



Procurement Policy	
Effective Date/ Date d'entrée en vigueur	January 1, 2006
Purpose/ Objetif	To ensure that Council receives the best value for money spent and operates with an open and transparent procurement process.
Scope / Portée	Canada Council for the Arts
Responsibility/ Responsabilité	Finance and Administration
Foremost File No./ No du dossier Foremost	110103-3-5

Procurement Policy

Objectives

To ensure that all goods and/or services purchased by the Canada Council for the Arts provide the best value for money spent;

To ensure and to provide an open and transparent procurement process;

To promote and maintain the integrity of the purchasing process and protect Council, employees involved in the process and suppliers, by providing clear direction and accountability;

Definitions

Call-up document: a document that activates the standing offer between the supplier and the Canada Council.

Centralized purchasing: refers to sections having the overall Council budget for purchasing specific goods and/or services (such as office supplies, general printing, all computer related purchases, translation services, etc.).

Contract: An agreement, intended to give rise to legal obligations, entered into between two or more parties to do or abstain from doing something. This definition includes all signed agreements with individuals, governments and corporate suppliers of goods and/or services.

Decentralized purchasing: devolves the responsibility for acquiring certain goods and/or services to individual sections having the budget to make such purchases (such as professional consulting services, insurance, employee training, etc.).

Delegation of Authority: means the delegated authorities approved by the Board in the **Delegation of Authority Policy – 110103-3-3**.

Emergency purchase: a purchase made in a crisis situation where immediate action is required to prevent loss of life, property or to minimize a negative impact on Council's operations (such as business continuity expenses).

Employee-employer relationship: This relationship exists when the contracting authority (the Council) has the right to control the on-going day-to-day activities of the individual who performs the services, not only as to the result to be accomplished by the work, but also as to the details and means by which that result is accomplished (employment contract).

Goods: physical product capable of being delivered to purchaser and involves the transfer of ownership from seller to customer.

Letter of Agreement: a form of contract between two or more persons to purchase or sell a good and/or service.

MOU: a Memorandum of Understanding is a form of *contract* that is used primarily by government departments as a means to enter into a contractual agreement with another party.

No employee-employer relationship: This relationship exists when the individual or corporation is retained to achieve a prescribed objective with no on-going day-to-day supervision by the contracting authority (the Council) (professional services contract).

Preferred suppliers: a predetermined list of suppliers that offer a particular good or service at pre-arranged prices, under set terms and conditions, when and if required. Purchases of that good or service can be made from any one of the listed suppliers and there is no actual obligation by either party until there is a call-up against the offer.

POPS: Council's financial Purchase Order and Payments System that is used to process payments for goods and/or services.

Professional Consulting Services: services of a person or a firm who make it a business of giving professional advice to the public.

Purchase order: a document used to request goods from a supplier.

RFP: a Request for Proposal is a document that sets out the general specifications for a good and/or service that is required and asks for a formal written request for price submissions from several suppliers.

Single sourcing: the purchase of goods and/or services from a supplier without making competitive sourcing enquiries when a number of qualified suppliers are known to exist.

Services: work that by its nature can be performed by persons or firms with specialized skills and knowledge. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Service requisition: a document used to request services (except consulting services) from a supplier.

Sole sourcing: the purchase of goods and/or services when only one supplier is known to exist.

Standing offer: an offer from a potential supplier to provide goods and/or services at pre-arranged prices, under set terms and conditions, when and if required. There is no actual obligation by either party until there is a call-up against the standing offer.

Supplier: individual or organization providing a good and/or service.

Policy

1. Responsibility

- the Finance Section is responsible for monitoring compliance with and administering this policy;
- questions about this policy should be directed to either the Processing Control Administrator (4110) or the Finance Officer (4045); and
- employee-employer relationships are the responsibility of Human Resources and guidance should be sought from the Section Head, Human Resources on these types of relationships.

2. Approval

- all purchases of goods and/or services must be approved by delegated authorities in accordance with Council's delegation of authority policy.

