidders receive the same information in the same format at the same time.

All RFx follow the mandatory criteria described in the BPS Procurement Directive.
SPS maintain a Preferred Supplier Page that covers a number of goods and services: http://www.queensu.ca/procurement/preferred.html

- We currently have over 75 vendors covering 27 commodities on the list and more are added on a monthly basis;

- These suppliers were all established using existing collaborative agreements from OECM, MGS, other Ontario BPS Institutions or Open Competitive Tenders run by a team of end users at Queen’s;

- New vendors are added after a collaborative or Queen’s led formal open competitive tender (RFx) has been completed and/or relevant agreements have been signed by both parties.
If we get it wrong what happens?

“When it comes to public procurement, Canada appears to be the most litigious jurisdiction in the English speaking world. Our courts have occupied the field faster and with greater penetration than any other Commonwealth country.”

Paul Emanuelli, submission on Ontario Bill 122, November 22, 2010

http://www.queensu.ca/procurement
Set up by the Ministry of Finance

**Ontario Education Collaborative Marketplace**

- Shared Services Organization serving the Education Sector
- Provides and Electronic Marketplace (e-Marketplace) for the education sector
- Sourcing responsibility for the education sector
- Sector wide participation in negotiations
- Sector wide contracts

http://www.queensu.ca/procurement
Ministry of Finance “Influence”

• Vested interest in the success of OECM
• Motivated by Ministerial Direction!!
• Ontario Budget, 2012
  ➢ Collaborative Procurement – 15% target
  ➢ Measuring performance at the moment

http://www.queensu.ca/procurement
We’re here to help you

Strategic Procurement Services is here to help you!

• Guidance through tendering process
• Advice on procurement matters
• Training on the use of PeopleSoft
• Assistance with shipping goods
• Disposal of assets
• Purchasing Card set up

http://www.queensu.ca/procurement
Innovation is change that unlocks new value.

– Jamie Notter
PREFERRED SUPPLIERS

- Bottled & Compressed Gases (and Dry Ice)
- Chemicals & Solvents
- Courier Services
- Direct Mail and Lettershop Services
- Document Storage
- Employee Discounts (not on contract)
- Furniture (non-Office)
- Furniture (Office)
- General Moving and E-Waste Pickup

IT Hardware & Accessories

Queen's has negotiated contracts and special pricing with a variety of vendors for the supply of the commodities listed below for Departmental/Faculty use. For discounted IT Hardware & Accessories for personal use please visit our Employee Discount Page.

For information on how to access Queen’s pricing at our Preferred IT Suppliers, see our Preferred IT Suppliers - Getting Started page.

If you have any questions about where to buy IT Hardware & Accessories or who to talk to about getting direct quotes from our Preferred Suppliers you can contact buyit@queensu.ca and we will put you in touch with the right contacts.

Queen's Preferred IT Suppliers:

To access the websites below make sure you have completed the Preferred IT Suppliers - Getting Started process!
Preferred IT Supplier Access Form:
http://www.queensu.ca/procurement/sites/webpublish.queensu.ca.procwww/files/files/P0006_04192016.pdf

IT Procurement Contact:
Andy Scotter - Procurement Specialist
x32209, andy.scotter@queensu.ca

Ryan Luney – Junior Buyer (IT)
x33007, luneyr@queensu.ca
Procurement Card Program

- Program will roll out over the summer months
- Training mandatory to receive a new card
What is e-Procurement:

• The purchase of goods and services through an internet-based platform that is integrated with existing systems (finance, procurement, etc)

• Amazon-like shopping experience
Highlights of an e-Procurement System:

- Directly access multiple suppliers through a single portal (just like Amazon.ca)
- Assurance that vendor pricing reflects Queen’s negotiated prices
- Eliminate paper forms – use electronic forms for goods and services including internal services (hospitality) and sole-source procurements
- Track progress throughout the process (request, PO, order fulfillment, vendor payment)
- Approval workflow automates delivery to the appropriate Researcher, Faculty, Administrative Staff
- Multiple Purchase Orders from multiple vendors from one shopping cart
- Dramatically reduce the need for pCard reconciliations
Questions?

http://www.queensu.ca/procurement