



**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 appropriately for all purchases through budget development with the Board, or financial year-to-date reports and expenditure planning.

- a) Asset depreciation needs to be considered; items such as computer hardware and software should have a plan for renewal every three years. Annually, the Chief Executive Officer and Executive Assistant will physically inspect and inventory all fixed assets, 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 but not limited to electronic equipment and office furniture.
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 on the agency's requirements, price, quality of the goods or services, 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), Validate need and understand requirements (employee's manager), Budgeting (CEO), Buy and Receive (Executive Assistant), and Payment Bookkeeper with signatures by CEO and Board of Directors), and Entry of Payment in records (Bookkeeper, Accounts Payable Clerk). Procurement best practices should guide decisions on purchases:



- i. Employee identifies the need for a good or service to the CEO.
- ii. The CEO verifies the need and 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 goods/services and verifies that there is money in the budget for the purchase. Estimates need to include total cost, including taxes, shopping, installation, warranty, maintenance, service, disposal, consulting or training, or changes required to existing products based on new goods or services. If funds are not available, how can we plan for this purchase?
- iv. The Executive Assistant is usually the employee assigned by the CEO to 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 it 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 ensure payment of the invoice; the approval process will be completed by two approved signatories, usually the CEO and an Executive member of the Board of Directors.
4. When a major purchase (over \$20,000) is considered, at least three suppliers will be invited to submit a bid (Request for Proposal); the executive assistant will maintain these in a file.
    - 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 recommend to the Board, based on an evaluation matrix, the choice of provider; the Board of Directors' decision 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 the supplier's capacity 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. The use of the provincial Vendors of Record and supplier catalogues/websites will be considered part of the comparative pricing process.
  6. Local services will be considered when all other comparators are equal.