3. Conflict of Interest

- staff members must disclose the full details to their Division Director, of any material conflict of interest between them and a supplier or potential supplier which could impair their ability to render unbiased advice, or make unbiased decisions affecting the procurement of goods and/or services;
- it is expected that no staff member shall make any personal gain, financial or otherwise, from her / his position at Council;
- no staff member shall accept a gift or gratuity or other personal favour from a supplier with whom the affected person deals in the course of the performance of her / his duties and responsibilities for the Council. However, associating with suppliers at meetings or during meals is acceptable provided the staff member keeps her / himself free of any obligations;
- in exceptional circumstances where accepting a gift or gratuity or other personal favour may be appropriate, the value of the gift must be no greater than \$100.00 and approval must be obtained from either the Section Head or Division Director; and
- staff must follow Council's conflict of interest guidelines.

4. Ethics

- Staff members procuring goods and/or services must deal with suppliers and potential suppliers in an ethical manner using the following guidelines:
 - do not reveal confidential price or bidding information to competing suppliers;
 - do not accept bribes and/or kickbacks from suppliers or potential suppliers;
 - the procurement process, including RFP's, must be seen by suppliers and potential suppliers as open, honest and transparent
 - accepting gifts is never appropriate during the RFP process; and
 - do not send an RFP to a potential supplier when a supplier has already been selected;

5. Centralized Purchasing

- to facilitate the procurement process, and to exercise certain expertise and control, major purchasing activities have been centralized in the following areas. The list of goods and/or services is provided for illustrative purposes only and is not meant to be all inclusive.
 - **Administrative Services**, for goods and/or services that include: office supplies and equipment, office equipment repairs, general printing services, postage and courier, travel services, corporate credit cards and all goods and/or services related to Council's leased office space;
 - **Information Services (IMS)**, for goods and/or services that include: all related telephone and cellular services, all computer related goods and/or services (such as equipment, software licenses, hardware and software maintenance agreements) and internet access;
 - **Communications**, for goods and/or services that include: translation services, editing and proofreading services, general advertising, design and printing of specialized communication documents (such as the newsletter, communications materials, business cards, the annual report, media monitoring and specialized research requirements);
 - **Art Bank**; for purchases that are directly related to the Art Bank's activities;
 - **Human Resources**; for goods and/or services that include: advertising for job competitions, relocation costs, employee training and employee benefits;
 - **Finance**; for goods and/or services that include: insurance, banking services and investment management services; and
 - **Reference and Documentation Centre (RDC)**; for goods and/or services that include: books, periodicals, magazines and subscriptions.
- any purchases of goods or services that are the responsibility of a centralized purchasing section must be coordinated with that section.

6. Procurement Mechanisms

- the following procurement mechanisms propose a number of options for Council that provide the necessary flexibility to handle various procurement scenarios. **The amounts shown include all applicable taxes.**
 - Small Order Purchases, up to \$3,000;
 - Quotation Purchases, from \$3,001 to \$25,000;
 - RFP Purchases, above \$25,000;
 - Standing Offer Purchases;
 - Emergency Purchases; and
 - Petty Cash
- **Exception:** for certain centralized purchasing sections, the use of standing offer purchases is appropriate for goods and/or services that are procured on a regular basis, where there are several sources of supply and the purchase is low risk or where there is an established relationship with a cost effective, proven record of success.

6.1. Small Order Purchases

- delegated authorities with the budget and the budget responsibility are authorized to make small order purchases of goods and/or services up to an amount of \$3,000.00

- from such supplier and upon such terms and conditions considered appropriate. Small order purchases can be completed in the form of a POPS non purchase order;
- multiple small order purchases from the same supplier to avoid a quotation purchase is prohibited.

