

CANADIAN MENTAL HEALTH ASSOCIATION TORONTO BRANCH POLICY AND PROCEDURES

PROCUREMENT POLICY

Purpose

- Ensure that goods and services are acquired by CMHA Toronto through a process that is open, fair and transparent.
- Outline responsibilities of CMHA Toronto through each stage of the procurement process.
- Ensure that procurement processes are managed consistently throughout CMHA Toronto.

Principles

- **Accountability**
CMHA Toronto must be accountable for the results of their procurement decisions and the appropriateness of the processes.
- **Transparency**
CMHA Toronto must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.
- **Value for Money**
CMHA Toronto must maximize the value we receive from the use of public and donor funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.
- **Quality Service Delivery**
Services provided by CMHA Toronto must receive the right product, at the right time, in the right place.
- **Process Standardization**
Standardized processes remove inefficiencies and create a level playing field.

Please use the following procedures to guide you through the purchasing process.

KEY DEFINITIONS

CMHA Toronto: the Canadian Mental Health Association Toronto Branch.

Competitive Procurement: a set of procedures for developing a procurement contract through a bidding or proposal process. The intent is to solicit fair, impartial competitive bids.

Consultant: a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

Consulting Services: the provision of expertise or strategic advice that is presented for consideration and decision-making.

Evaluation Matrix: a tool allowing the evaluation team to rate supplier proposals based on multiple predefined evaluation criteria.

Goods and services: any goods, construction and services, including but not limited to information technology (IT) and consulting services.

Members of an Organization: all trustees, members of the board of directors, senior executives and employees of the Organization, or their equivalent.

Procurement: acquisition by any means, including by purchase, rental, lease or conditional sale of goods or services.

Single Sourcing: a non-competitive method of procurement of goods or services from a supplier in situations where there is or may be another supplier or suppliers capable of delivering these goods or services.

Sole Source: the use of a non-competitive procurement process to acquire goods or services where there is only one available supplier for the source of the goods or service.

Supply Chain Activities: all activities directly or indirectly related to the Organization's plan, source, procure, move and pay processes.

Code of Ethics

In accordance with the BPS Procurement Directive, effective April 1, 2011, and as amended from time to time, CMHA Toronto formally adopts the Ontario Broader Public Sector (BPS) Supply Chain Code of Ethics, which will be made available and visible to all Members of CMHA Toronto, as well as suppliers and other stakeholders involved with supply chain activities.

Ontario Broader Public Sector (BPS) Supply Chain Code of Ethics

Goal: To ensure an ethical, professional and accountable BPS supply chain.

- **Personal integrity and Professionalism**

Individuals involved with Supply Chain Activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all Supply Chain Activities within and between BPS CMHA Toronto, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. Participants must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.

- **Accountability and Transparency**

Supply Chain Activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best value for public money. All participants must ensure that public sector resources are used in a responsible, efficient and effective manner.

- **Compliance and Continuous Improvement**

Individuals involved with purchasing or other Supply Chain Activities must comply with this Code of Ethics and the laws of Canada and Ontario. Individuals should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels and to share leading practices.

PROCUREMENT POLICIES AND PROCEDURES

I. Segregation of Duties

CMHA Toronto must segregate the following four functional procurement roles:

- a) **Requisition:** requesting internally that a purchase be made, usually with the CMHA Toronto Cheque Requisition form.
- b) **Budgeting:** confirming that the funding is available for the purchase.
- c) **Commitment:** placing the order with the supplier. At this stage the purchase is, usually, irrevocable and CMHA Toronto is bound to the purchase.
- d) **Receipt:** confirmation that the goods or services have been delivered as ordered.
- e) **Payment:** releasing funds to supplier.

Responsibilities for these roles should lie with different individuals. Allowing a single person to assume more than one of the above roles may result in fraud or mistakes. Where not practical to fully segregate all 5 functions, appropriate compensating controls have been implemented.

2. Approval Authority

The overall value of procurement must not be reduced (e.g., by dividing a single procurement into multiple procurements) in order to circumvent the approval requirements. For example, a renovation that is quoted at \$100,000 cannot be broken down into separate projects of \$25,000 each in order to avoid competition.

