Procurement

at the

University of Toronto

Aneel Lubhaya
Senior Procurement Officer

CFI/ORF STAR Workshop
March 2018
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

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Procurement Method</th>
<th>Facilitator</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $4,999.99</td>
<td>PCard, uSOURCE, Certified Invoice</td>
<td>Local Unit</td>
</tr>
<tr>
<td>$5,000 - $24,999.99</td>
<td>2 Written Quotations, unless available on uSOURCE</td>
<td>Local Unit</td>
</tr>
<tr>
<td>$25,000 - $99,999.99</td>
<td>3 Written Quotations, unless available on uSOURCE</td>
<td>Local Unit</td>
</tr>
<tr>
<td>$100,000+</td>
<td>Formal Request For Proposal or other <strong>open competitive</strong> procurement method</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.
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

**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-the-fact)
- 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

**Planning**
- Preliminary meeting
- Draft RFx
- Review and Post
  - 2-3 weeks

**Tendering**
- Post RFx on MERX
- Q&A Period
  - 15 to 25 day posting
- 2-4 weeks

**Evaluation**
- Bonfire Web Portal
- Minimum 3 evaluators
- COI / NDA
  - Evaluation Matrix
  - Complete
  - 1-3 weeks

**Negotiation**
- Negotiation Points
- Draft Contract
- Circulate for Signatures
  - 2-4 weeks

**Award/Debriefing**
- Performance of Deliverables
- Provide Unsuccessful Proponents Feedback

**Purchase Order**
- Create Purchase Requisition
- Forward PR# and Supporting Docs to Procurement Officer
- Procurement Officer creates PO
  - 1 week
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