



SECTION: Financial

POLICY: FI 05

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PURCHASING

PREAMBLE

The *Broader Public Sector Accountability Act, 2010* established rules for procurement for designated organizations which include hospitals, school boards, colleges, universities, community care access centres, children’s aid societies and organizations that receive more than \$10 million in funding from the Ontario government.

Organizations that receive funding from the Ontario government and that are not designated by the Act are encouraged to use the Procurement Guideline to improve openness, fairness and transparency during the procurement process.

Principles embodied in the BPS Procurement Directive:

- Accountability - Organizations are accountable for the results of their procurement decisions and the appropriateness of the processes.
- Transparency - Organizations must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.
- Value for Money - Organizations must maximize the value they receive from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.
- Quality Service Delivery - Organizations, providing front-line services 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.

POLICY

The Chief Executive Officer will ensure that appropriate purchasing policies and procedures are in place to manage procurement contracts fairly and effectively, ensure purchases are fiscally responsible, and purchases are made so the organization has appropriate equipment and resources to operate.

The Chief Executive Officer is authorized to make purchases of up to \$20,000 in accordance with the Executive Boundaries established by the Board of Directors.

PROCEDURE

1. All purchases must be pre-approved by the Chief Executive Officer. The CEO must plan adequately for all purchases through budget development with the Board, or financial year-to-date reports and planning of expenditures.
 - a) Depreciation of assets needs to be considered; such items as computer hardware and software should have a plan for renewal every 3 years. Annually

a physical inspection and inventory will be taken of all fixed assets by the Chief Executive Officer and Executive Assistant, and a plan for purchasing will be developed with the budget based on previous years' experience and identified needs.

- b) The Executive Assistant will keep a record of major assets including all electronic equipment, office furniture items, etc.
2. All activities involved in the purchase of goods and services should be fair and transparent, and for the purpose of acquiring the best value for money. Employees will obtain comparative pricing and apply prudent protection against conflict of interest in any purchase.
 - a) All qualified vendors will be provided with fair access to the purchase of goods and services. The selection of a supplier will be based upon the requirements of the agency, price, quality of the goods or services, the level of service, alternatives, references, and the timing of the delivery of the item.
 3. Segregation of at least three of the five functional procurement roles will occur: Requisition (by any employee), Budgeting (CEO), Commitment (CEO), Receipt (Executive Assistant), and Payment (Executive Assistant with signatures by CEO and Board of Directors). Procurement best practices should guide decisions on purchases:



- i. Employee identifies the need for a good or service to the CEO.
- ii. CEO verifies the need and the requirements for this good/service. Do we already have it in the organization or can the requirement be met using existing resources?
- iii. The CEO identifies the procurement method (informal/routine purchases, invitational, open competitive, Vendor of Record) based on the total cost and market availability. The CEO requests an estimate for the good/services, and verifies there is money in the budget for the purchase. Estimates need to include total cost including taxes, shopping, installation, warranty, maintenance and service, disposal, consulting or training, or changes required to existing products based on new good or service. If funds are not there, how can we plan for this purchase?
- iv. The employee assigned by the CEO will complete the purchase. Wherever possible, purchases are made through accounts that will invoice the agency; otherwise employees will use Petty Cash, or pay for the approved purchase and submit for reimbursement.
- v. In some instances a written agreement may need to be drafted and approved by the CEO.
- vi. The Executive Assistant will confirm that the goods/services that we pay for have been received.

- vii. The Executive Assistant will create the cheque to pay the invoice; the cheque will be signed by two approved signatories, usually the CEO and an Executive member of the Board of Directors.
4. When a major purchase (over \$10,000) is considered, a minimum of 3 suppliers will be invited to submit a bid (Request for Proposal); these will be maintained in a file by the Executive Assistant.
 - a) Bid submission date and closing time must be clearly stated in competitive procurement documents; the closing date of a competitive procurement process must be on a normal working day (Monday to Friday, excluding provincial and national holidays). Submissions that are delivered after the closing time must be returned unopened.
 - b) The Chief Executive Officer will make a recommendation to the Board, with the rationale based on an evaluation matrix, for the choice of provider; the decision of the Board of Directors will be final.
 - c) The evaluation matrix will include the mandatory criteria identified in the request for bids, total cost, quality, transition costs, servicing, experience and expertise, and capacity of supplier to meet procurement requirements.
 - d) The market for potential vendors will be searched through networking with other organizations, internet search and checking references.
 5. Comparative pricing will be completed for routine purchases wherever possible. Use of the provincial Vendors of Record will be considered as part of the comparative pricing process, as well as supplier catalogues/websites.
 6. Local services will be considered when all other comparators are equal.