

Research Procurement at UTM

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February 25, 2020



March 2020
<https://research.utoronto.ca>

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RESEARCH & INNOVATION**

Presentation Outline

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- Working with UTM Procurement
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- Procurement Process Map
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- Non-Competitive Procurement
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- Questions and Answers

Procurement Introduction

Procurement of goods and services is about:

- Securing goods, services and construction based on public procurement principles
- Achieving value for public dollars spent as a publicly-funded institution
- Demonstrating effective oversight of financial transactions

Public Procurement Principles

BPS

- Accountability
- Transparency
- Value for Money
- Quality Service Delivery
- Process Standardization

Trade Agreements

- Fairness
- Transparency
- Reciprocal non-discrimination

The Role of UTM Procurement

As steward of the University's Procurement Policy, UTM Procurement:

- Provides leadership, support and quality service to the University community for purchasing transactions over which Faculties and Departments have delegated authority
- Conducts competitive procurements on behalf of the Mississauga Campus

Values & Principles

- Integrity to Profession
- Accountability & Transparency to the University
- Openness and Fairness to Suppliers
- Reliable Service Delivery to Faculty and Staff
- Compliance to Regulatory Frameworks
- Commitment to Workplace Equity, Inclusion, Diversity and Respect

Financial Sustainability

- Stable Operating Model
- Qualified Professional Staff
- Funding for Project Support

Working with UTM Procurement

- When to engage UTM Procurement
 - “The sooner the better” (Early engagement is imperative)
 - Under \$100K: Prior to supplier commitment
 - Over \$100K: 6+ months prior to purchase
- Who to contact?
procurement.utm@utoronto.ca

Procurements Under \$100K

Georgina (Gina) Wanyonyi
Purchasing and Compliance Officer
(416) 427-3261

Procurements Over \$100K

Luca Del Grosso
Procurement Officer
(905) 301-8257

Procurement Policy Thresholds

Category	Threshold	Requirements	Authority
Goods & Non-Consulting Services	• \$0 – \$4,999	• 1 Quote	• Local Unit
	• \$5,000 – \$24,999	• 2 Quotes	• Local Unit
	• \$25,000 – \$99,999	• 3 Quotes	• Local Unit
	• \$100,000+	• RFP	• UTM Procurement
Consulting Services*	• \$0 – \$99,999	• 3 Quotes	• Local Unit
	• \$100,000+	• RFP	• UTM Procurement

