



**Policy Code – Version: F12 – V1**

**Policy Name: Procurement of Goods and Services**

**Approved** by motion of Board on

29/10/2012

**Cross Reference**

Broader Public Sector Procurement Directive;  
F3 – OSTA Budget;  
F4 - Corporate Credit Cards;  
F10 - Petty Cash Funds;  
F13 - Purchasing Cards; Signing Officers;  
Levels of Authority

**Related Forms**

**Policy Statement**

1. The purpose of this policy is to ensure that goods and services, including construction, transportation services, consulting services and information technology, are acquired by the OSTA through a process that is open, fair and transparent.
2. The OSTA shall establish an appropriate Approval Authority Schedules (AAS) and procurement value thresholds in line with the Broader Public Sector Procurement Directive (Directive) and existing OSTA finance policies.
3. The OSTA shall adhere to the directive principles of accountability, transparency, value for money, quality service delivery and process standardization by establishing procurement processes and procedures complying with the requirements set forth in the Directive and by adopting the Supply Chain Code of Ethics (Code – Appendix A) and communicating it to all stakeholders.
4. The OSTA shall conduct and manage the procurement process internally, engage either member board procurement departments, or engage a third party to purchase goods or services if such an alternative proves effective and efficient. The OSTA shall ensure that the desired procurement expertise is available in the event of procurement through other parties, and that their procurement procedures are in line with the Directive. In such cases where

the OSTA is using the purchasing service of the member boards or third parties, OSTA shall have the final authorization.

5. In the event of a discrepancy between a provision of this policy and a provision of the Directive, the latter shall prevail.

## 6. Principles of Procurement Procedures

The overall objective is to ensure that the OSTA acquires the goods and services required to meet its needs in the most effective and efficient manner, through a process that conforms to the following principles:

### a) Vendor Access, Transparency, and Fairness

- Access for qualified vendors to compete for the OSTA business shall be open and the process shall be conducted in a fair and transparent manner, providing equal treatment to vendors.
- Conflicts of interest, both real and perceived, must be avoided during the procurement process and the ensuing contract; and relationships must not be created which result in continuous reliance on a particular vendor for a particular kind of work.
- Whenever practical, purchasing decisions shall be made based on competitive bidding by using the pre-established bidding process.
- Employees shall not attempt to influence, directly or indirectly, the relationship between the OSTA and a supplier for personal gain.
- Employees shall not disclose confidential purchasing information to any supplier during a tendering process.
- Employees shall not only avoid actual but also perceived conflicts of interest in the process of making decision on purchasing and procurement.
- Employees shall not seek or accept gratuities, or anything of value which could influence the decision of any current or future purchase.

### b) Value for Money

- Goods and services shall be procured only after consideration of the business requirements of the OSTA and its stakeholders, appropriate alternatives, timing, supply strategy, and procurement methods.
- When determining the value of procurement for approval purposes, the OSTA shall not take into consideration applicable sales taxes.
- The OSTA shall not reduce the overall value or procurement (e.g., dividing a single procurement item into multiple procurement) in order to circumvent the approval requirement as per established AAS.

c) Responsible Management and Compliance

- The procurement of goods and services shall be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures.
- At least 3 out of 5 functional procurement roles (requisition, budgeting, commitment, receipt and payment) must be segregated. Responsibilities for these roles must lie with different department or, at a minimum, with different individuals.
- The General Manager/CAO is accountable for compliance.
- All procurement activities shall comply with the applicable laws in Ontario (Ontario Law, Contract Law, Law of Competitive Process, Privacy Legislation, Accessibility Legislation, Trade Agreements, Agreements on Internal Trade, Ontario-Quebec Trade and Cooperation Agreement, WHMIS and others) and applicable mandatory requirements of the Directive.

7. Personal purchases will not be made in the name of OSTA, for either employees or Board Directors.
8. Unauthorized purchases, all purchases made in the name of OSTA without proper authorization as per OSTA Board policy, will be considered an obligation of the person making the purchase and not an obligation of OSTA.