Approval Authority Schedule (AAS)

Total Purchasing Value before taxes	Means of Purchasing	Procurement Process	Minimum Level of Approval Required
Up to \$2,000	Credit card, Invoice	Quote can be obtained by Program or Finance	Program Manager
Over \$2,000 and up to \$25,000	Single quote required; Finance to issue Purchase Order	Quote can be obtained by Program or Finance	Program Director or Director, Finance & Corp. Services
Over \$25,000 and less than \$50,000	Contract and Invoice	Invitational Competitive Procurement (at least three bidders)	Director, Finance & Corp. Services or Executive Director
Over \$50,000 and less than \$100,000	Contract and Invoice	Invitational Competitive Procurement (at least three bidders)	Executive Director
\$100,000 or more	Contract and Invoice	Open Competitive Procurement	Executive Director or Board of Directors

Approval Authority Schedule for Consulting Services			
Total Purchasing Value before taxes	Means of Purchasing	Process	Minimum Level of Approval Required
\$0 to less than \$100,000	Contract and Invoice	Invitational Competitive Procurement (at least three bidders).	Program Director up to \$50,000; Over \$50,000 Executive Director
\$100,000 or more	Contract and Invoice	Open Competitive Process: all postings will be on MERX.	Executive Director or Board of Directors

3. Competitive Procurement

Open Competitive Procurement for \$100,000 and over:

CMHA Toronto must conduct an open competitive procurement process where the estimated value of goods or services is \$100,000 or more. This means that CMHA Toronto will announce the intention to buy goods or services through an electronic tendering system that is readily accessible by all Canadian suppliers. CMHA Toronto will allow at least 15 days for bidders to respond.

Invitational Competitive Procurement for less than \$100,000:

For goods or services CMHA Toronto believes will cost more than \$25,000 but less than \$100,000 CMHA Toronto will select the vendors it believes are best placed to bid for the contract. The selected vendors will be sent a Request for Proposal (RFP) which will set out the scope of work as clearly as possible. In order to decide which vendors to send the RFP to it may be necessary to use one of the following tools:

Request for Expression of Interest (RFEI): is the vendor interested in bidding?

Request for Supplier Qualifications (RFSQ): is the supplier capable of fulfilling the order?

Request for Information (RFI): what goods or services are available in the marketplace that may meet our requirements? (For example, there may be a number of IT solutions of which we are not aware.)

A response to one of the above will not be considered relevant to future opportunities.

Information Required	RFI	RFEI	RFSQ	RFP
General supplier or product	x			
Supplier interest in specific opportunities		x		
Supplier capabilities/qualifications		x	x	
Pre-qualified suppliers list desired			x	
Solutions for delivery of products or services				x

The bid submission date and closing time (to be on a normal working day) will be clearly stated. Submissions that are delivered after the closing time must be returned unopened.

Competitive procurement documents must outline bid dispute resolution procedures to ensure that any dispute is handled in an ethical, fair, reasonable, and timely fashion.

4. Evaluation Criteria

CMHA Toronto will develop evaluation criteria, to be approved by the appropriate authority, before the procurement process starts. The competitive procurement documents will clearly outline mandatory, rated, and other criteria that will be used to evaluate submissions, including weight of each criterion. Price will be given the highest reasonable weighting. Procurement documents will state that if the minimum requirements are not met the bid will not be considered. The criteria will only be altered by means of an addendum to the competitive procurement documents.

CMHA Toronto may request suppliers to provide alternative strategies or solutions as a part of their submission. CMHA Toronto will establish criteria to evaluate alternative strategies or solutions prior to commencement of the competitive procurement process. Alternative strategies or solutions must not be considered unless they are explicitly requested in the competitive procurement documents.

5. Evaluation Team

The evaluation team members will be made aware of restrictions related to confidential and commercially sensitive information collected through the competitive procurement process and refrain from engaging in activities that may create or appear to create a conflict of interest.

Evaluation team members must sign a conflict-of-interest declaration and non-disclosure of confidential information agreement.

Each evaluation team member must complete an evaluation matrix, rating each of the submissions. Records of evaluation scores will be retained for audit purposes. Evaluators must ensure that everything they say or write about submissions is fair, factual, and fully defensible.

The submission that receives the highest evaluation score and meets all mandatory requirements set out in the competitive procurement document must be declared the winning bid.

CMHA Toronto will not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.

6. The Contract

The purpose of the contract is to set out as clearly as possible what each party is to do. It is the document that courts will look at to resolve disputes and, therefore, must be clearly written and free of ambiguity.

Contracts for the sale of goods should stipulate exactly what is to be purchased, using model numbers where possible, and including the price, warranties, and return options.