Calculating Total Cost of Ownership

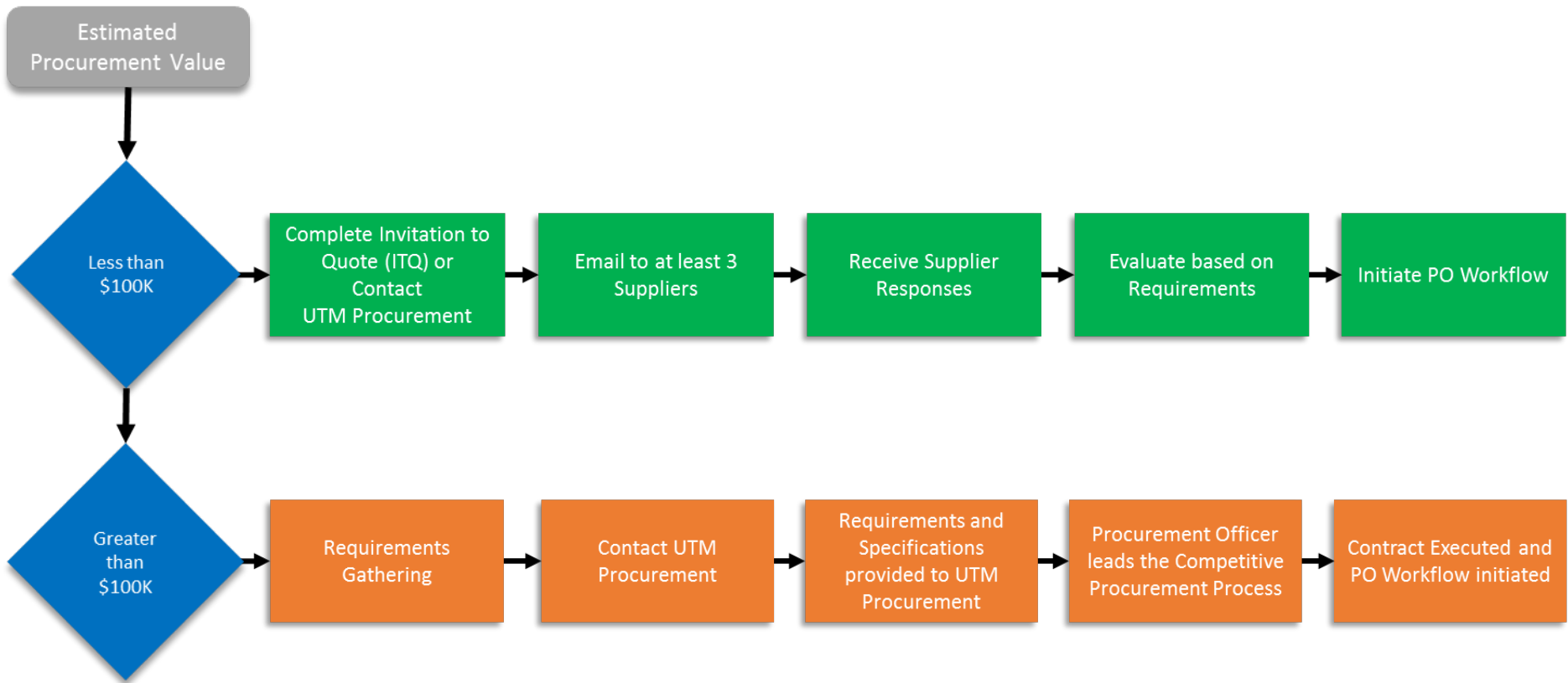
Formula

$$\text{Purchase Value (Equipment)} + \left[\text{Annual Maintenance / Service} \times \text{Number of Years} \right] = \text{Total Cost of Ownership}$$

Sample Calculation

$$\$25,000.00 + \left[\$10,000.00 \times 5 \right] = \$75,000.00$$

Procurement Process Map



Procurements < \$100,000

All the rules still apply to ensure fairness, openness, transparency, value for money and process standardization

Ask these questions first: is this a one-time only need, or will I need more often? And if so, will it drive the **total cost ownership** over \$100,000? If yes, contact UTM Procurement. **If not....**

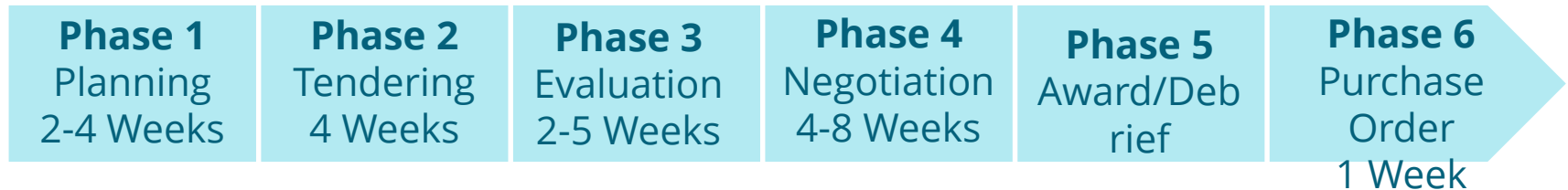
- Ensure funding is available
- Ensure accurate specifications provided to all supplier(s)
- Assess quotes to determine best value and fit for intended purpose
- Create PO Workflow with all back-up documentation attached
- Pay only once goods have been received

Invitation to Quote Template



Procurements > \$100,000

OPEN COMPETITIVE PROCESS 3 - 6 Month Timeline



Business Officer's Primary Responsibilities *(But Not Limited To):*

- Submit Competitive Bid request to initiate project (Phase 1)
- Create FIS Purchase Order (Phase 6)
- Fair Market Value Assessment / other grant reporting requirements

Procurement Policy Exemptions (Non-Competitive Procurement)

- This is a **Non-Competitive Procurement Process**
- Procurement Policy Exemption may only be used in circumstances outlined in the exemption, exception or non-application clauses in applicable trade agreements (Procurement Policy Exemption Justification Form or PPEJ Form)
- Such exemptions must be reviewed by UTM Procurement and approved by the CAO prior to any purchase commitment
- PPEJ Forms are not approved retroactively
- Advance Contract Award Notification (ACAN) is often required



Procurement Policy Exemptions (Non-Competitive Procurement)

- Procurement Policy Exemption Justification (PPEJ) form must be reported publicly when valued over \$100K
- Required information includes purchase details, background, justification, demonstrated value and appropriate approval signature(s)
- **Consultants:** The President of the University of Toronto in addition to the required approvers, such as department heads, UTM Procurement and the CAO.

PPEJ Forms may increase the risk of audit (internal/external)
which may result in the loss of funds

Non-Competitive Procurement

The following are not justifications for non-competitive procurement:

- A researcher has included a specific consultant or equipment in their grant application
- Grant funding is expiring
- Supplier has provided a discounted price
- Improved or better technical specifications are provided by a Supplier

*This is not a challenge to a researcher's expertise.
The procurement process is intended to ensure compliance with internal policies, research agency requirements, provincial legislation, and federally negotiated trade agreements.*

Additional Resources

Approved Suppliers

- Approved Suppliers provide competitive pricing and discounts, and a variety of options to reduce overall cost to the University. Many waive their shipping fees and provide enhanced warranty and customer service levels.
- Approved Suppliers have agreed to set Terms and Conditions, making the ordering process more convenient, efficient and expeditious.
- Approved Suppliers act as a “yellow pages” of Qualified Suppliers for various categories for purchases valued under \$100,000 CAD.
- For purchases valued over \$100,00 CAD, please contact UTM Procurement
- Departments may refer to each webpage to determine Supplier product offering and Supplier contact information

