# Procurement at the University of Toronto

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# **Agenda**

- Context
- Procurement Policy
- Procurement Thresholds
- Limited Tendering / Non-Competitive Procurement
- Operations
- Website Links
- Q and A





# Context

### Procurement of goods and services is about:

- 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





# **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







# 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









# **Supply Chain Code of Ethics**

#### **Supply Chain Professional Code of Ethics:**

- 1. Personal Integrity and Professionalism
- 2. Accountability & Transparency
- 3. Compliance & Continuous Improvement

#### **Organizational Procurement Principles:**

- 1. Accountability
- 2. Transparency
- 3. Value for Money
- 4. Quality Service Delivery
- 5. Process Standardization

Meet the 25 Mandatory Requirements in the BPS Procurement Directive





# Thresholds, Procurement Methods

Threshold	Procurement Method	Facilitator
\$0 - \$4,999.99	PCard, uSOURCE, Certified Invoice	Local Unit
\$5,000 - \$24,999.99	2 Written Quotations, unless available on uSOURCE	Local Unit
\$25,000 - \$99,999.99	3 Written Quotations, unless available on uSOURCE	Local Unit
\$100,000+	Formal Request For Proposal or other <b>open competitive</b> procurement method	Procurement Services

**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.





# **Estimating Procurement Value**

When determining the total value of a procurement you should consider all costs and benefits, including but not limited to:

- cost of the goods and/or services;
- other one-time costs such as:
  - site preparation;
  - delivery;
  - installation;
  - integrations with existing systems;
  - testing;
  - training;
  - manuals, technical documentation, user guides, etc.;
  - maintenance and support
  - etc.
- ongoing operating costs (could be 3 to 5 years or more) including:
  - contract extensions/renewals;
  - consumables:
  - on-going training;
  - accommodation;
  - annual maintenance & support;
  - etc.
- disposition costs;
- premiums, fees, commissions, and interest;
- potential exchange rates, etc.





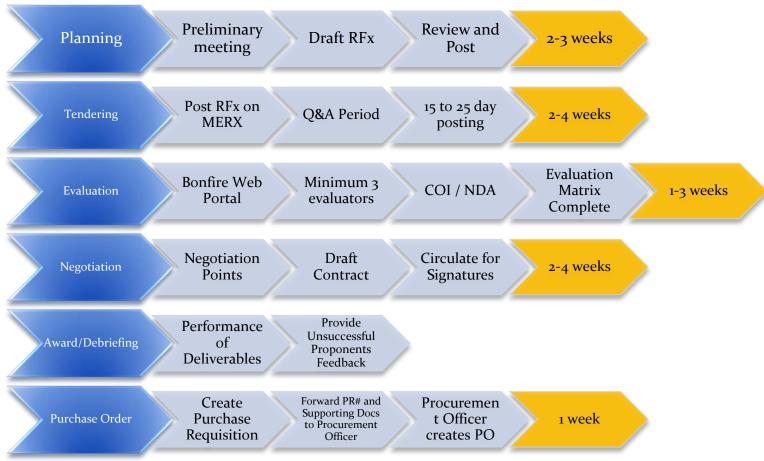


#### **Policy and Compliance Requirements** U of T Policy and Total Value **BPS Procurement** Total Value Directive >\$100 K < \$100K 5 Principles 25 Mandatory Requirements Procurement Process delegated to Procurement Process conducted by End User Procurement Services Code of Ethics INVITATIONAL Approval Authority OPEN competitive procurement rules competitive procurement rules Schedule **High Level Process Rules High Level Process Rules** Rules of Engagement Electronic posting system (e.g. Determine Need, Frequency, Demonstrated faimess, Cost, Availability, Order and MERX, Biddingo) openness and transparency Payment Process 15 or more calendar days in all procurement activity Obtain minimum of 3 quotes Not accepting late bids Demonstrating ethical if total value >\$25K Clear and defensible conduct and avoiding or Obtain quotes using template specifications/requirements disclosing conflict of interest to ensure "apple-to-apple" Evaluation criteria and Implementing appropriate comparison weighting internal controls and Select and submit purchasing Individual scoring sheets oversight requisition to PS for Purchase Assist or Lead Negotiations Using and retaining Order and attach all quotes Assist with or draft contract appropriate documentation received Posting contract award Managing operational Send PO to supplier with Issue PO (financial), legal and stated terms and conditions Offer to and conduct reputational risks Ensure deliverables are met, debriefing for unsuccessful then pay suppliers Resolve Bid Disputes **UofT STAR** UNIVERSITY OF **Procurement Services** STrengthening Administration of Research

#### **Common Pitfalls**

- Splitting orders to avoid getting quotes or RFx
- (not considering total cost of purchase over time)
- Unclear or incomplete specifications or requirements (resulting in change orders and increased costs)
- Not tracking to contract requirements or deliverables in timely fashion (leading to performance issues after-thefact)
- Ordering goods or services without proper sourcing process and requesting PO after the fact when invoice is received and payment is required
- ➤ Conflict of Interest

# **Procurement Stages & Timelines**







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# Non-Competitive Procurement

- Non-competitive procurement (a.k.a. Limited Tendering) 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)
- 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.





# New Vendor Set-Up Requests

- New suppliers to the University must be added to the Vendor Master Record
- New Vendor Account Request Form submitted with vendor quote
- Allow 5 business days for processing.







# **Procurement Services Website**

procurement.utoronto.ca

#### Contains:

- Procurement Policy
- Programs:
  - uSOURCE
  - PCard & TCard
  - Approved Suppliers
  - Tools, Templates & Forms