6.2 Quotation Purchases

6.2.1 Purchase of goods and/or services from \$3,001 to \$15,000

delegated authorities with the budget and the budget responsibility are authorized to purchase goods and/or services from \$3,001 to \$15,000 from such supplier and upon such terms and conditions considered appropriate **subject to** first obtaining and documenting a minimum of three telephone quotations, with a written confirmation from the selected supplier filed in Foremost;

- a purchase order must be prepared and approved in accordance with Council's delegation of authority for the purchase of goods, the selected supplier's written confirmation must be attached to the purchase order;
- all goods must be received and the packing slip must be matched against the purchase order before a payment is processed;
- back orders must be tracked and only paid for when received.
- a service requisition must be prepared and approved in accordance with Council's delegation of authority for the purchase of services, other than professional consulting services, and the selected supplier's written confirmation must be attached to the service requisition;
- payment of invoices for services rendered should only be processed once that portion of the services are completed to the satisfaction of the responsible section.
- for professional consulting services a short form contract must be prepared (see template in **Procurement Policy – Related Forms**), entered into POPS and a draft copy filed in Foremost as a professional services contract;
- if any or all of the following criteria exist, the consultant may be considered to be in an employee – employer relationship. Criteria: the consultant is provided with office space; has regular, scheduled hours of work; is supplied with work equipment; or supervises Council staff. If an employee – employer relationship is suspected, the delegated authority must contact Human Resources and seek clarification and approval to proceed from the Head of Human Resources;
- individuals or firms with a professional services contract are not considered to be employees. They cannot participate in employee events and meetings, represent Council at public events or be listed on telephone directories, the intranet and internet;
- the contracts and agreements, whether prepared by Council or by other parties, must be signed by Council in accordance with the Delegation of Authority and by all other parties to the contract **prior to** the start date of the contract. A final, signed copy of the contract must be filed in Foremost and released in POPS before a payment can be processed against that contract;
- contract extensions must be approved by the Head of Finance. The use of contract extensions in order to avoid issuing an RFP for the original contract will not be accepted;
- **In exceptional circumstances:** single or sole sourcing is permitted **only** for professional consulting services with a value of \$25,000 or less (fees, expenses and applicable taxes combined) where the Section has both the budget and the budget responsibility for such a purchase. A detailed rationale for single or sole sourcing must be prepared and filed with the contract in Foremost. Any single or sole sourced contracts **will not** be renewed or extended within the same fiscal year.

6.2.2 Purchase of goods and/or services from \$15,001 to \$25,000

delegated authorities with the budget and the budget responsibility are authorized to purchase goods and/or services from \$15,001 to \$25,000 from such supplier and upon such terms and conditions considered appropriate **subject to** first obtaining a minimum of three written responses to a request for information from various suppliers and providing a written evaluation filed in Foremost and rationale for selecting the successful supplier. The evaluation and rationale should be based upon such factors as: ability to meet the requirements of the request, price, references, financial stability and ability to provide services in both official languages;

- a purchase order must be prepared and approved in accordance with Council's delegation of authority for the purchase of goods, the supplier's written quotations and the rationale for selecting the successful supplier must be attached to the purchase order;
- all goods must be received and the packing slip must be matched against the purchase order before a payment is processed;
- back orders must be tracked and only paid for when received.
- a service requisition must be prepared and approved in accordance with Council's delegation of authority for the purchase of services, other than professional consulting services, and the supplier's written quotations and the rationale for selecting the successful supplier must be attached to the service requisition;
- payment of invoices for services rendered should only be processed once that portion of the services are completed to the satisfaction of the responsible section.
- for professional consulting services a long form contract must be prepared (see template in **Procurement Policy – Related Forms**), entered into POPS and a draft copy filed in Foremost as a professional services contract;
- if any or all of the following criteria exist, the consultant may be considered to be in an employee – employer relationship. Criteria: the consultant is provided with office space; has regular, scheduled hours of work; is supplied with work equipment; or supervises Council staff. If an employee – employer relationship is suspected, the delegated authority must contact Human Resources and seek clarification and approval to proceed from the Head of Human Resources;
- individuals or firms with a professional services contract are not considered to be employees. They cannot participate in employee events and meetings, represent Council at public events or be listed on telephone directories, the intranet and internet;
- the contracts and agreements, whether prepared by Council or by third parties, must be signed by Council in accordance with the Delegation of Authority and by all other parties to the contract **prior to** the start date of the contract. A final, signed copy of the contract must be filed in Foremost and released in POPS before a payment can be processed against that contract;
- contract extensions must be approved by the Head of Finance. The use of contract extensions in order to avoid issuing an RFP for the original contract will not be accepted;
- **In exceptional circumstances:** single or sole sourcing is permitted **only** for professional consulting services with a value of \$25,000 or less (fees, expenses and applicable taxes combined) where the Section has both the budget and the budget responsibility for such a purchase. A detailed rationale for single or sole sourcing must be prepared and filed with the contract in Foremost. Any single or sole sourced contracts will not be renewed or extended in the same fiscal year.

