Broader Public Sector (BPS) Procurement Directive

Purchasing Services
TRAINING SLIDES

Financial Services Website
April 04, 2012
INFORMATION SECTIONS

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2) Overview
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   - Competitive Procurement Thresholds
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Background

- Fiscal pressures affecting both the government and BPS organizations
- Increased scrutiny regarding how public funds are spent
- The Broader Public Sector Accountability Act, 2010 (Bill 122) brings in new rules and higher accountability standards
Purpose

• Ensure that publicly funded goods and services are acquired by BPS organizations through a process that is open, fair and transparent
• Outline responsibilities of BPS organizations through each stage of the procurement process
• Provide consistent procurement practices for BPS organizations
• Maximize the value that BPS organizations receive from the use of public funds
# Timeline

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Sector</th>
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<tbody>
<tr>
<td>April 1, 2011</td>
<td>- Hospitals</td>
</tr>
<tr>
<td></td>
<td>- School boards</td>
</tr>
<tr>
<td></td>
<td>- Colleges</td>
</tr>
<tr>
<td></td>
<td><strong>Universities</strong></td>
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<td></td>
<td>- Community Care Access Corporations</td>
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<tr>
<td></td>
<td>- Children’s Aid Societies</td>
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<tr>
<td>January 1, 2012</td>
<td>- Publicly funded organizations that received public funds of 10 million dollars or more in the previous fiscal year of the Government of Ontario</td>
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Overview

• Applies to everyone involved in supply chain activities
  Everyone participates in Planning, Requisitioning, Budget Approval, Supplier Commitment, Receiving, Payment

• Subject to future government audit

• Comprised of following requirements
  1) A Supply Chain Code of Ethics
  2) Purchasing Policies and Procedures – 25 Mandatory Requirements
     ▪ Rules about procurement of consulting
     ▪ Rules about single source / sole source
     ▪ Rules about competitive bidding process
     ▪ Rules about contract management
Supply Chain Code of Ethics

University of Guelph has formally adopted the Code of Ethics in University’s Purchasing Policy (FI 18.0)

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 favors, 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.
## Competitive Procurement Thresholds

### Goods, Non-Consulting Services and Construction

<table>
<thead>
<tr>
<th>Total Procurement Value</th>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 up to but not including $3,000</td>
<td>SMC, P-Card, LVPO</td>
</tr>
<tr>
<td>$3,000 up to but not including $10,000</td>
<td>SMC, HVPO with 1 proposal/quote (restricted goods use HVPO regardless of value)</td>
</tr>
<tr>
<td>$10,000 up to but not including $100,000</td>
<td>Invitational or open competitive procurement (RFP, RFQ, RFT, HVPO with minimum 3 proposals/quotes)</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>Open competitive procurement – RFP, RFQ, RFT, etc.</td>
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</tbody>
</table>

### Consulting Services

<table>
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<tr>
<th>Total Procurement Value</th>
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<tbody>
<tr>
<td>$0 up to but not including $100,000</td>
<td>Invitational or open competitive procurement (RFP, RFQ, HVPO with minimum 3 proposals/quotes)</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>Open competitive procurement – RFP, RFQ, RFT, etc.</td>
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</tbody>
</table>
# Procurement Approval Authority Schedule (AAS) for Consulting

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Procurement Value</th>
<th>Approval Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invitational Competitive</td>
<td>$0 up to but not including $100,000</td>
<td>Organization’s AAS for goods and non-consulting services</td>
</tr>
<tr>
<td>Open Competitive</td>
<td>Any value, mandatory for $100,000 or more</td>
<td>Organization’s AAS for goods and non-consulting services</td>
</tr>
<tr>
<td>Non-competitive (Exemption-based only)</td>
<td>$0 up to but not including $1,000,000</td>
<td>President, CEO or equivalent</td>
</tr>
<tr>
<td></td>
<td>$1,000,000 or more</td>
<td>Board of Governors or equivalent</td>
</tr>
</tbody>
</table>
Procurement Requirements

- **Prior to** commencement, any procurement must be approved by an appropriate authority in accordance with AAS.
- **Must not reduce the overall value** of procurement to circumvent procurement thresholds, e.g. dividing a single purchase into multiple purchases.
- **Sole Source / Single Source** can only be used in circumstances outlined in the Directive.
- **Sole Source / Single Source** requires **one level higher approval**.
Consulting - Definition

• "Consultant“, "Consulting"
  A person or entity provides expert or strategic advice and related services for consideration and decision-making.

