

# THE AGENCY FOR CO-OPERATIVE HOUSING

## POLICY MANUAL

**DATE ISSUED:**

November 2020

**NUMBER:**

3.3.1

**REPLACING ISSUE OF:**

November 2018

**CROSS REFERENCE:**

1.4.1 Signing Authority for Contracts, 1.4.2: Ethical Conduct, 1.4.4: Sustainability, 3.2.1: Financial Accountability, 3.3.2: Outsourcing, 3.3.3: Selection, Contracting and Performance Standards for Out-Partners, 3.6 Information Security

**REVIEW CYCLE:**

2 years

**AUTHORITY:**

Board of Directors

**DUE FOR NEXT REVIEW:**

November 2022

**SUBJECT:**

Procurement

### **1. Introduction**

- 1.1 This policy sets out the Agency's rules for the procurement of goods and services.
- 1.2 The Agency follows procurement processes that satisfy its operational requirements and provide best value. The processes must be honest, fair, transparent, competitive, efficient and accountable. As far as practicable, they must be socially and environmentally responsible and provide for open access to all qualified vendors.
- 1.3 All of the Agency's procurement activities must withstand the test of public scrutiny and conform to the terms of its policies on ethical conduct, sustainability, financial accountability, information security and outsourcing.
- 1.4 Procurement across the entire Agency is the responsibility of the Director, Corporate Services who develops appropriate procurement procedures.

### **2. Application**

- 2.1 The Procurement Policy applies to all Agency staff who carry out procurement tasks and to any others who may conduct procurement activities on the Agency's behalf.

- 2.2 This policy applies to the procurement of all goods and services, whether by purchase, lease or rental, including outsourced services. For the purposes of this policy, all such acquisitions are referred to as “procurements” or “purchases.”
- 2.3 This policy is not concerned with the hiring of staff, which the Agency’s human resources policies address.
- 2.4 The Director, Corporate Services or their designate guides and advises staff and others as they carry out such procurement tasks as developing procurement strategies, identifying vendors and seeking bids, evaluating vendor responses, negotiating contracts and monitoring vendor performance.

### **3. Definitions**

Within this policy, the following definitions apply:

**(a) Goods**

“Goods” are one or more objects, devices or materials that the Agency may buy or otherwise acquire. The cost of goods includes the cost of delivering and installing them.

**(b) Disbursements**

“Disbursements” are expenses incurred by a contractor in fulfilling a service contract that are chargeable to the Agency, in addition to the contractor’s fee.

**(c) Services**

“Services” are one or more activities performed for the benefit of the Agency outside of an employer-employee relationship.

**(d) Sole-Source Procurement**

“Sole-source procurement” occurs when only one supplier can meet a particular requirement.

**(e) Single-Source Procurement**

“Single-source procurement” occurs when, instead of following a competitive process, the Agency approaches only one supplier to fulfil a requirement, from among more than one available vendor.

**(f) Standing Offer**

A “standing offer” means an agreement with a supplier to purchase goods or services at specified pricing, terms and conditions on more than one occasion, usually over an extended period of time.

**4. Competitive Procurement**

For material procurements, the Agency normally seeks to obtain best value through solicitation of binding offers for goods and services from multiple suppliers at the same time. The Agency can undertake a competitive procurement process in the following ways:

- **simple price comparison**—comparing the price at which the required goods or services are available from two or more suppliers to identify the best value;
- **invitational tendering**—inviting bids from a select group of at least two qualified suppliers;
- **public tendering**—inviting bids through a public process, such as a request for proposals posted on a publicly accessible electronic tendering site;
- **solicitation of standing offers**—inviting bids through either an invitational or a public tendering process for the provision of certain goods and services where delivery is required over a longer period of time, with the objective of securing them at a pre-determined price and on specified terms and conditions.

**5. Choice of Procurement Method**

5.1 Except as set out in paragraph 5.3 and articles 6 and 8, the Agency refers to the following thresholds in determining which procurement method to use.

**(a) Procurement up to \$20,000**

Unless the goods or services are available under an existing standing offer, the Agency normally makes material purchases of goods or services costing \$20,000 or less, exclusive of recoverable taxes and, in the case of services, exclusive of disbursements, using the simple price-comparison method to determine which supplier offers the lowest price for goods or services of the same quality. Single-sourcing is permitted, if reasonable in the circumstances and provided the Agency gets good value.

**(b) Procurement over \$20,000**

- i. For purchases of over \$20,000, the Agency normally uses the invitational or public tender or standing offer method of procurement.