6.3 RFP Purchases

- a formal RFP process to solicit quotations in response to written terms of reference is required for the purchase of goods and/or services valued at greater than \$25,000;
- the RFP must be sent to at least four suppliers;
- if there are less than four suppliers receiving an RFP, then a written rationale must be provided;
- a purchase of goods and/or services valued at greater than \$25,000 can be single or sole sourced only in the most exceptional circumstances when one of the two following exceptions exists:
 - the nature of the work is such that it would not be in the public interest to solicit bids; and
 - only one individual or corporation is capable of performing the project.
- a detailed, written rationale for single or sole sourcing must be provided to, and prior approval obtained from Finance and Administration. The rationale must include why the chosen supplier is the best or only candidate and what efforts were made to locate other suppliers of the good and/or service across Canada. The rationale must be filed in Foremost and available for future reference.
- The RFP document shall be developed for the suppliers by the respective Section (using the template in **Procurement Policy – Related Forms**), with support and input from the Finance Section. In the preparation of an RFP the Section must ensure that, as a minimum, the RFP includes the following sections:
 - General information regarding the Canada Council;
 - Terms and conditions of the RFP;
 - Format of the proposal and criteria for the evaluation of proposals;
 - Payment terms;
 - Specifications of the good and/or service required;
 - Appendix A - Proposal format (sections A – D are mandatory)
 - Requirement for an authorized signature that binds the supplier to the terms of the RFP.
- suppliers not in receipt of an RFP can request a copy and submit a proposal;
- a scoring matrix is to be developed by the initiating section and:
 - must be established prior to releasing any of the RFP's to prospective bidders;
 - is based upon the specifications and supplier criteria that are deemed to be important; and
 - should be out of 100 with more weight being given to those specifications having a higher importance;
- administrative details concerning the processing of sealed responses to the RFP are:
 - all RFP's are to follow the RFP procedures in **Procurement Procedures**;
 - all RFP's are to be received by the mail room on the 12th floor, 350 Albert Street, Ottawa, Ontario where the date and time received will be recorded;
 - all RFP's will close at 03:00 PM on the date specified in the RFP;
 - all responses will be opened as soon as possible after the time and date specified in the RFP and in the presence of the delegated authority and one other person;
- after the opening of RFP's, members of the Evaluation Committee shall review the documentation individually and score all RFP's using the prescribed scoring matrix. The Committee is then convened to review and discuss all the scores. All members of the Evaluation Committee must sign off on the scoring matrix;
 - the highest scored RFP response should be the one that is accepted. However, the highest scored response may not necessarily be the lowest price as the

- evaluation (both qualitative criteria and price) should be weighted, according to the requirements of the project;
- Once a supplier has been selected, all documents related to the RFP must be filed in Foremost.

