

A presentation by
Queen's University
Financial Services

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Strategic Procurement Services

Procurement in the Broader Public Sector

Rules & Policy

Course Content



- Legislation
- Impact on Queen's Policies
- Broader Public Sector Procurement Directive
- Queen's Procurement Policy
- Supply Chain Code of Ethics
- Mandatory Requirements
- Rules covering use of "consultants"
- Procurement Thresholds
- Competitive & Non-competitive procurement

Federal & Provincial Legislation



- Federal Law covering procurement covering all provinces in Canada
 - Agreement on Internal Trade, 2005

- Provincial law covering procurement within Ontario
 - Broader Public Sector Accountability Act 2010
 - Broader Public Sector Procurement Directive 2011
 - Broader Public Sector Expenses Directive 2011
 - Broader Public Sector Perquisites Directive 2011

Impact on Queen's Policies



The three new BPS Directives required the revision a number of Queen's policies:

- Procurement Policy
- Procurement Card Policy
- Travel and Expenses Policy
- Hospitality Policy
- Perquisites Policy

All changes were effective 1st April 2011 and the policies are revised as necessary;
Our policies have also been revised to cover AODA Integrated Accessibility Standards.

Purpose of the BPS Procurement Directive



The Broader Public Sector (BPS) Procurement Directive will:

- provide consistent procurement practices for all BPS organizations
- ensure that publicly funded goods and services are acquired by BPS organizations through a process that is open, fair, and transparent
- ensure accountability through each stage of the procurement process
- maximize the value that BPS organizations receive from the use of public funds

BPS Procurement Directive – Core Principles



The broader public sector (BPS) Procurement Directive (Directive) became effective on 1st April 2011.

Principles:

Accountability

Organizations must be 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

Front-line services provided by Organizations, such as teaching and patient care, must receive the right product, at the right time in the right place.

Process

Standardized processes remove inefficiencies and create a level playing field.

What changed?



The Broader Public Sector Accountability Act, 2011 brings in new rules and consistent accountability standards for the broader public sector, including:

- Ban on using public funds to pay for consultant lobbyists;
- **New directives setting out rules for procurement and expenses;**
- Specific rules covering consultants and consultancy services;
- Requirements specific to hospitals and Local Health Integrations Networks (LHINs); for example, reporting and publicly posting expense information; and bringing hospitals under freedom of information legislation.

BPS Procurement Directive – Requirements



The BPS Procurement Directive substantially aligns with:

- Provincial Trade Agreements (Agreement on Internal Trade, Quebec/Ontario Trade Agreement)
- Management Board of Cabinet (MBC) Procurement Directive

The Procurement Directive has the following requirements:

- A Supply Chain Code of Ethics
- Procurement Policies and Procedures

Procurement Policy – 1st April 2014



Queen's University must maintain high legal, ethical, managerial, and professional standards in the management of the resources entrusted to it as a publicly funded institution. We must ensure that products and services are acquired in a manner that ensures the University:

- **Obtains value for money** by incurring the lowest cost in the fulfilment of specified needs with appropriate levels of quality and service;
- **Uses fair and open process** when calling for, receiving and evaluating quotations and tenders from qualified, efficient suppliers;
- **Meets its statutory, legal and ethical obligations** in the acquisition of products and services by purchase, rental or lease; And
- **Employs trained staff skilled in purchasing techniques** including negotiating contractual terms and conditions, cost reduction techniques, and cooperative buying processes.

The University has adopted the [Ontario Broader Public Sector \(BPS\) Procurement Directive](#) and the BPS [Procurement Code of Ethics](#) as required by the Ontario Ministry of Finance with effect 1st April 2011.

The University Procurement system may not be used for personal purchases.

All requirements for consultancy must be processed using a Purchase Order.

Procurement Policy Content



The revised Procurement Policy covers;

- Authorization Approval & Execution of Contracts
- Segregation of Duties In line with BPS Directive
- Competitive Procurement Non-Consulting
- Competitive Procurement Consulting
- Non-Competitive Procurement Non-Consulting
- Non-Competitive Procurement Consulting

Supply Chain Code of Ethics



Goal: An ethical, professional and accountable supply chain

Personal Integrity and Professionalism

- All broader public sector (BPS) supply chain participants 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 organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. **Confidential information must be safeguarded. Participants must not accept gifts and favours, provide preferential treatment, publicly endorse suppliers or products or engage in any other activity that would create, or appear to create, a conflict of interest.**

Accountability & Transparency

- Supply chain activities must be open and accountable. In particular, tendering, 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 scarce public sector resources are used in a responsible, efficient and effective manner.

Compliance & Continuous Improvement

- **All BPS supply chain participants must comply with this Code of Ethics and the laws of Canada and Ontario.** Participants should continuously work to improve supply chain policies and procedures, to improve supply chain knowledge and skill levels, and to share leading practices.

New Mandatory Requirements



The BPS Procurement Directive and the BPS Expenses Directive introduced new mandatory requirements related to:

- competitive acquisition of consulting services regardless of dollar value
- the approval authority framework related to consulting services
- effective management of BPS contracts
- payment for meals and incidental expenses to contractors is not allowed
- per diem expense claims no longer permitted. Receipts required and daily maximum is based on Treasury Board of Canada Meal Allowances (Appendix C, Section 1.2)
- mileage 55c/Km

Changes regarding “consultants”



The Expenses Directive sets out 8 requirements that must be included in the expense rules for an organization.

