

CFI Procurement

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<https://research.utoronto.ca>

**DIVISION OF THE VICE-PRESIDENT,
RESEARCH & INNOVATION**

Agenda

- Procurement Overview
- Invitational Procurement
- Procurement Exceptions
- Questions

Public Procurement Principles

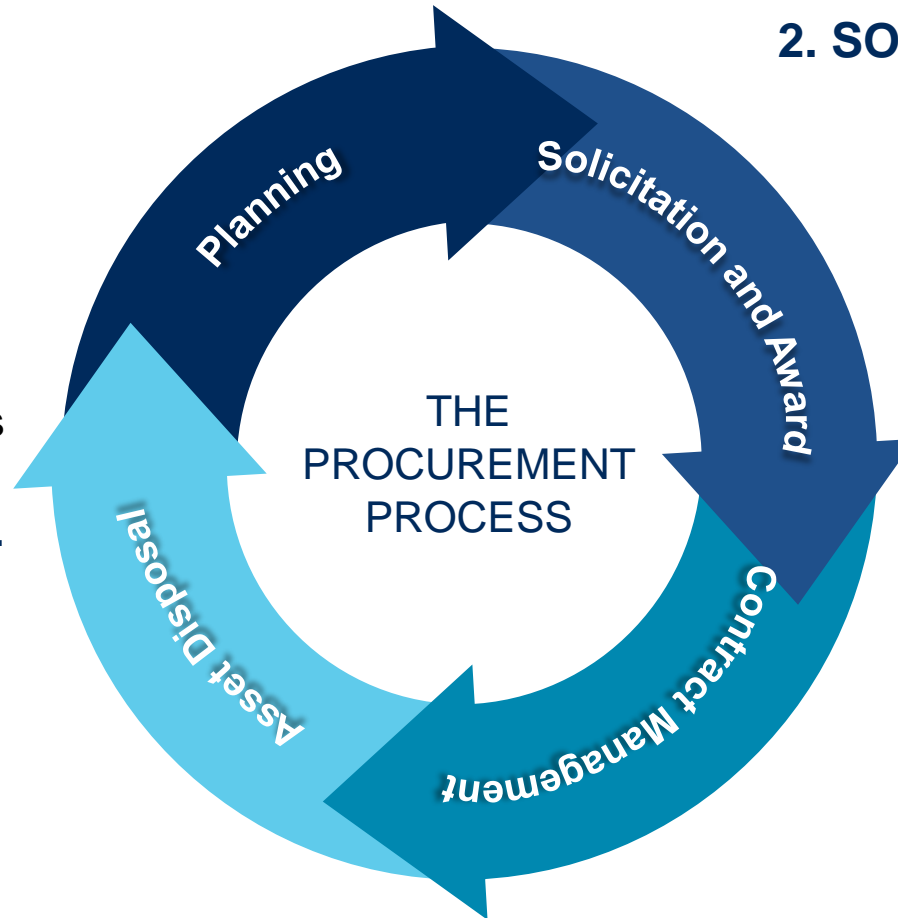
PROCUREMENT PRINCIPLES

- Supplier Access, Transparency & Fairness
- Geographic Neutrality & Reciprocal Non-Discrimination
- Procurement Planning
- Conflict of Interest
- Accountability

CFTA, CETA, OQTC

- Supplier Non-Discrimination within Canada and the European Union
- Impartiality
- Avoids Conflict of Interest
- **PREVENTS CORRUPT PRACTICES**

Procurement Stages



1. PLANNING

Planning in advance is crucial to ensuring timelines are met. Some key considerations:

- Frequency
- Cost
- Other Considerations

2. SOLICITATION & AWARD

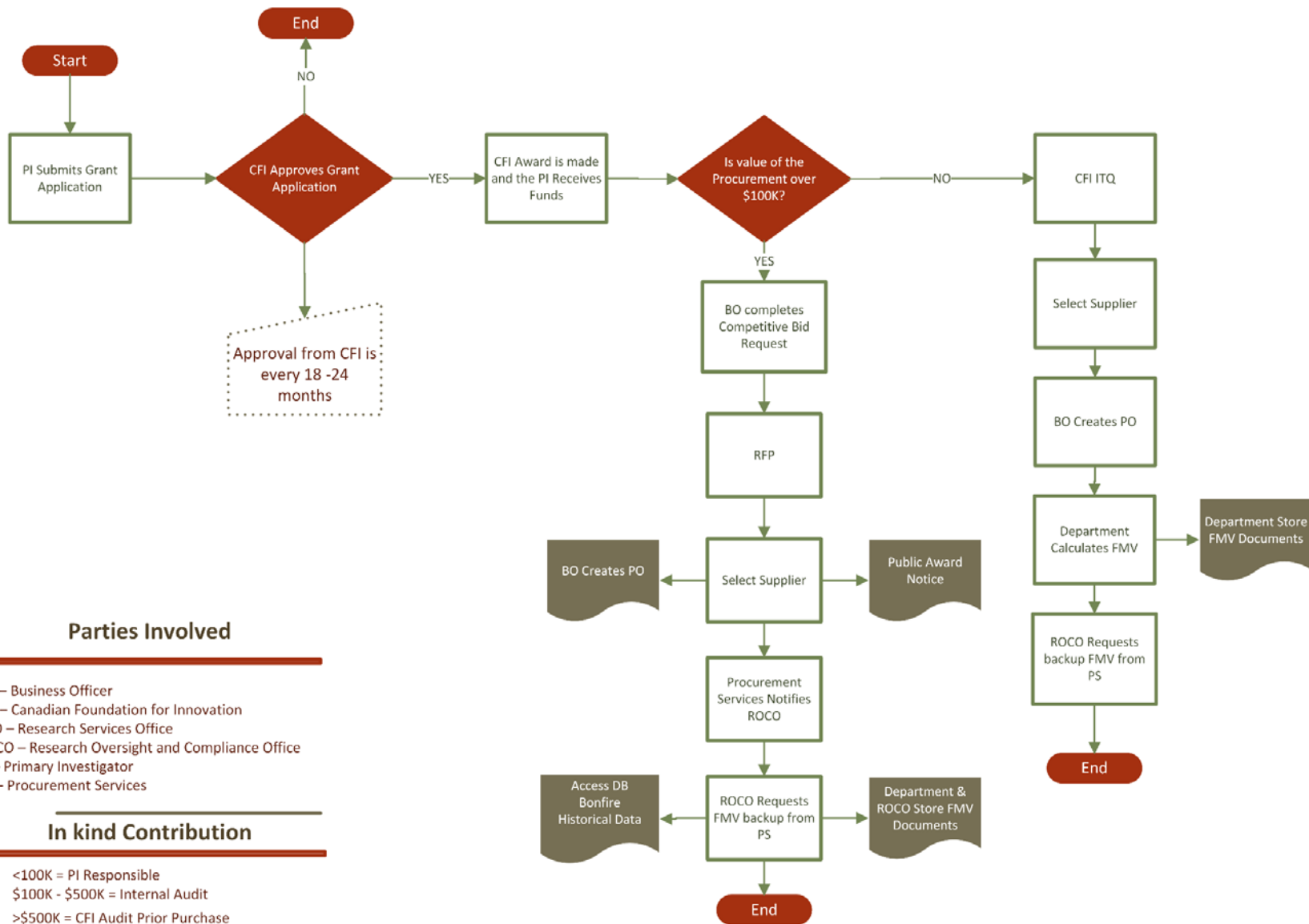
Obtaining appropriate quotes or RFX process dependent on the total dollar value of the purchase

3. CONTRACT MANAGEMENT

Managing to contractual terms and conditions and supplier performance

4. ASSET DISPOSAL

Disposing of a physical asset at the end of its useful life or ending a service contract is a consideration during the planning phase



Parties Involved

- BO – Business Officer
- CFI – Canadian Foundation for Innovation
- RSO – Research Services Office
- ROCO – Research Oversight and Compliance Office
- PI – Primary Investigator
- PS – Procurement Services

In kind Contribution

- <100K = PI Responsible
- \$100K - \$500K = Internal Audit
- >\$500K = CFI Audit Prior Purchase

