Procurement at the University of Toronto

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Manager, Purchasing Services and Operations
November 2018
Agenda

- Procurement Context
- Procurement Policy
- Procurement Policy Thresholds & Process
- New CFI Invitation to Quote Form
- Procurement Scenarios
- Non-Competitive Procurement
- Approved Suppliers
- uSOURCE
Procurement Context

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

Rules of Engagement:

- Exercising fairness, openness and transparency in all procurement activity
- Demonstrating ethical conduct and avoiding conflict of interest
- Implementing appropriate internal controls including oversight
- Using and retaining appropriate documentation
- Managing operational (financial), legal and reputational risk

Public Procurement Principles

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

**Trade Agreements**
- Fairness
- Transparency
- Reciprocal non-discrimination
Context - Continued

- Consequences of not following federal, provincial and institutional policies can be significant:
  - Granting agencies can pull funding, introduce more accountability requirements
  - The public may feel less confident in our ability to protect its interest
  - The University may come under closer scrutiny
  - Suppliers could claim unfair practices
  - The Freedom of Information option can be called upon more frequently

Why take the risk?
University of Toronto Procurement Policy
(April 4, 2011; revised June 8, 2015)

- Policy governs acquisition of goods and services, construction and renovation work regardless of funding source
- Effective April 1, 2011 the University of Toronto formally adopted the Ontario Broader Public Sector (BPS) Supply Chain Code of Ethics
- Approval Authority Schedule approved by Governing Council

https://www.procurement.utoronto.ca/about-procurement/uoft-procurement-policy
Key Procurement Regulatory Frameworks

- Canada Free Trade Agreement (CFTA)
- Canada-Europe Trade Agreement (CETA)
- Ontario-Quebec Trade and Cooperation Agreement
- Ontario’s Public Sector Accountability Act
- University of Toronto’s Governing Council Policies
- Contract Law; Law of Competitive Processes; Privacy and Accessibility Legislation
## Procurement Policy Thresholds

- Estimated Procurement Value (includes equipment acquisition costs and all other associated costs e.g. software, warranty, service, installation, delivery, training)
- Determine value and review Procurement Policy Thresholds

<table>
<thead>
<tr>
<th>Procurement Method</th>
<th>Informal (2 verbal quotes)</th>
<th>Invitational (3 written quotes)</th>
<th>Open (Tender Call/RFx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>$5,000-$24,999</td>
<td>$25,000-$99,999</td>
<td>$100,000 and Over</td>
</tr>
<tr>
<td>Non-Consulting Services *</td>
<td>$5,000 – $24,999</td>
<td>$25,000 – $99,999</td>
<td>$100,000 and Over</td>
</tr>
<tr>
<td>Procurement Authority</td>
<td>Local Unit</td>
<td>Local Unit</td>
<td>Procurement Services</td>
</tr>
</tbody>
</table>

* Consulting Services must be supported by 3 quotes if total cost is under $100,000 or by an open tender call if over $100,000.
Procurement Policy Process

Estimated Procurement Value

Less than $100K
- Complete Invitation to Quote (ITQ) Form (Refer to SOP)
- Email to at least 3 Suppliers
- Receive Supplier Responses
- Evaluate based on requirements
- Issue PO to selected Supplier

Greater than $100K
- Requirements Gathering
- Complete Competitive Bid Request form (St. George only)
- Procurement Officer will review and contact requester
- Procurement Officer leads the Competitive Procurement Process
- Contract Executed and PO Issued
Under $5,000 Procurement Scenario

- Prof. Smith received a CFI grant to purchase a new microscope
- Microscope is valued at approx. $6,000 including the equipment acquisition cost, software, warranty, delivery & installation.
- Prof. Smith requests quotations from at least 1 supplier
- Prof. Smith reviews the Supplier Quote(s) and selects the quotation that best suits his/her requirements and includes a statement to support decision making
- Business Officer centers Invoice into FIS and attaches all supporting documentation
  - Note: A Purchase Order is not required for purchases valued under $5,000

<table>
<thead>
<tr>
<th></th>
<th>Quote #1</th>
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<tbody>
<tr>
<td>List Price</td>
<td>$6,000</td>
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<tr>
<td>Normal Discount</td>
<td>$0.00</td>
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<tr>
<td>Educational Discount</td>
<td>$600</td>
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<tr>
<td>Price after normal and educational discounts (fair market value)</td>
<td>$5,400</td>
</tr>
<tr>
<td>In-Kind Contribution</td>
<td>$1,080</td>
</tr>
<tr>
<td>Net Purchase Price</td>
<td>$4,320</td>
</tr>
</tbody>
</table>
Under $25,000 Procurement Scenario