**Procedure**

**1. Supply Chain Activities / Procurement**

As a rule, supply chain activities are subject to direct procurement without competition through a non-competitive method – petty cash, P-card, purchase order – or a competitive method – open or invitational competition.

**Competitive procurement** is a set of procedures for developing a procurement contract through a bidding or proposal process.

**Invitational** competitive procurement is the contractual acquisition (purchase or lease) by the OSTA of any good or service, which enables some suppliers to compete in a fair and open environment, and where a submission of written proposal by a minimum of 3 qualified suppliers is required.

**Open** competitive procurement is the contractual acquisition (contract or lease) by the OSTA of any good or service, which enables all suppliers to compete in a fair and open environment. All open competitive procurements will be posted on MERX (www.merx.com).

Both methods competitive and non-competitive will be documented with rationale. Procurement and resulting contracts will be managed responsibly and effectively in line with the procedures established herein.

For reporting and auditing purposes, all procurement documentation, as well as any other pertinent information will be retained in a recoverable form for a period of 7 years.

A conflict of interest must be avoided throughout the whole procurement process so as to ensure fairness and transparency.

Any bid dispute will be resolved in line with the established bid dispute resolution procedures (as indicated in the procurement document) so as to address suppliers' concerns related to any aspect of the procurement process.

## 2. Procurement Approval Authority and Procurement Roles

The Procurement Approval Authority Schedules (AAS) table below outlines the total procurement values, their corresponding means of procurement as well as any one individual with the minimum-level authorities that may be authorized to commit the OSTA to procurement:

<b>Goods and Non-Consulting Services and Construction</b>		
<b>Total Procurement Value</b>	<b>Means of Procurement</b>	<b>Approval Authority Schedule</b>
≤ \$300	Petty Cash	<ol style="list-style-type: none"> <li>1. General Manager</li> <li>2. Assistant General Manager</li> <li>3. Administration Assistant</li> <li>4. Transportation Coordinator</li> <li>5. Provincial and Demonstration Schools Coordinator</li> <li>6. Operations and Systems</li> <li>7. Coordinator</li> <li>8. Finance &amp; Admin Coordinator</li> </ol>
>\$300 and ≤\$3,000	Procurement Card	<ol style="list-style-type: none"> <li>1. General Manager</li> <li>2. Assistant General Manager</li> <li>3. Transportation Coordinator</li> <li>4. Provincial and Demonstration Schools Coordinator</li> <li>5. Operations and Systems</li> <li>6. Coordinator</li> <li>7. Finance &amp; Admin Coordinator</li> </ol>
>\$3,000 and ≤\$10,000	Purchase Order	<ol style="list-style-type: none"> <li>1. General Manager</li> <li>2. Assistant General Manager</li> </ol>

		3. Transportation Coordinator 4. Provincial and Demonstration Schools Coordinator 5. Operations and Systems 6. Coordinator
>\$10,000 and ≤\$25,000	Invitational Competitive	1. Provincial and Demonstration Schools Coordinator 2. Operations and Systems Coordinator 3. Assistant General Manager 4. General Manager
>\$25,000 and ≤\$50,000	Invitational Competitive	1. Assistant General Manager 2. General Manager
>\$50,000 and <\$100,000	Invitational Competitive	General Manager
≥\$100,000 and ≤\$250,000	Open Competitive	General Manager
>\$250,000	Open Competitive	Board of Directors

Consulting Services		
Total Procurement Value	Means of Procurement	Approval Authority Schedule
≤ \$50,000	Invitational or Open Competitive	1. Assistant General Manager 2. General Manager
>\$50,000 and <\$100,000	Invitational or Open Competitive	General Manager
≥ \$100,000 and ≤\$250,000	Open Competitive	General Manager
> \$250,000	Open Competitive	Board of Directors

For the purpose of procurement, the following roles are typically established:

Functional Role	Responsibility	Accountable Party
Requisition	Authorize the procurement department to place an order	“Requestor” (Employee requesting the product or service)
Budgeting	Authorize/Confirm that funding is available to cover the cost of the order	1. Finance & Admin Coordinator 2. General Manager 3. Assistant General Manager (Budget holder)
Commitment	Authorize release of the order to the supplier under agreed contract terms	Non-competitive approval authority must be at least one level above “Requestor” in the AAS

Receipt	Verify that the order was physically received, correct and complete	"Requestor" and Finance & Admin Coordinator (Individual receiving the goods/services)
Payment	Authorize release of payment to the supplier	"Board Designated Signing Authorities"

OSTA may seek comparative quotes or conduct competitive procurement for any goods or services at any procurement value not listed above.