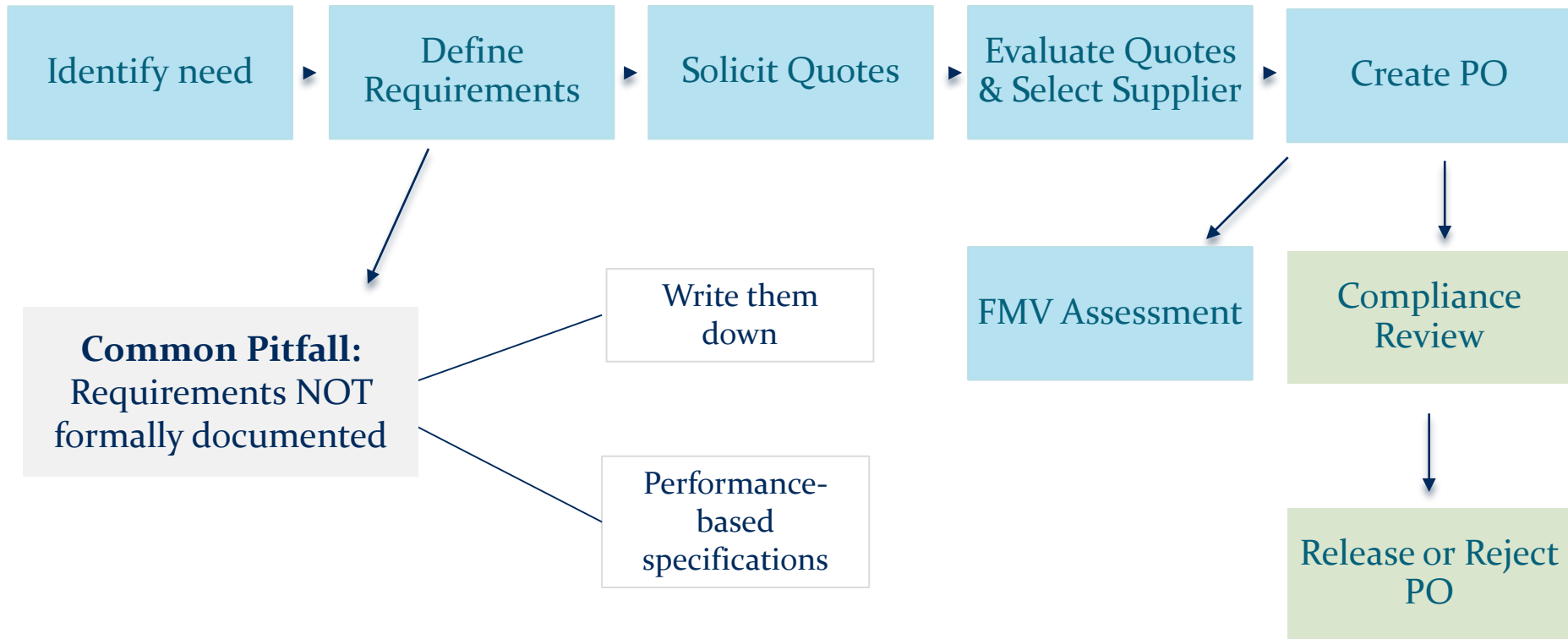


Competitive Procurement: Thresholds

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+	• RFx	• Procurement Services
Consulting Services*	• \$0 – \$99,999	• 3 Quotes	• Local Unit
	• \$100,000+	• RFx	• Procurement Services

*The President of the University must authorize all non-competitive procurements for Consulting Services, regardless of dollar value

