

Procurement Guideline for Publicly Funded Organizations in Ontario

Ministry of Finance

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Webinar Instructions

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Webinar Instructions cont.

- Questions are welcome. Please submit them via email throughout the presentation.
 - BPSSupplyChain@ontario.ca
 - Indicate the nature of question in the subject line
 - Email address is in the Note Section on left side of screen

Agenda

1. Welcome and Introductions
2. Introduction to Procurement Guideline for Publicly Funded Organizations in Ontario
3. Responses to email Questions
4. Conclusion

Key Terms

Designated broader public sector organization* – an organization to which section 12 of the Broader Public Sector Accountability Act, 2012 applies. This means every hospital, school board, university, college, children’s aid society, CCAC, every publicly funded organization that received \$10M or more in the previous fiscal year of the Government of Ontario.

Procurement – the acquisition by any means, including by purchase, rental, lease or conditional sale, of goods, services or construction

Publicly funded organization* – every authority, board, commission, committee, corporation, council, foundation or organization that received public funds in the previous fiscal year of the Government of Ontario

*for a comprehensive definition please refer to the Broader Public Sector Accountability Act, 2010 (www.e-laws.gov.on.ca)

Current Environment

- Fiscal pressures affecting both the government and broader public sector organizations
- Increased scrutiny regarding how public funds are spent
- The Broader Public Sector Accountability Act (BPSAA), 2010 established new rules for procurement and higher accountability standards for the broader public sector

Why Develop a Guideline?

- In June and August 2011, the BPS Supply Chain Secretariat undertook a series of consultations in 10 cities across Ontario (Hamilton, London, Mississauga, Sudbury, Toronto, Peterborough, Thunder Bay, Barrie, Ottawa and Windsor)

What we heard:

- All participating organizations had some formal procurement processes in place
- Participants expressed interest in having access to resources for procurement tools, templates, and training
- Awareness of the need to, and be seen to, exercise appropriate oversight and demonstrate accountability for budgets and other resources

The opportunity:

- Consistent procurement practices
- A procurement process that is open, fair, transparent and accountable
- Maximum value from the use of public funds

Procurement Guideline For Publicly Funded Organizations

- The BPSAA allows for procurement guidelines to be developed for publicly funded organizations that are not designated broader public sector (BPS) organizations
- In August 2012 a Procurement Guideline was released for voluntary use
- Developed in consultation with stakeholders from the not-for-profit sector, the Procurement Guideline:
 - reinforces cost-effective and consistent purchasing practices
 - was written for organizations with varying levels of procurement expertise
 - guiding principles are in alignment with the BPS Procurement Directive

Guiding Principles

Responsible Management	Organizations should have adequate structures, policies and procedures to be able to manage procurement contracts fairly and effectively.
Value for Money	A value-for-money approach considers factors such as the requirements of the business, alternatives, timing, supply strategy and total life cycle costs of the good or service.
Vendor Access, Transparency and Fairness	Publicly funded organizations should provide all qualified vendors with fair access to the purchase of goods and services.
Quality Service Delivery	Procurement activities should result in the delivery of the required product or service at the right time and place to organizations.
Upholding Ontario's Trade Agreements	Organizations should recognize and respect Ontario's trade agreements with other jurisdictions.

Supply Chain Code of Ethics

Personal integrity and professionalism:

- The public expects their taxpayers' money to be used with honesty, due diligence and care. Individuals involved with supply chain activities are expected to conduct themselves with integrity and professionalism, show respect for each other and the environment, and safeguard confidential information. Organizations should not engage in any activity that creates, or appears to create, a conflict of interest.

Accountability and transparency:

- All activities involved in the purchase of goods and services using public funds should be fair and transparent, and for the purpose of acquiring the best value for money.

Compliance and continuous improvement:

- Organizations should establish and regularly review their own policies and procedures around supply chain management. They should make improvements as necessary, acquire additional supply chain knowledge and skills, and share best practices.

Procurement Best Practices

1. Establish internal controls:

- helps ensure that purchases have been authorized, that goods or services have actually been received, and that funds exist to meet expenditures
- organizations should establish an Approval Authority Schedule

Sample Dollar Thresholds					
Example 1: Small		Example 2: Medium		Example 3: Large	
Up to \$100	Supervisor	Up to \$1,000	Supervisor	Up to \$5,000	Supervisor
Up to \$300	Program Director	Up to \$3,500	Program Director	Up to \$10,000	Program Director
Up to \$5,000	Executive Director/CEO	Up to \$10,000	ED/CEO	Up to \$50,000	ED/CEO
Over \$5,000	Board of Directors	Over \$10,000	Board of Directors	Over \$50,000	Board of Directors