6.4 Standing Offer Purchases

- the use of standing offer purchases is restricted to Centralized Purchasing Sections. Other sections considering a standing offer purchase must coordinate the purchase with the appropriate Centralized Purchasing Section;
- a standing offer purchase is appropriate when:
 - a competitive process is used to establish the standing offer and this process provides the best value for Council;
 - at least four (4) suppliers offer the range of goods and/or services being considered;
 - Council repetitively orders the same range of goods and/or services from various suppliers and the actual demand (quantity and delivery date) is not known in advance;
 - Council orders standard goods and/or services and the goods and/or services are well defined;
 - a pricing basis or prearranged prices and terms and conditions can be established at the outset and there is no need or intention to negotiate at the time of call-up; and
 - the goods and/or services are readily available and are ordered as-and-when the requirement arises.
- to establish an initial standing offer with a supplier, the Centralized Purchasing Section must perform due diligence by obtaining an expression of interest from the supplier that includes, but is not limited to, the following information: the number of years the supplier has been in business, the financial stability of the supplier, the ability of the supplier to provide the goods and/or services and the supplier's references;
- a standing offer for goods and/or services with a supplier should be updated at a minimum of every two years and generally should include the following information;
 - the period to be covered (not to exceed two years);
 - cancellation / termination clause(s);
 - goods and/or services and categories of goods and/or services to be included;
 - maximum quantities (if applicable)
 - prices and/or pricing arrangements and delivery instructions;
 - standing offer authority;
 - conflict of interest;
 - supplier warranty;
 - terms, billing and payment arrangements
 - statement of work.
- goods and/or services covered under a standing offer are ordered using a properly approved call-up document
- a call-up document must be completed for each call-up against the standing offer purchase;
- the standing offer must be considered for the following purchases:
 - translation services;
 - editing and proofreading services;

- design and printing of specialized communication documents;
- hardware and software maintenance contracts;
- office equipment and supplies.

6.5 Emergency Purchases

- emergency purchases can only be made by the Business Continuity Planning (BCP) Committee in very exceptional circumstances;
- emergency purchases can bypass the limits established in sections 6.2 and 6.3 of this policy;
- an emergency purchase can be made in the following, emergency situations:
 - immediate action is required to prevent loss of life;
 - immediate action is required to prevent loss of property; and
 - purchases are required in order to minimize the negative impact of a failure of a critical good or service affecting Council's operations;
- for each emergency good or service required either a purchase order (for goods) or a service requisition (for services) is prepared and approved by either a member of Executive Management or the BCP Recovery Executive;

6.6 Credit Card Purchases

6.6.1 Individual credit cards

- corporate credit cards are provided to employees who have a requirement to travel on Council business;
- the employee is responsible for all charges (business and personal) charged to the individual corporate credit card;
- expenses incurred while travelling on Council business must follow the guidelines set out in the **Travel Policy – 110103-3-4**;

6.6.2 Centralized credit card accounts

The Council has two types of corporate accounts:

- a centralized corporate billing account with Council's travel agent that is used to charge the purchase of transportation expenses in accordance with the **Travel Policy – 110103-3-4**; and
- certain employees have been given access to a centralized credit card account available for the purchase of non-travel related goods and/or services;
- employees with access to the centralized credit card must:
 - use the corporate credit card for business purchases;
 - retain receipts and attach them to the monthly credit card statement sent to them by Finance; and
 - ensure that the delegated authority or Division Director approves the expense and its distribution in the general ledger.

6.7 Petty Cash

- For those sections with a petty cash, payments for goods purchased cannot exceed \$100.00 and receipts must be approved by the appropriate delegated authority;
- Services cannot be purchased using petty cash;
- Petty cash must be reimbursed at least once per month when the balance due is at least \$50.00.

7. Other Items

7.1 Contract Splitting

- Procurement of goods and/or services must not be split in order to avoid the requirements of section 6, procurement mechanisms.

7.2 Intellectual Property

- Procurement of goods and/or services must make clear to potential suppliers the ownership of any intellectual property rights as determined by the section requesting the purchase.

7.3 Former Canada Council Employees

- Procurement of goods and/or services where former Canada Council employees are the potential supplier must be reviewed and approved by Human Resources to ensure that Council's employment policies and practices are being followed and, in the case of retired employees receiving a pension, the proper compensation requirements under the Public Service Superannuation Act are being followed and respected before proceeding with any contracts.