Research Procurement at UTSC

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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

<table>
<thead>
<tr>
<th>Category</th>
<th>Threshold</th>
<th>Requirements</th>
<th>Authority</th>
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</table>
| **Goods & Non-Consulting Services** | • $0 – $4,999  
• $5,000 – $24,999  
• $25,000 – $99,999  
• $100,000+ | • 1 Quote  
• 2 Quotes  
• 3 Quotes  
• Request for Proposal (RFP) | • Local Unit  
• Local Unit  
• Local Unit  
• UTSC Procurement |
| **Consulting Services***        | • $0 – $99,999  
• $100,000+      | • 3 Quotes  
• Request for Proposal (RFP) | • Local Unit  
• UTSC Procurement |

* Consulting Services includes professional services, such as consulting, legal, accounting, and engineering services.
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
Procurements > $100,000

OPEN COMPETITIVE PROCESS 3 - 6 Month Timeline

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Phase 5</th>
<th>Phase 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>Tendering</td>
<td>Evaluation</td>
<td>Negotiation</td>
<td>Award/Debrief</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>2-4 Weeks</td>
<td>4 Weeks</td>
<td>2-5 Weeks</td>
<td>4-8 Weeks</td>
<td></td>
<td>1 Week</td>
</tr>
</tbody>
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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
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) $18,000.00 + \left( \frac{3,000.00 \times 2}{\text{Number of Years}} \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

March 2020
https://research.utoronto.ca
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