Procurement Best Practices

2. Plan before purchasing

- what product or service do you require
- estimated total cost of the procurement including possible extensions or costs beyond the initial purchase price (ex. taxes, delivery, installation, warranty, etc)
- procurement method, internal approvals and timelines

3. Develop criteria

- evaluation criteria and weighing set prior to the start of the procurement
- determine any mandatory criteria
- evaluation team with signed non-disclosure & confidentiality agreements and a conflict of interest form
- description of how the winning bid will be selected

4. Canvass the market

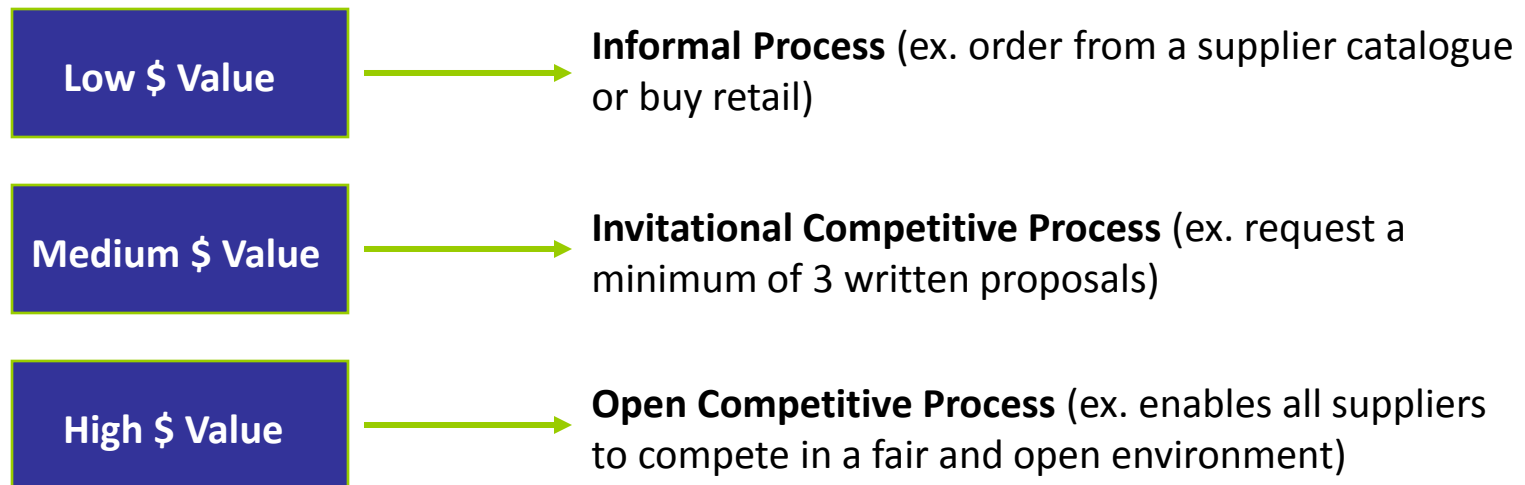
- informal networking, internet searches, references, Better Business Bureau
- Request for Information / Request for Expressions

Procurement Best Practices

5. Purchase

- “right size” the procurement method to the procurement’s value and risk
- vendor of record arrangements
- document reasoning for any non-competitive procurement

Guide to Procurement Method



Procurement Best Practices

6. Document the transaction

- develop a formal contract agreement with the successful vendor
- Include product details, service to be provided and payment schedule

7. Keep records

- keep records of procurement for reporting and auditing purposes
- suggested retention period is seven years

8. Manage contracts responsibly

- signed contract that includes cancellation & termination clauses, options to extend the agreement and bid dispute mechanisms
- monitor the vendor's performance and verify all invoices and payments against the terms of the contract

9. Review and improve

- develop a time frame to review procurement policies
- monitor procurement expenditures
- monitor vendor performance and satisfaction regularly and introduce improvements as necessary

Resources and Questions

Procurement Guideline for Publicly Funded Organizations in Ontario

www.fin.gov.on.ca/en/bpssupplychain/documents/bps_procurement_guideline.html

BPS Procurement Directive

www.fin.gov.on.ca/en/bpssupplychain/procurement.html

BPS Procurement Directive Implementation Guidebook

www.fin.gov.on.ca/en/bpssupplychain/documents/bps_procurement_implementation.html

Broader Public Sector Accountability Act, 2010

www.elaws.gov.on.ca/html/statutes/english/elaws_statutes_10b25_e.htm

Ministry of Finance website: www.fin.gov.on.ca/en/bpssupplychain/

Questions: bpssupplychain@ontario.ca