

Research Procurement at UTSC

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RESEARCH & INNOVATION**

Presentation Outline

- Procurement Introduction
- The Role of UTSC Procurement
- Working with UTSC Procurement
- Procurement Policy Thresholds and Calculating Total Cost of Ownership
- Competitive Procurement Under/Over 100K
- Procurement Policy Exemptions
- Additional Resources
- Procurement Quiz and Case Study
- Question and Answer

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

Broader Public Sector (BPS) Procurement Directive

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

Trade Agreements

- Fairness
- Transparency
- Reciprocal non-discrimination

The Role of UTSC Procurement

As steward of the University's Procurement Policy, UTSC 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 UTSC.

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 UTSC Procurement

- When to engage UTSC Procurement
 - “The sooner the better”
 - Under \$100K: Prior to commitment to supplier
 - Over \$100K: 6+ months prior to purchase

- Who to contact?

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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+	• Request for Proposal (RFP)	• UTSC Procurement
Consulting Services*	• \$0 – \$99,999	• 3 Quotes	• Local Unit
	• \$100,000+	• Request for Proposal (RFP)	• UTSC 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

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

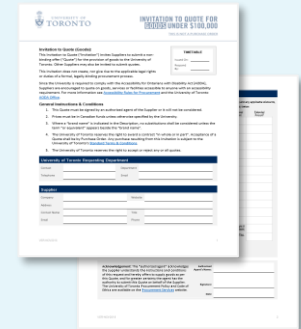
Procurements < \$100,000

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 UTSC Procurement. **If not....**

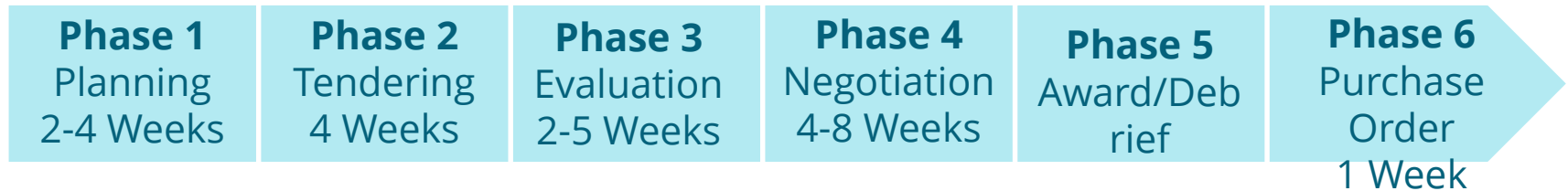
- Ensure funding is available
- Send out Invitation to Quote to Suppliers and ensure accurate specifications provided to all supplier(s)
- Assess quotes to determine best value and fit for intended purpose
- Create Purchase Requisition with all back-up documentation attached and forward to UTSC Procurement
- 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):*

- Work with Faculty and direct to UTSC Procurement to initiate planning (Phase 1)
- Create Purchase Requisition (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 UTSC Procurement and approved by one level up budget owner 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.

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.
- Departments may refer to each webpage to determine Supplier product offering and Supplier contact information
- Approved Supplier list can be found at <https://www.procurement.utoronto.ca/programs-and-services/approved-suppliers>

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) 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) **3 quotes** are required for purchases between \$25,000 and \$99,999.99

Question 2

Who must approve a Procurement Policy Exemption Justification (PPEJ) for consulting services?

Question 2 Answer

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

Question 3

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

- a) Will the procurement process be invitational or open?
- b) How far in advance should the procurement process be initiated

Question 3 Answer

- a) An **open competitive procurement** process is required for purchases over \$100,000.
- b) Minimum of 4 to **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.

Question 5

A researcher has listed a supplier in the NSERC grant application, which has subsequently been approved. Is this 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). Funding agencies require institutional policies and legislation to be followed prior to making a commitment to a supplier.

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. How do you proceed?
- 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. How do you proceed?

Case Study Answer: Part 1

- Retrieve the Invitation to Quote template from the Procurement website and/or work with UTSC Procurement to assist with the Invitation to Quote process.
- Send the RFQ to a minimum of 3 suppliers
- Receive and evaluate the quotations and select the top ranked supplier
- Create Purchase Requisition and attach all backup documentation and submit to Procurement.

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 UTSC Procurement to advise procurement method – ACAN or Open procurement competition

Case Study Answer: Part 3

- Contact UTSC Procurement to conduct an open Competitive Procurement, such as Request for Proposal.
- The process may take between 4-6 months
- Develop generic specifications and requirements for your purchase
- Work with your procurement officer who will lead you through the competitive procurement process thru to award of contract
- Create a PR for the issuance of a PO

Questions and Answers



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