• Professional Service (non-consulting)
  An individual or company provides services within their specialization to contribute to defined and approved projects or normal operation. Likely they possess the necessary professional licenses, certifications or training to undertake the work. Examples: property brokers, head hunters, professional engineers, medical doctors, lawyers, or trainers.
Consulting - Examples

An individual or organization is considered a “consultant” if they provide the following services:

• **Management Consulting** (i.e. helping improve performance, primarily through the analysis of existing problems and development of plans for improvement)

• **Information Technology Consulting** (i.e. advisory services that help clients assess different technology strategies, including aligning their technology strategy with their business or process strategy)
Consulting - Examples

An individual or organization is considered a “consultant” if they provide the following services:

• **Technical Consulting** (i.e. strategic advice related to actuarial science, appraisal, community planning, employment/ placement, engineering, health sciences, interior design, realty, social sciences)

• **Policy Consulting** (i.e. the provision of advisory services to provide policy options, analysis and evaluation)

• **Communication Consulting** (i.e. the provision of strategy and advice in conveying information through various channels and media)
Consulting - Examples

• Communications:
  1) Consulting: an individual or organization is engaged to develop a communications strategy
  2) Professional Service: an individual or organization is engaged to design a newsletter

• Training:
  1) Consulting: an individual is engaged to develop a training plan for the organization
  2) Professional Service: an individual is engaged to develop and deliver a specific training program
Professional Services - Examples

- **Reviews** - predominantly subject matter experts
  - Academic Departmental/Peer Reviews
  - Research/Scientific Reviews
  - Undergraduate and Graduate Program Reviews
  - Clinical Program Reviews / Clinical Trial Reviews

- **Trainers**

- **Speakers**

- **Technical Services**
  - Project Management
  - Business Development
  - Event planning or management services
Professional Services - Examples

• **IT Services**
  – Design analysis for ITS hardware/software/facilities
  – Hosting services (servers and web)

• **HR/Staffing**
  – HR counseling/coaching services
  – Career advisors for students
  – Career Transition Consultants

• **Financial / Money Management**
  – Investment management services related to pension plans and endowments
  – Custodial Investment services related to pension plans and endowments
Consulting – Procurement Rule

• Consulting has to be procured by competitive process regardless of dollar value
  1) $0 - $100,000 by Invitational Competitive
  2) $100,000 and up by Open Competitive

• Consulting Single Source
  1) Exemption based only – see all applicable circumstances where single source/sole source applies
  2) Require approval by President ($0 - $1,000,000) and Board of Governors (over $1,000,000)
Competitive Bidding Process

- Minimum 15 calendar days to respond open bid over $100,000
- For complex, high risk and high dollar value ones, suppliers should have 30 days response time
- Evaluation criteria must be approved by appropriate authority
- Criteria and weight for evaluation must be clearly outlined in bid
- Factors not listed as evaluation criteria cannot be used for evaluation
- Alternative solutions must not be considered unless they are explicitly requested in bid documents
- Each evaluation team member must complete an evaluation
- Bid received highest evaluation score must be declared the winning bid
Competitive Bidding Process

- An agreement must be **formally established** before supplying goods or services commences.
- Any **changes to the term** of agreement stated must be approved by appropriate authority.
- Extending the term of agreement beyond what original bid stated, where the extension affects the value, **amounts to single sourcing**.
- Supplier has **60 days** to request **debriefing** after contract award notification.
- Must have a **bid dispute resolution** procedure.
Contract Management

- Payments must be made in accordance with provisions of the contract
- Assignments must be properly documented
- Supplier performance must be managed and documented
- Contract must include a dispute resolution process
- For services, contract must establish clear terms including: objectives, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements and knowledge transfer requirements
- Contracts must include appropriate cancellation or termination clauses
Contract Management

• Extending the term amounts to non-competitive procurement where the extension affects the value
• Documents be retained for minimum 7 years (CFI 10 years)
• Written policy for handling, storing & maintaining supplier’s confidential information
• Individuals must declare actual or potential conflicts of interest
• Reimbursement rules for suppliers
  – Can’t claim and reimburse meals, hospitality & incidental expenses
  – Expenses can only be claimed where contract explicitly provides such reimbursement
  – Need original itemized receipts for approval
Recap

1. Consulting
   • Determine if it is consulting
   • Consider competition requirement for consulting

2. Single Source / Sole Source
   • Increased scrutiny on Single Source/Sole Source
   • Preparation of supporting documents
   • Higher approval authority is required
   • Single Source / Sole Source Form is newly updated
Recap

3. Competitive Procurement Process
   • Time consideration
   • Evaluation criteria - approval, process disclosure
   • Evaluation matrix – individual evaluation, factual & defensible
   • Winning bid & supplier debriefing
   • Bid dispute resolution

4. Contract Management
   • Contract drafting
   • Contract establishment
   • Contract execution
   • Contract term amendment
   • Expense reimbursement rules for suppliers
BPS Procurement Directive

Questions?

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