### **Competitive Procurement Process and Procedures**

The process and procedures typically occurs in the following 6 phases (a-f):

a) **PLANNING**

All expected procurement requirements of the OSTA will be captured in Annual Procurement Plan form. This form is managed by the General Manager in cooperation with requestors. Ad-hoc needs should be added to the plan as such needs arise.

The plan will provide details about the requestor, the type and quantity of goods/services needed, justification of the acquisition, necessary approvals, expected values and corresponding procurement methods, desired time of delivery and recommended procurement start date.

b) **INFORMATION GATHERING**

Information about suppliers, products and their specifications may be obtained informally via a market research, e.g. on the Internet. As a rule, a comparison of 3 qualified suppliers and their product/service specifications and pricing is required by OSTA for procurement of products and services at the value of \$5,000 or more. If fewer than 3 suppliers are compared, a reason must be clearly stated in the requisition form, e.g. no other suppliers can provide the required goods/services. The Requestor will enter all research information into the Goods/Services Requisition form accompanied by copies of catalogues, screenshots from the Internet, quotations and the like.

Where results of informal supplier or product research are insufficient, formal processes such as a Request for Information (RFI) or Request for Expression of Interest (RFEI) may be used, taking into consideration the time and effort required to conduct them. An RFI or RFEI will be used for information-gathering purposes only. A response

to RFI or RFEI will not be used to pre-qualify a potential supplier or to influence its chances to become a successful proponent.

c) **2-STAGE PROCESS WITH PRE-QUALIFICATION (optional)**

The Request for Supplier Qualification (RFSQ) enables the OSTA to gather information about supplier capabilities and qualifications in order to pre-qualify suppliers for a current or future product or service need. An RFSQ will be used as the first pre-qualifying stage in a two-stage competitive procurement process, followed by an RFP, RFT or RFQ as the second stage where only qualified suppliers are invited to participate, in compliance with AAS.

**STAGE 1 (pre-qualification):**

An RFSQ may specify:

- The type and specifications of goods/services;
- Upper limits of the value of future awards (ceiling price);
- That any supplier who does not participate in the pre-qualification or does not appear on the list of preferred vendors (Vendor of Record – VOR) may be excluded from opportunities;
- That OSTA has no obligation to call on any supplier to provide goods and/or services as a result of pre-qualification.

Should an RFSQ be used to create Vendor of Record (VOR) arrangements, the RFSQ may also specify:

- The time duration the pre-qualified suppliers list or VOR arrangements will be valid,
- The method(s) and time intervals by which additional suppliers may be placed on the list.

The OSTA may utilize VOR arrangements established by the Ontario Ministry of Government Services (MGS) to streamline the procurement process.

**STAGE 2 (procurement):**

Upon successful completion of pre-qualification, the minimum number of suppliers will be invited to submit their bids as per the table below. A minimum of 3 qualified suppliers is required.

d) **PROCUREMENT**

A procurement lead will ensure that procurement is conducted in an ethical, lawful, effective and accountable manner. The designated procurement lead will prepare and handle all procurement documentation, i.e. requests, draft agreements, final contracts, and formal communication between the start date (period after the issuance of competitive documents), closing date (deadline for the submission of bids) and end date (deadline for the evaluation of proposals) as well as provide outcome notifications and debriefing as applicable.

The procurement lead, considering the selection criteria and the accuracy and the level of details of the specifications of the product(s)/service(s), will issue and post the appropriate documentation, while respecting the following guidelines:

- **Request for Proposal (RFP)**  
An RFP may be used for solutions for delivery of complex goods/services, or alternative solutions if specifically required. The proposal evaluation is based on multiple criteria, including price.
- **Request for Tender (RFT)**  
An RFT may be used for goods/services where delivery requirements, performance specification, terms and conditions are stated. The proposal evaluation is based predominantly on the price and delivery requirements.
- **Request for Quotation (RFQ)**  
An RFQ may be used for goods/services which are exactly described. The proposal evaluation is based solely on the price.