Services are harder to define than goods. Therefore, CMHA Toronto will establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.

Verbal contracts must be avoided. Any agreements between CMHA Toronto and successful suppliers must be set out in a signed written contract before the provision of supplying goods or services commences. Contracts should be consistent with any procurement documents. Expense reimbursements will be made in accordance with the Broader Public Sector Expenses Directive.

Where an immediate need exists for goods or services, and CMHA Toronto and the supplier are unable to finalize the contract as described above, an interim purchase order may be used. The justification of such decision must be documented and approved by the appropriate authority.

All contracts must include appropriate cancellation or termination clauses.

The term of the agreement and any options to extend the agreement must be set out in the competitive procurement documents. An approval by an appropriate authority must be obtained before executing any modifications to the term of agreement.

Extending the term of agreement beyond that set out in the competitive procurement document amounts to non-competitive procurement where the extension affects the value and/or stated deliverables of procurement.

7. Contract Award Notification

For procurements valued at \$100,000 or more, CMHA Toronto will post, in the same manner as the procurement documents were posted, contract award notification. The notification must be posted after the agreement between the successful supplier and CMHA Toronto was executed. Contract award notification must list the name of the successful supplier, agreement start and end dates, and any extension options.

For procurements valued at \$100,000 or more, CMHA Toronto will inform all unsuccessful suppliers about their entitlement to a debriefing.

CMHA Toronto must allow unsuccessful suppliers 60 calendar days following the date of the contract award notification to request a debriefing.

8. Non-Competitive Procurement

CMHA Toronto should employ a competitive procurement process to achieve optimum value for money. It is recognized, however, that special circumstances may require CMHA Toronto to use non-competitive procurement, *as long as the intention is not to avoid competition.*

Single sourcing is permitted a) where there is an urgent need for goods or services b) privacy considerations make it difficult to announce the purchase widely

Sole sourcing is permitted where only one supplier is able to meet the requirements of procurement, such as when purchasing art, property, or commodities, or for reasons of compatibility, technology, or monopoly. For example, it is not possible to have a competitive process for property.

CMHA Toronto may also utilize non-competitive procurement in situations outlined in the exemption, exception, or non-application clauses of the Agreement on Internal Trade (AIT), or other trade agreements. These exemptions may include:

1. Contracts with a public body or a non-profit organization
2. Procurement of goods and services that is financed primarily from donations that are subject to conditions that are inconsistent with the Directive
3. Health services and social services.
4. Procurement of services that in Ontario may, by legislation or regulation, be provided only by any of the following licensed professionals: medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries
5. Procurement of services of financial analysts or the management of investments by organizations who have such functions as a primary purpose

Prior to commencement of non-competitive procurement, supporting documentation must be completed and approved by an appropriate authority within CMHA Toronto.

9. Contract Management

Procurements and the resulting contracts will be managed responsibly and effectively. Payments must be made in accordance with provisions of the contract. All invoices will contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.

Supplier performance will be managed and documented, and any performance issues must be addressed. To manage disputes with suppliers throughout the life of the contract, CMHA Toronto may include a dispute resolution process in their contracts.

10. Procurement Records Retention

For reporting and auditing purposes, all procurement documentation, as well as any other pertinent information must be retained in a recoverable form for a period of seven years. CMHA Toronto must have a written policy for handling, storing and maintaining the suppliers' confidential and commercially sensitive information.

11. Conflict of Interest

CMHA Toronto must monitor any conflict of interest that may arise as a result of the Members' of the organization, advisors', external consultants', or suppliers' involvement with the Supply Chain Activities. Individuals involved with the Supply Chain Activities must declare actual or potential conflicts of interest. Where a conflict of interest arises, it must be evaluated and an appropriate mitigating action must be taken.

12. Other related policies and procedures

CMHA Toronto must conduct procurement activities according to the law in Ontario, including contract law, the law of competitive processes, privacy legislation, accessibility legislation and any other legislation as may be applicable. All procurement is to be undertaken in accordance with the Broader Public Sector Procurement Directive.

All procurement must be undertaken in accordance with Procurement Procedures.

Where there is conflict between any procedures and this policy the Procurement Policy takes precedence.

STATUS OF POLICY

Policy No.	Title of Policy	Date of Board Approval	Board Approval of Revisions	Status	Related Policies & Procedures
1.0	Procurement Policy	September 24, 2012		Active	Purchasing Procedures