- Prof. Smith received a CFI grant to purchase a new microscope
- Microscope is valued at approx. $16,000 including the equipment acquisition cost, software, warranty, delivery & installation.
- Prof. Smith completes the CFI – Invitation to Quote form and requests quotations from at least 2 suppliers
- Prof. Smith reviews the Supplier Quotes and selects the quotation that best suits his/her requirements and includes a statement to support decision making
- Business Officer creates a Purchase Order in FIS and attaches all supporting documentation
- Business Officer send the Purchase Order to selected Supplier

<table>
<thead>
<tr>
<th></th>
<th>Quote #1</th>
<th>Quote #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>List Price</td>
<td>$16,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Educational Discount</td>
<td>$1,600</td>
<td>$2,000</td>
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<tr>
<td>Price after normal and educational discounts (fair market value)</td>
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<td>$1800</td>
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<td>In-Kind Contribution</td>
<td>$2,880</td>
<td>$3,600</td>
</tr>
<tr>
<td>Net Purchase Price</td>
<td>$11,520</td>
<td>$14,400</td>
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</table>
Under $100,000 Procurement Scenario

- Prof. Smith received a CFI grant to purchase a new microscope
- Microscope is valued at approx. $26,000 including the equipment acquisition cost, software, warranty, delivery & installation.

<table>
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<tr>
<th></th>
<th>Quote #1</th>
<th>Quote #2</th>
<th>Quote #3</th>
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<td>List Price</td>
<td>$26,000</td>
<td>$30,000</td>
<td>$28,500</td>
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<tr>
<td>Educational Discount</td>
<td>$2,000</td>
<td>$1,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Price after normal and educational discounts (fair market value)</td>
<td>$24,000</td>
<td>$29,500</td>
<td>$27,000</td>
</tr>
<tr>
<td>In-Kind Contribution</td>
<td>$1,500</td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
<tr>
<td>Net Purchase Price</td>
<td>$24,000</td>
<td>$29,500</td>
<td>$25,800</td>
</tr>
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</table>

- Prof. Smith completes the CFI – Invitation to Quote form and requests quotations from at least 3 suppliers
- Prof. Smith reviews the Supplier Quotes and selects the quotation that best suits his/her requirements and includes a statement to support decision making
- Business Officer creates a Purchase Order in FIS and attaches all supporting documentation
- Procurement Services reviews and releases the Purchase Order
- Business Officer send the Purchase Order to selected Supplier
New CFI Invitation to Quote Form

Invitation to Quote

This Invitation to Quote (“Invitation”) invites Suppliers to submit a non-binding offer (“Quote”) for the provision of goods or services to the University of Toronto. Other Suppliers may also be invited to submit quotes.

The use of the Invitation to Quote process is for evaluation and assessment of the Supplier offering. The University is not obligated to make any purchases using this Invitation to Quote. The University is not obligated to award any business as a result of a response to this Invitation.

Since the University is required to comply with the Accessibility for Ontarians with Disability Act (AODA), Suppliers are encouraged to quote on goods, services or facilities accessible to anyone with an accessibility requirement. For more information, see Accessibility Rules for Procurement and the U of T AODA website.

General Instructions

1. This Quote should be signed and returned to the Contact Person by the due date noted in the timetable above, or it may not be considered.
2. Prices should be in Canadian funds unless otherwise specified by the University.
3. Where a "brand name" is indicated in the description, no substitutions will be considered unless the term “or equivalent” appears beside the “brand name”.
4. The University of Toronto reserves the right to award a contract “in whole or in part”. Acceptance of a Quote will be by Purchase Order. Any purchase resulting from this Invitation is subject to the University of Toronto’s Standard Terms & Conditions.

U of T Requesting Department

<table>
<thead>
<tr>
<th>Contact Person</th>
<th>Department</th>
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<tr>
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Supplier

<table>
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<tr>
<th>Company</th>
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<table>
<thead>
<tr>
<th>Address</th>
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</table>

<table>
<thead>
<tr>
<th>Contact Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Email</th>
<th>Phone</th>
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<tr>
<td></td>
<td></td>
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</tbody>
</table>

TIMETABLE

<table>
<thead>
<tr>
<th>From Date</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Acknowledgement: The “authorized agent” acknowledges the Supplier understands the instructions and conditions of this request and hereby offers to supply goods or services as per this Quote, and for greater certainty the agent has the authority to submit this Quote on behalf of the Supplier. The University of Toronto Procurement Policy and Code of Ethics are available on the Procurement Services website.