- ii. With the Chief Executive Officer's approval, and where only one supplier can meet a particular requirement, sole-source procurement of goods or services costing over \$20,000 is permitted. Agency staff must document the circumstances to explain the absence of competition.
- iii. With the CEO's approval, and where circumstances warrant, single-source procurement of goods or services costing more than \$20,000 but not more than \$25,000 is permitted. Such circumstances would include extending an existing hourly-rate contract to allow a supplier to complete the service for which it was originally retained or amending a contract to address a need not reasonably foreseeable when the procurement was entered into. The rationale for any such single-source procurement must be documented for the CEO.
- iv. With the Board of Director's approval, and where circumstances warrant, single-source procurement for a purchase of over \$25,000 is permitted. The rationale must be documented for the Board.
- v. The Agency may avail itself of CMHC or Government of Canada standing offers with suppliers, provided the offers meet all the criteria necessary to comply with this policy.

## **5.2 Contract Splitting**

Contract splitting, or the practice of unnecessarily dividing a requirement to be filled by a single supplier into a number of smaller contracts with the same supplier in order to avoid the competitive procurement rules of this policy, is not permitted.

## **5.3 Emergency Procurement**

In a pressing emergency, and with the approval of the CEO or their designate, Agency personnel may use single-sourcing, but must document the circumstances in the purchase records.

## **6. Professional Services**

Management normally selects the Agency's legal counsel; however, the Board of Directors reserves the right to do so in special circumstances. Because of the important role played by an organization's lawyers as trusted professional advisors, a competitive selection process is not required.

- 6.1 The Agency's sole member, the Co-operative Housing Federation of Canada, has the exclusive authority to appoint the auditor of the Agency's financial statements and, in doing so, is not bound by the procurement rules set out in this policy.

**7. Information Technology Hardware and Software**

- 7.1 Where the manufacturer of a specific hardware or software product or service sets a fixed retail price for that product for all purchasers, or all members of a class of purchasers, without reference to the retailer they deal with, the Agency may purchase the product or service after due consideration of its needs and without conducting a competitive procurement process.
- 7.2 Where the former is not the case and the Agency elects to purchase the product through its provider of information-technology management services, the service provider will need to demonstrate that it has acquired the product for the Agency through a competitive process.

**8. Exclusive-Supplier Contracts**

Exclusive-supplier contracts are permitted when the Agency expects to benefit from volume discounts for its aggregate needs or from the convenience of acquiring goods and services from one reliable supplier, provided a competitive process was initially followed to choose the supplier.

**9. Buying Groups**

Because the viability of group-buying programs is only assured where those programs offer best value and follow transparent and accountable procurement processes, the requirements of this policy respecting competitive procurement will be deemed to have been met where the Agency elects to acquire particular goods or services through a buying group of which it is a member, including any sponsored by the Co-operative Housing Federation of Canada and the Co-operative Housing Association of Eastern Ontario.

**10. Environmentally and Socially Responsible Procurement**

The Agency fully supports the principles of sustainable development and is dedicated to integrating sound environmental and socially responsible practices into its procurement activities.

To this end, wherever practicable, the Agency will give preference in its procurement practices to goods that are

- certified green;
- made from recycled materials;
- energy-efficient;
- recyclable;
- non-toxic;

- packaged minimally;
- not made from single-use plastic;
- without unnecessary plastic components;
- listed on the [EPEAT Registry](#) of the Green Electronic Council, where applicable;
- sourced locally;
- returnable to the supplier, in whole or in part, at the end of their life cycle;
- sourced from a co-operative or other form of enterprise having a social or environmental mission.

## **11. Rights to Intellectual Property**

- 11.1 Whenever intellectual property is created through procured services, the Agency normally owns the rights to it and stipulates in its solicitation documents its intention to retain these rights. An exception to this practice may be needed when a supplier agrees to adapt material in which it holds the intellectual property in order to create a distinct product for the Agency's internal use.
- 11.2 "Intellectual Property" includes patents, trademarks, copyrights, industrial designs and trade secrets, whether in publications, videos, software and electronic information, training materials, research reports or general information about the Agency's programs.

## **12. The Procurement Process**

The process followed in procuring goods or services varies depending on the value of the procurement and the procurement method chosen. The steps set out below serve as a general guide for all material procurements undertaken by the Agency, including outsourcing.

### **(a) Planning**

Before purchasing, the Agency clarifies what product or service it requires, the quantity needed and the required delivery date or dates. Planning includes arranging spending approval in advance of the procurement, choosing the procurement method, and setting all selection criteria.