Invitational Procurement: \$25,000 – \$99,999



■ Requesting Department

■ Procurement Services



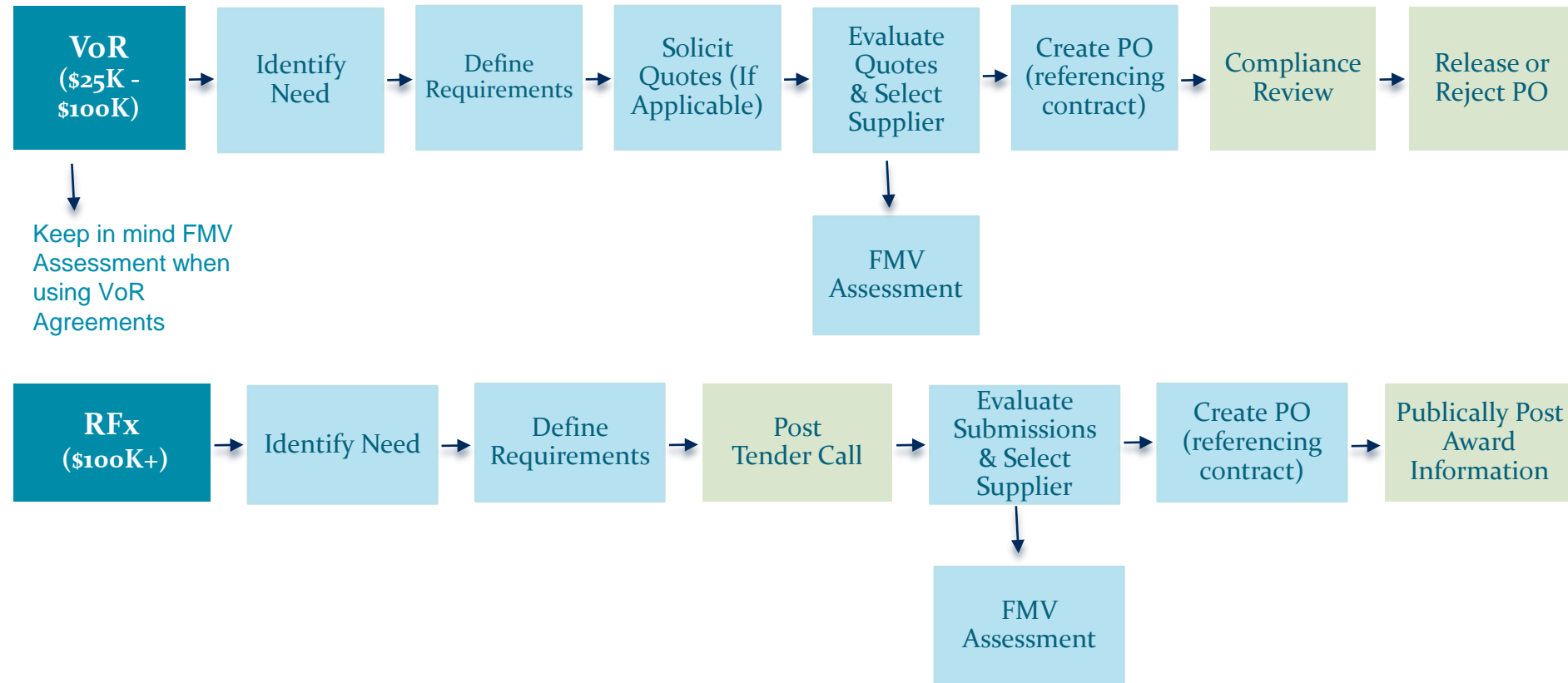
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Key Items to Consider

- Have the requirements been **properly documented**?
- Does the total estimated procurement value accurately reflect the **entirety of the engagement**?
- Have all suppliers been presented with the **same opportunity**?
- Have I used the most appropriate **procurement method**?
 - Vendor of Record / Approved Supplier
 - Invitational Procurement (i.e. 3 written quotes)
 - RFx (if >\$100K)

Other Procurement Methods



Procurement Method
 Requesting Department
 Procurement Services



Procurement Policy Exemption Justification (PPEJ)

- May only be used in circumstances outlined in the exemption, exception or non-application clauses in applicable trade agreements and supported by a business case justification.
- Awards are reported annually, published monthly (subject to FOI)
- Detailed information must support non-competitive procurement decision
- Procurement Services does not *approve* requests
- Trade agreements have different provisions and/or dollar thresholds
- Most common exemption is “absence of competition for technical reasons”
- Research Funding Requirements



Completing the PPEJ form: common Pitfalls

- The Total Estimated Value is unclear
 - Procurement Services has an obligation to publicly disclose all non-competitive awards that exceed 100K
- The Justification provided is not related to a permissible Limited Tendering Exemption or Non-Application Provision
 - “We’ve worked with the supplier in the past and they know our business...”
 - “My colleagues have told us they are an industry leader and offer the best product on the market”
 - “They are the only supplier that exist in the market”
 - What are your specific requirements?
 - What due diligence have you done to substantiate this claim?

Section 2: Purchase details

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Purchase Details

Short description of purchase

Microscopes and related service contracts

Recommended Supplier

Example Products Inc.

Has the Recommended Supplier previously received a non-competitive award for this request? Yes No

<p>Category</p> <input checked="" type="checkbox"/> Goods <input checked="" type="checkbox"/> Services <input type="checkbox"/> Consulting Services <input type="checkbox"/> Construction	<p>Payment Frequency</p> <input type="radio"/> One-time-only payment <input checked="" type="radio"/> Ongoing, with the following end date: April 30, 2021 a Total Estimated Value (CAD)* \$ 80,000.00 <small>* Pre-tax, includes full contract term & extension options, warranties, maintenance, training etc.</small>	<p>Procurement Policy Exemption</p> <p>Referring to the Limited Tendering Exception and Non-Application Provision <u>Tables</u>, select the applicable code (LTE-Bii, NAP-D, etc.):</p> <p>TABLE 1: Limited Tendering Exception: b LTE-B-v</p> <p>or</p> <p>TABLE 2: Non-Application Provision:</p>
<p>CFI Funded</p> <input type="radio"/> Yes <input checked="" type="radio"/> No		

The **Total Estimated Value (a)** should represent the total value of the engagement, and is a *permissible* exception **(b)** under the Trade Agreements at this value.