Authorized Agent’s Name: ____________________________

Signature: ____________________________

Date: ____________________________

November 8, 2018
Over $100,000 Procurement Scenario

- Prof. Smith received a CFI grant to purchase a new microscope
- Microscope is valued at approx. $155,000

<table>
<thead>
<tr>
<th>TCO</th>
<th>Quote #1</th>
<th>Quote #2</th>
<th>Quote #3</th>
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<tbody>
<tr>
<td>List Price</td>
<td>$160,000</td>
<td>$170,500</td>
<td>$155,000</td>
</tr>
<tr>
<td>Educational Discount</td>
<td>$16,000</td>
<td>$17,050</td>
<td>$15,500</td>
</tr>
<tr>
<td>Price after normal and educational</td>
<td>$144,000</td>
<td>$153,450</td>
<td>$139,500</td>
</tr>
<tr>
<td>discounts (fair market value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-Kind Contribution</td>
<td>$28,800</td>
<td>$30,690</td>
<td>$27,900</td>
</tr>
<tr>
<td>Net Purchase Price</td>
<td>$115,200</td>
<td>$122,760</td>
<td>$111,600</td>
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</table>

- Prof. Smith works with Procurement Officer and Procurement Services issues an RFP on behalf of the University
- RFP is posted on MERX for Suppliers to download and prepare their proposal submissions
- Evaluation Team is created to evaluate the proposals received in response to the RFP
- The top ranked Supplier enters into negotiations with U of T and a Contract is executed
- Business Officer creates a Purchase Order in FIS and attaches all supporting documentation
- Procurement Services reviews and releases the Purchase Order
- Business Officer sends the Purchase Order to selected Supplier
**Procurement Phases & Timelines**

### PHASES

- **Phase 1**: Planning
  - Duration: 2-3 Weeks
  - Activities: Preliminary Meeting, Draft RFx, Review and Post

- **Phase 2**: Tendering
  - Duration: 2-4 Weeks
  - Activities: Post RFx on MERX, Q & A Period, 15 to 25 day posting

- **Phase 3**: Evaluation
  - Duration: 1-3 Weeks
  - Activities: Bonfire Web Portal, Minimum 3 evaluators, COI / NDA

- **Phase 4**: Negotiation
  - Duration: 2-4 Weeks
  - Activities: Negotiation Points, Circulate for Signatures

- **Phase 5**: Purchase Order
  - Duration: 1 week
  - Activities: Business Officer creates PO in FIS and attaches Supporting Docs

- **Phase 6**: Award/Debriefing
  - Activities: Performance of Deliverables, Provide Unsuccessful Proponents Feedback

### ACTIVITIES

- **Performance of Deliverables**
- **Provide Unsuccessful Proponents Feedback**

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November 8, 2018

**DIVISION OF THE VICE-PRESIDENT, RESEARCH AND INNOVATION**
Non-Competitive Procurement

- Non-competitive procurement (a.k.a. Procurement Policy Exemption) means selecting one preferred supplier and negotiating directly with them without requesting quotes/proposals from other qualified supplier(s); includes Single Source and Sole Source procurement processes:
  - “Sole Source” means the use of a non-competitive procurement process to acquire goods or services from a specific supplier because there are no other suppliers available or able to provide the required goods or services.
  - “Single Source” means the use of a non-competitive procurement process to acquire goods or services from a specific supplier even though there may be more than one supplier capable of delivering the same goods or services.
- May only be used in circumstances outlined in the exemption, exception or non-application clauses in applicable trade agreements
- Limited Tendering Form must be completed (replaces the Non-Competitive (Single/Sole Source) Procurement Justification form) prior to making a commitment to the Supplier
- Required information includes purchase details, background, justification, demonstrated value and appropriate approval signature(s)
- President of the University must authorize all non-competitive procurements for consulting services, regardless of dollar value
- Advance Contract Award Notification (ACAN) is required for CFI purchases greater than $100,000 CAD
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 $100,000 CAD, please contact Procurement Services.

- Departments may refer to each webpage to determine Supplier product offering and Supplier contact information:

  Lab Supplies

  Sean Wells
  Sales Representative
  (Consumables and Small Equipment)
  1-800-266-0213 x 3393

  Ryan Greenham
  Sales Representative
  (Instruments and Capital Equipment)
  1-800-266-0213 x 3585

  Customer Service
  1-800-266-0213
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, Macbook Pro)
  - Software from Licensed Software Office
Questions?