As appropriate, before proceeding with the acquisition of a major capital asset or undertaking the development of a major information-system project, the Agency will carry out a cost-benefit analysis. The Agency's analysis will follow accepted best practices for such studies, as reflected in guidelines on the subject issued by the Treasury Board of Canada or another reputable authority.

**(b) Statement of Work or Goods**

A statement of work or goods is drawn up describing in detail what the Agency requires from the supplier. Where an RFP is issued or where the order of work or goods is adequately detailed in the supplier's quote or the Agency's short-form agreement, a separate statement of work is not required.

**(c) Request for Proposals**

- i. The Agency prepares and issues a request for proposals (RFP), as appropriate, according to the type of procurement selected.
- ii. The RFP is prepared using the Agency's standard RFP template, with any modifications that may be necessary in the circumstances.
- iii. The RFP is posted on the Agency's website and an appropriate electronic public-tendering system, such as MERX.
- iv. The RFP must specify a closing date for the submission of proposals that is no earlier than 15 days following the posting of the RFP.
- v. In order to test the market response, the RFP may stipulate that interested vendors must submit an expression of interest by an earlier date.
- vi. Where interest in the RFP is strong, the Agency may prequalify interested vendors, for instance, by asking them to submit a statement of qualifications.
- vii. The RFP must require bidders to describe briefly how their business policies and practices are consistent with the principles of sustainability.
- viii. RFPs for services must stipulate that the Agency will consider proposals from bidders resident anywhere in Canada who can provide the required services effectively on competitive terms.
- ix. The RFP sets out the vendor-selection criteria. For all procurements with an estimated value of over \$25,000, the Agency will offer unsuccessful bidders an opportunity for a debriefing on the Agency's evaluation process and choice of vendor. Among other considerations, the debriefing will address the vendor's sustainability practices.

**(d) Standing Offers**

From time to time, the Agency solicits bids for standing offers. This process is used when the goods or service will be needed repeatedly and cannot be supplied internally. The solicitation process normally follows the process described above for RFPs.

**(e) Payment Options**

The Agency must state clearly the method, timing and amount of payments due to the supplier before signing the contract or making the purchase.

**(f) Contract Award**

Selection criteria set at the planning stage should guide the selection of the winning proposal. Both in simple-price comparison purchasing and in formal tendering processes, it is not always appropriate to choose the lowest bid or price, since the underlying objective is best value for money.

**(g) Contract Management**

Normally, the staff member responsible for conducting the procurement manages the contract with the help of the Director, Corporate Services or their designate.

**(h) Evaluating and Reporting**

Agency staff members are encouraged to document any observations about the quality of the goods or service obtained, and any communications with the supplier in this regard, to help with future decisions about using the same supplier.

**(i) Amending Contracts**

- i. Any amendment to an executed contract that would increase the total value to more than \$20,000, not including HST and, for contracts for services, disbursements, or would extend the term by more than six months, requires the advance approval of the CEO. All other amendments to executed contracts require the approval of the Director, Corporate Services .
- ii. Contract amendments will not be approved in the following circumstances:
  - The amendment would change the value of a fixed-price contract without any change to either the goods or services delivered or to the delivery date.
  - The amendment would change the delivery date for a fixed-price contract where the date is being changed for any reason other than delays on the Agency's part.
  - The amendment would increase the value of an hourly-rate contract to more than \$20,000 without any change in the contracted services.
- iii. An hourly-rate contract that has reached the end of its term may be extended if the upset-limit for fees billed has not been reached.



**13. Credit Card**

The Agency may provide an authorized credit card to employees who purchase goods and services for the Agency. Agency credit cards are intended to facilitate necessary spending within approved budget limits, in place of excessive use of cash advances or petty cash (e.g., for travel and meeting costs). Agency credit cards will not be made available other than to employees.

**14. Relationship to Contractors**

The Agency must avoid creating through its procurement activities employee-employer relationships with contractors. If, substantively, the relationship with the supplier would be seen by a court of law or government authority as an employee-employer relationship, the Agency may not retain the supplier as an independent contractor.

**15. Resolution of Disputes**

As part of all formal requests for proposals, the Agency outlines procedures for resolving disputes in a timely and cost-effective manner. The CEO reviews any written supplier complaint about the awarding or management of a contract for goods or services. The CEO may decide to investigate the complaint or to propose that a mutually acceptable third party meet with the disputant and an Agency representative to resolve the dispute.