Not available under OQTCA (>\$100K) and CETA (>\$365K)

Section 3: Background

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Background

Describe the good, service or construction: what it is, how and where it's used, why it's needed, and how it fits with your departmental/research objectives. If available, **attach relevant documentation** (e.g. copies of current/previous agreements, quotes, Purchase Order# etc.).

The Department of Chemistry needs to purchase additional ^amicroscopes for their lab in order to accommodate the 25% increase in enrollment for the upcoming school year. ^bStudents & Faculty rely on these microscopes to enrich course material by applying scientific theories in a live environment. The equipment is also used by a number of researchers within the Chemistry department. ^cDue to the increased enrollment, we need to ensure we have the capacity to accommodate all students enrolled in the chemistry program.

Ensure the following questions are answered:

- a. What is it?
- b. How and where will it be used?
- c. Why is it needed?

Section 4: Justification

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Justification

Describe in detail how and why the selected Limited Tendering exemption or a Non-Application provision applies to this procurement. Explain why **ONLY** the selected supplier can meet the requirements while others cannot.

In 2014, the Chemistry department conducted an RFP to outfit their lab with ten (10) microscopes that allow users to manipulate skin cells at the molecular level. At the culmination of the RFP, the purchase of the microscopes were awarded to Example Products Inc.

To support the growing undergraduate programs in the Chemistry department, we now need to purchase an additional ~~two (2) microscopes~~. The new microscopes must be purchased from Example Products Inc. for the following reasons of compatibility:

1. Over the past five (5) years our Faculty and Staff have developed a number of SOPs, Work Instructions, Case Studies and Research Experiments directly related to the Example Products Inc. microscopes. Purchasing two additional microscopes from a different supplier would create an inconsistent user experience for our students.
2. A significant amount of "benchmark data" has been collected over the past five (5) years using these microscopes. This has helped us develop a significant amount of course material and interactive experiments for our students. Using alternative microscopes would render this data obsolete as minor alterations to a microscope's specification will cause it to yield different results.

Does the Justification support a **strong business case** for the use of the Limited Tendering exemption?

LTE B-v "no alternative or substitute goods/services exist for reasons of compatibility"

Section 5: Demonstrated Value

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Demonstrated Value

Describe the process used to obtain value for money, and attach evidence of actions taken. These may include internet searches, negotiated discounts off list price, acknowledgements from suppliers that the price offered is comparable to similar purchases from other clients, benchmarking from other organizations, professional advice, etc.

The supplier has provided our department with a 10% (\$8,000) discount off of the current list price as indicated on the attached quote.

Additionally, due to the fact our department already has a two year service contract in place with the supplier for the existing 10 microscopes that currently reside in our lab, they have agreed to service the two (2) new microscopes over the next two years at no additional cost. This is great value given the microscopes need to be recalibrated on a quarterly basis to ensure they are yielding consistent results.

Quantify where possible

Additional value obtained through economy of scale

Section 6: Acknowledgement

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Acknowledgement

I am aware of the requirements of the University's [Procurement Policy](#) including its [Code of Ethics](#) and Approval Authority Schedule. I am comfortable that the required due diligence was conducted and I authorize this Procurement Policy Exemption request.

_____	Prof. Smith	Professor	June 5th, 2019
Budget Owner Signature	Name	Title	Date
_____	Prof. Jones	Chair	June 5th, 2019
One-Level Higher Signature	Name	Title	Date

Relationship between Budget Owner and One-Up Approver must be appropriate

Signatures must include date

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University President Authorization (For Consulting Services Only)

_____	_____	_____
President's Signature	Name	Date

Note: The President of the University must authorize all non-competitive procurements for consulting services, regardless of dollar value.

Key things to remember

- Regardless of position, we are all obligated to adhere to policies, procedures and guidelines
- When asked to make a decision, always ensure we have all the right information available to us
- Regardless of position, we are all accountable for our actions and feel comfortable with direction we are given when involved in any financial transaction

Apply the front page test

Questions



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