One of the requirements covers the procurement rules for consultants and contractors:

**Reimbursement of meal and incidental expenses
for consultants and contractors is prohibited**

The BPS Procurement Directive established a definition of, and signing authority approval matrix for “consulting service providers.”

Procurement Thresholds



Goods, Non-Consulting Services and Construction	
Total Procurement Value (exclusive of taxes)	Means of Procurement
Under \$5,000	P-Card or PO with single quote
\$5,000 to \$9,999.99	PO with single quote
\$10,000 to \$99,999.99	PO resulting from invitational competition (3 quotes minimum) or open competitive process
\$100,000 or more	Open competitive process (RFx)
Consulting Services Providers (CSP)	
Total Procurement Value (exclusive of taxes)	Means of Procurement
\$0 to \$99,999.99	Invitational (3 quotes minimum) or open competitive process
\$100,000 or more	Open competitive process (RFx)

Service Providers: Definitions



Consulting Service Provider (CSP)

"Consultant" means 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" means the provision of expertise or strategic advice that is presented for consideration and decision-making.

Non-Consulting Service Provider (NCSP)

A "Non-consulting Service Provider" is an individual/company who contracts to provide services, other than consulting services to another individual or business. Examples may include "consultants" such as property brokers, head hunters or trainers.

Employee

An "employee" is typically on payroll, with deductions made at source. An individual may be hired on a full or part time, temporary or permanent basis. The organization reserves the right of direction and control over the employee's actions, has the power to dismiss the individual and provides the tools and equipment for the job.

Non-Competitive Procurement



Non-Competitive Procurement - Sole/Single Sourcing

- Requesters must complete a [P0001 form](#) to justify any non-competitive procurement of goods or non-consulting services valued at more than \$10,000 before taxes;
- The BPS Procurement Directive mandates that authorization of non-competitive procurements be obtained one level higher than that required for a competitive procurement of the same dollar value;

P0001	– sole/single sourcing – Goods & Services
P0001C	– sole/single sourcing – Consulting Services
P0001H	– request to use high bidder (follows normal approval levels)
P0001PPS	– sole/single sourcing – Construction & Renovation

- Only the options listed on page 2 of the form are eligible for exemption from competitive procurement, these are set by the Federal Agreement on Internal Trade (AIT). The written justification should clearly fit with the option selected!

Non-Competitive Procurement



<u>Sole Source</u>	<u>Single Source/Emergency</u>
<p>Where only one supplier is able to meet the requirements of a procurement, Organizations may conduct non-competitive procurement in the circumstances listed below (also known as sole source situations) provided that they do not do so for the purposes of avoiding competition between suppliers or in order to discriminate against suppliers:</p> <ul style="list-style-type: none"> <input type="checkbox"/> To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative; <input type="checkbox"/> Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists; <input type="checkbox"/> For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly; <input type="checkbox"/> For the purchase of goods on a commodity market; <input type="checkbox"/> For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor; <input type="checkbox"/> For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work; <input type="checkbox"/> For a contract to be awarded to the winner of a design contest; <input type="checkbox"/> For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases; <input type="checkbox"/> For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases; <input type="checkbox"/> For the procurement of original works of art; <input type="checkbox"/> For the procurement of subscriptions to newspapers, magazines or other periodicals; and <input type="checkbox"/> For the procurement of real property. 	<p>Organizations may conduct non-competitive procurement in the circumstances listed below (also known as single source situations); provided that they do not do so for the purposes of avoiding competition between suppliers or in order to discriminate against suppliers.</p> <p>EMERGENCY</p> <ul style="list-style-type: none"> <input type="checkbox"/> Where an unforeseeable situation of urgency exists and the goods or services cannot be obtained in time by means of open procurement procedures; Failure to plan and allow sufficient time for a competitive procurement process does not constitute an unforeseeable situation of urgency. <p>SINGLE SOURCE</p> <ul style="list-style-type: none"> <input type="checkbox"/> Where goods or services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest; <input type="checkbox"/> Where a contract is to be awarded under a cooperation agreement that is financed, in whole or in part, by an international cooperation organization, only to the extent that the agreement between the entity and the organization includes rules for awarding contracts that differ from the obligations set out in the Directive; <input type="checkbox"/> Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt, compound and pre-mixed concrete for use in the construction or repair of roads; <input type="checkbox"/> Where compliance with the open tendering provisions set out in the Directive would interfere with the entities' ability to maintain security or order or to protect human, animal or plant life or health; and <input type="checkbox"/> In the absence of a receipt of any bids in response to a call for proposals or tenders made in accordance with the Directive.

Open Competitive Procurement (RFx)



Request For Proposal (RFP)

- Procurement take lead if >\$100K – Open (electronic) advertising
- Department can run invitational RFP if <\$100K but should seek assistance from SPS;
- Formal process and template available from SPS.

Request For Quote (RFQ)

- Procurement take lead if >\$100K – Open (electronic) advertising
- Department can run invitational RFQ if <\$100K but should seek assistance from SPS;
- Formal process and template available from SPS.
- Less formal as value decreases.

Request For Supplier Qualifications (RFSQ)

- An RFSQ is issued when we want to set up a number of suppliers on a “**preferred supplier list**”. This process must be facilitated by SPS.

Collaborative Procurement Agreements

- Procurement will tender certain goods and services on behalf of other Ontario Higher Education Institutions or utilise existing OEM or MGS agreements that are open to BPS Organizations.

How may we help you today?



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