An RFP/RFT/RFQ may include:

- Name, telephone number and location of the person to contact for information about the procurement documents;
- Caution to the suppliers that contacting any other person from the OSTA regarding the competition may lead to their disqualification;
- Clear description of required goods/services;
- Conflict-of-interest declaration, confidentiality agreement, non-disclosure agreement, or similar applicable conditions;
- Submission rules or procurement clauses, e.g. bid format, language, number of copies to be submitted, mandatory/voluntary attendance at a bidders' conference, etc.;
- Process and timeline deadline for the submission of questions, including a description of how answers will be provided;
- Time, place and method of bid opening;



- Mandatory criteria (e.g. technical standards);
- Full disclosure of the evaluation criteria (incl. weights), process and methodology to be used to assess submissions;
- Period of bid irrevocability (typically 120 days from the closure of the competitive process);
- Request for a list of subcontractors if applicable;
- Notice that any confidential information supplied to the OSTA may be disclosed by the OSTA where it is obliged to do so under FIPPA/PHIPPA, by an order of a court or tribunal, or otherwise required by law;
- A statement that the procurement is subject to the AIT annex 502.4;
- A draft form of the agreement to be signed in the event of procurement award.

### **Posting Documents/Calls**

Calls for open competitive procurements will be made through MERX, an electronic tendering system readily accessible by all Canadian suppliers. A minimum response time of 15 calendar days will be provided to supplier for procurement of goods/services valued at \$100,000 or more.

A minimum response time of 30 calendar days will be provided to supplier for procurement of goods/services of high complexity, risk, and/or dollar value.

The only person authorized to communicate about the procurement process and documents with potential suppliers/bidders is the procurement lead. All communication must be held formally and in writing.

### **Communications during Competitive Process**

For any need to change the RFP/RFT/RFQ, the procurement lead will issue an addendum. Addenda will be posted at least 7 days before the closing date, otherwise the bid submission date will be moved accordingly. Answers to received questions (a question-and-answer response) which clarify the competitive procurement documents will be posted at least 7 days before the closing date; however, questions submitted after that may also be considered. From the issue date to the award date, all communications from suppliers will be with the procurement lead only.

### **Communications during Proposal Evaluation**

From the closing date to the end date, the OSTA will not communicate with suppliers on matters related to the procurement process unless it is to seek clarification of a bid or notify the successful supplier.

### **Communications after Proposal Evaluation**

The OSTA may, subject to confidentiality requirements, discuss the competition with the participants of the competition after evaluation.

Where the procurement value is \$100,000 or more, the OSTA will inform unsuccessful suppliers about the outcome of the competitive procurement, and will offer suppliers a debriefing (see section f) Contract Award).

### **Bidder's Conference**

The OSTA may hold a bidder's conference where there is important information pertaining to the procurement in question.

Where an Organization is set to conduct a bidder's conference, the competitive documents will contain information about the conference, including but not limited to:

- Time and location;
- Items to be covered; and
- Whether attending the bidder's conference is mandatory.

Where an Organization makes attendance of a bidding conference mandatory, it will specify in the competitive documents that bids of all proponents who did not attend the conference will be returned unopened.

Questions and answers provided at a bidder's conference will be communicated to all proponents either on OSTA website or via email, irrespective of whether they attended the conference, through an addendum or Q&A.

## **e) PROPOSAL EVALUATION**

### **Bid Receipt**

A receipt of a hard-copy bid will follow this process:

- Each bid, as it arrives, will be marked with the date, time, location, company name and contact information;
- Bids will only be open after the closing time specified in the competitive documents has lapsed;
- At least one witness to view the bid openings will be present.

### **Evaluation**

The evaluation will follow the process as stated in the competitive procurement documents. Mandatory, rated and other criteria that will be used to evaluate submissions, including weight of each criterion will be clearly stated. All criteria will comply with the Non-Discrimination stipulations of the Directive.