Additional Resources

uSOURCE

- uSOURCE is the University of Toronto's online marketplace
- uSOURCE is not configured for CFI purchases as no CFI in-kind discount can be applied
- Average uSOURCE Order Value is approximately \$500
- Commonly purchased items on uSOURCE: Office Supplies (e.g. copy paper, sharpie markers, pens)
- Laboratory Supplies (e.g. gloves, gauze, facemasks)
- Computers (e.g. Dell Desktop, MacbookPro)
- Software from Licensed Software Office

Procurement Quiz



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Question 1

A researcher must purchase equipment valued at \$18,000 with an annual warranty of \$3,000, required for two years, and delivery costs of \$1,500.

- a) What is the Total Cost of Ownership?
- b) Will the procurement process be invitational or open?
- c) What is the minimum number of quotations required?

Question 1 Answer

a)

$$\begin{array}{r} \text{Purchase Value} \\ \text{(Equipment)} \end{array} + \left[\begin{array}{l} \text{Annual} \\ \text{Maintenance} \\ \text{/ Service} \end{array} \times \begin{array}{l} \text{Number} \\ \text{of} \\ \text{Years} \end{array} \right] + \text{Delivery} = \text{Total Cost of} \\ \text{Ownership}$$
$$\$18,000.00 + \left[\$3,000.00 \times 2 \right] + \$1,500.00 = \$25,500.00$$

b) **Invitational** as it is under \$100K

c) **3 quotes** are required for purchases between \$25K and \$99,999.99

Question 2

Who must approve a PPEJ for consulting services?

Question 2 Answer

The President of the University of Toronto in addition to the required approvers, such as department heads, UTM Procurement and the CAO.

Question 3

An equipment purchase with an estimated value of \$500,000 is required.

- a) Will the procurement process be invitational or open?
- b) Who should I contact to facilitate the procurement process?
- c) How far in advance should the procurement process be initiated

Question 3 Answer

- a) An **open competitive procurement** process is required for purchases over \$100K
- b) **UTM Procurement** must conduct all open competitive procurement procurement.utm@utoronto.ca
- c) Minimum of **6 months** before the purchase is finalized

Question 4

Is an Advanced Contract Award Notice (ACAN) considered a competitive procurement process?

Question 4 Answer

No. An ACAN is not a competitive procurement process. It is a method to validate the limited tendering justification and is associated with additional risks.

Question 5

A researcher has listed a supplier in the NSERC grant application, which has subsequently been approved. Would this establish justification for a PPEJ (Sole/Single Source), non-competitive procurement?

Question 5 Answer

No. Listing a Supplier in a grant application does not justify the use of a PPEJ (Sole/Single Source), it is merely a space holder in the application. Funding agencies require institutional policies and legislation to be followed prior to making a commitment to a supplier. Absence of compliance may result in funds being pulled back.

Case Study



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Case Study

A researcher had a grant approved in 2019. There are a number of procurements that are to be completed under this grant. How would you proceed with the following purchases?

- The first piece of equipment on the list has an estimated total cost of ownership valued at \$75,000. The equipment is needed on site and the researcher would like to proceed as soon as possible with the purchase. What is your next step?
- A Supplier has released a new Microscope onto the market. The researcher is particularly interested because the microscope has a stronger light source and better objectives than other comparable microscopes available on the market. Additionally, the supplier has said they would provide a discounted price to the University. The researcher has suggested proceeding with a single source procurement (PPEJ). What would be your recommended course of action?
- A researcher has a requirement to purchase a mass spectrometer, valued at \$600,000. The Equipment is required on site by September 2020. What are your next steps?

Case Study Answer: Part 1

- Retrieve the Invitation to Quote template from the Procurement website and/or work with UTM Procurement to complete the RFQ
- Send the RFQ to a minimum of 3 suppliers
- Receive/evaluate the quotations received and select the top ranked supplier
- Create PO Workflow and attach all backup documentation

Case Study Answer: Part 2

- Advise that superior functionality and better pricing is not justification to Sole Source, but rather may be a reason why the supplier may be the successful proponent in a competitive procurement.
- Contact UTM Procurement to advise procurement method – ACAN or Open procurement competition

Case Study Answer: Part 3

- Contact UTM Procurement to Conduct and open Competitive Procurement (RFP)
- The process may take between 4-6 months
- Develop generic specifications and requirements for your purchase
- Determine your evaluation criteria based on your requirements and who will form your evaluation committee
- Work with your procurement officer who will lead you through the competitive procurement process
- Be available to answer technical questions from supplier throughout the process
- Be available to prioritize your needs during the negotiation and contract award process
- Retain all documentations in the event of an audit

Questions and Answers



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