Competitive procurement documents must fully disclose the evaluation methodology and process to be used in assessing submissions, including the method of resolving a tie score.

Evaluation will be carried out by the designated evaluation team. Before evaluation, each team member will have signed a conflict-of-interest declaration and non-disclosure of confidential information agreement. Evaluators will ensure that the evaluation process is fair, factual, and fully defensible.

Where competitive procurement documents provide for cancellation of a competition, the competition may be cancelled and a new solicitation may be issued if, e.g. received bids:

- exceed the allocated budget,

- do not respond to the requirements, or
- do not represent fair market value.

The OSTA may cancel an invitational or competitive procurement at any time in its sole discretion.

Any proponent whose submission is rejected during the evaluation process will be notified about the rejection in writing within reasonable time after completion of the evaluation, usually not exceeding 30 days.

#### f) **CONTRACT AWARD**

Upon completion of the competitive process, the OSTA will send a formal contract award notification letter to the supplier selected as a result of the competitive process. For procurements valued at \$100,000 or more, the OSTA will post the contract award notification in the same manner as the procurement documents were posted.

For procurements valued at \$100,000 or more, the OSTA will inform all unsuccessful suppliers about their entitlement to a debriefing and allow unsuccessful suppliers 60 calendar days following the date of the contract award notification to request a debriefing.

The contract will be finalized using the form of agreement that was released with the procurement documents.

After signing a contract, the OSTA will notify all suppliers who participated in the competitive process that a contract has been signed and the competitive process is complete.

### **3. Non-Competitive Procurement Process and Procedures**

The OSTA may utilize non-competitive procurement in situations outlined in the exemption, exception, or non-application clauses of the Agreement on Internal Trade (AIT) or other trade agreements.

The OSTA may conduct non-competitive procurement in the circumstances known as single-source situations and listed in the Implementation Guidebook of the Broader Public Sector Procurement Directive; provided that it does not do so for the purposes of avoiding competition between suppliers or to discriminate against suppliers.

Where only one supplier is able to meet the requirements of procurement (circumstances known as sole-sourcing), the OSTA may conduct non-competitive procurement in such situation listed in the Implementation Guidebook of the Broader Public Sector Procurement Directive; provided that it does not do so for the purposes of avoiding competition between suppliers or to discriminate against suppliers.

Prior to commencement of non-competitive procurement, supporting documentation will be completed and approved by OSTA General Manager.

#### **4. Contract Management**

Procurements and the resulting contracts will be managed responsibly and effectively. Supplier performance will be managed and documented, and any performance issues must be addressed.

To manage disputes with suppliers throughout the life of the contract, the OSTA will include a dispute resolution process in its contracts.

For services, the OSTA will:

- Establish clear terms of reference for the assignment. The terms will include at least objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.
- Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Directive and ensure all expenses are claimed and reimbursed in accordance with these rules.
- Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.

#### **5. Procurement Records Retention**

For reporting and auditing purposes, all procurement documentation, as well as any other pertinent information will be retained in a recoverable form for a period of 7 years.

The procurement lead is responsible for verification of the accuracy and completeness of all documentation and its archiving.

#### **6. Conflict of Interest**

The OSTA will monitor any conflict of interest that may arise as a result of the employees' and stakeholders' of the OSTA, advisors', external consultants', or suppliers' involvement with the supply chain activities.

The OSTA will require and enforce a declaration of actual or potential conflicts of interest from all individuals involved with the supply chain activities through its procurement documents.

The OSTA reserves the right to:

- solely determine whether any situation or circumstance constitutes a conflict of interest;
- disqualify prospective suppliers from a procurement process due to a conflict of interest;
- prescribe the manner in which a supplier should resolve a conflict of interest.

Where a conflict of interest arises, it will be evaluated by the OSTA staff and an appropriate mitigating action will be taken.

## **7. Bid Dispute Resolution**

Competitive procurement documents will outline bid dispute resolution procedures to ensure that any dispute is handled in an ethical, fair, reasonable and timely fashion.