

 Rainy River District Social Services Administration Board	<b>SECTION:</b> Finance
	<b>POLICY TITLE:</b> Procurement
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## 1. Purpose

- 1.1. The Rainy River District Social Services Administration Board (RRDSSAB) has been entrusted with public funds to manage and deliver services to a prescribed area. RRDSSAB must establish controls, therefore, to ensure correct use of its resources, including processes for the purchase of supplies and services, while ensuring a public and open process for the providers of such supplies and services.

## 2. Goals & Objectives

- 2.1. In seeking the best value when purchasing goods or contracting services for the RRDSSAB, decisions are made using a competitive process which is open, transparent and fair. The Board and management of the RRDSSAB bases its procurement policies and procedures on the concepts of effectiveness; objectivity; fairness; openness & transparency; accountability; and efficiency.

- 2.1.1. **Effectiveness:** The procurement process must achieve the intended results of delivering goods and services required to meet the RRDSSAB's needs.

- 2.1.2. **Objectivity:** Goods & services must be procured in a way which is not influenced by personal preferences, prejudices or interpretations.

- 2.1.3. **Fairness:** The policies and procedures must be applied equally to all bidders.

- 2.1.4. **Openness & Transparency:** Procurement must be undertaken within the context of legal considerations as to confidentiality and the protection of privacy. The process used to make decisions on procurement will be clear and disclosed as called for.

- 2.1.5. **Accountability:** The RRDSSAB is obligated to answer for procurement results and the way in which procurement responsibilities are delegated.

- 2.1.6. **Efficiency:** In order to determine efficiencies, the quality, cost and amount of goods & services procured is compared to the time, money & effort to procure them.

- 2.2. The Board and management of the RRDSSAB ensure that the following objectives are met when purchasing supplies and services:

- 2.2.1. To procure the required quality and quantity of supplies at the most reasonable end use cost to the Board; and

- 2.2.2. To encourage open and competitive bidding on all purchases.

### 3. Definitions

**3.1.** The words and phrases listed below, when used in this policy shall have the following meanings ascribed to them:

**“acceptable”** means meeting all requirements; satisfying a need, requirement or standard, as relates to the procurement of goods or services;

**“agreement or contract”** means a formal written legal agreement or contract for the supply of goods, services, equipment, or construction, including the terms and conditions;

**“approved invoice”** means an original supplier’s invoice issued at the time of purchase of low dollar goods and services that bears the signature of an appropriately authorized employee;

**“award, awarded, and awarding”** means authorization to proceed with the purchase of goods, services or construction from a chosen supplier;

**“best value”** means the optimal balance of performance & cost, determined in accordance with a pre-defined evaluation plan. Best value may reflect the overall life cycle of a given asset and delivery time;

**“bid deposit or bid bond”** means the form of security required by the terms and conditions of bid solicitation documentation to guarantee that the successful bidder enters into a contract with the RRDSSAB as required;

**“bidder’s list”** means a list of names & addresses of vendors from whom bids, proposals and quotations might be expected. The list, which is maintained by the Finance Department or designated program staff, includes vendors who have expressed interest in doing business with the RRDSSAB;

**“blanket purchase contract”** means any contract for the purchase of goods & services which will be required frequently or repetitively but where the exact quantity of goods & services required may not be precisely known, or the time period during which the goods & services are to be delivered may not be precisely determined;

**“certificate of clearance”** from the Workplace Safety & Insurance Board (WSIB) means a certificate issued by an authorized office of the WSIB certifying that the business, contractor or subcontractor is registered and has an account in good standing;

**“designate”** means an employee appointed to act in the capacity of CAO or Manager;

**“employee-employer relationship”** refers to the definition utilized by the Canada Revenue Agency;

**“expression of interest”** means a response to an advertisement or letter requesting responses from suitably qualified firms or individuals, usually by a set date and usually in response to an information package containing the terms of reference. The term is usually used in regards to the supply of professional services;

**“goods & services”** includes supplies, materials, equipment, and labour of every kind required to be used to carry out the operations of a department;

**“hold-back”** refers to an amount deducted from each progress payment to a vendor or contractor and held by the RRDSSAB per the Construction Lien Act as amended and/or until final inspection of the item purchased or the RRDSSAB deems the project complete;

**“in-house bids”** is a process that allows for a department to compete with external entities for procurement opportunities;

**“insurance documents”** means certified documents issued by an insurance company licensed to operate by the Government of Canada or the Province of Ontario certifying that the bidder is insured, in accordance with the RRDSSAB’s insurance requirements as contained in the bid documents;

**“irregular result”** means that in any procurement process where competitive bids or proposals are submitted & any of the following has occurred or is likely to occur:

- a) the lowest responsive bid or proposal exceeds the estimated cost or budget allocation;
- b) for any reason the award of the contract to, or the purchase from, the lowest responsive bidder or proponent is procedurally inappropriate or not in the best interests of the RRDSSAB; or
- c) the specifications of a tender call or request for proposal cannot be met by two or more suppliers;

**“irregularities contained in bids”** is defined in *Irregularities Contained in Bids* which includes the appropriate responses to those irregularities;

**“irrevocable letter of credit”** means an irrevocable letter on the financial institution’s standard form containing a request that the party to whom it is addressed pay the bearer, or person named therein, money as a result of failure to perform or fulfill all the covenants, undertakings, terms, conditions, & agreements contained in a contract;

**“interprovincial trade agreement”** is a bilateral or multilateral agreement entered into by governments (federal, provincial, territorial) governing specific

aspects of inter-jurisdictional trade. The intent of these agreements is to reduce barriers to the free movement of persons, goods and services, and to establish open, efficient markets between signatory governments;

**“labour & material bond”** means a bond issued by a surety company to ensure that the contractor will pay his or her suppliers and thereby protects the RRDSSAB against items which might be granted to the supplier should the contractor not make proper payments;

**“lowest compliant bid”** means the lowest bid that would provide the RRDSSAB with the desired goods, services, or construction at the lowest total acquisition costs, and meets all the specifications and contains no irregularities requiring automatic rejection;

**“materials”** is a synonym for commodities, goods or products;

**“net present value”** is the discounted value of expected future cash inflows & outflows. NPV accounts for the time value of money, considering cost of capital, interest rates and investment opportunity costs. It represents the net result of a multi-year investment expressed in current dollars;

**“non-routine purchases”** are those purchases considered out of the realm of day to day operations per program, including capital purchases;

**“performance bond or performance security”** means currencies, certified cheques and bond surety issued by a surety company or other form of negotiable instrument to guarantee the successful bidder will execute and fulfill the undertakings, covenants, terms, conditions, and agreements contained in the contractual agreement;

**“pre-qualification”** is a mechanism to ensure that potential bidders have the technical and financial capacity to task demands and a track record in performing similar tasks. Identifies whether the contractor is truly qualified to do what is needed, normally through a questionnaire;

**“procurement”** is a goods, services or construction contract involving a purchasing, leasing, renting, or exchange transaction, arrived at by a competitive or non-competitive process. Procurement also includes material(s) management, contract management, advisory services, and implementation & adherence to best practices;

**“professional service supplier”** means a supplier of services requiring professional skills for a defined service requirement including, but not limited to:

- a) architects, engineers, designers, management, and financial consultants; and
- b) firms or individuals having specialized competence in environmental, planning or other disciplines;

**“purchase order”** means a written purchasing document used to formalize a purchasing transaction with a vendor;

**“purchasing card”** means a credit card with an established monthly limit, utilized by designated employees for small purchases;

**“quotation”** means a request for prices on specific goods and/or services from selected vendors which are submitted verbally, in writing or transmitted by facsimile, as specified in the procurement process;

**“request for information”** is used prior to issuing a tender call as a general market research tool to determine what products & services are available, scope out business requirements, and/or estimate project costs. It provides vendors with a general or preliminary description of a problem or need, and requests vendors provide information or advice about how to better define the problem or need, or alternative solutions. It is not used to pre-qualify or screen vendors, and is not intended to result in the awarding of a contract;

**“request for proposal”** is a procurement process used to acquire goods, services or construction, the suitability of which is dependent upon non-price factors and which may result in further negotiation between the parties;

**“sealed bid”** means a formal sealed response received as a part of quotations, tender or proposal;

**“single sourcing”** is the procurement of a good or service from a particular vendor rather than through the solicitation of bids from other vendors who can provide the same item;

**“sole sourcing”** is the procurement of a good or service that is unique to a particular vendor and cannot be obtained from another source;

**“supplier”** means any individual or organization providing goods or services to the RRDSSAB including, but not limited to, contractors, consultants, vendors, service organizations, etc.;

**“tender”** means a sealed bid which contains an offer in writing to execute some specified services, or to supply certain specified goods, at a certain price, in response to a publicly advertised request for bids;

**“triggering event”** is an occurrence resulting from an unforeseen action, or the consequence of an unforeseen event, which must be remedied on a time-sensitive basis to avoid a material financial risk or serious or prolonged risk to persons or property;

**“two envelope”** is a procurement process in which a bid is submitted in two envelopes. The technical & qualitative information is submitted in the first

envelope, and the price information is provided in the second envelope. The second envelope is opened only if the first envelope shows the bidder to be qualified;

**“vendor of record”** is a procurement process where the Board seeks out bids or proposals from a select group of vendors with which it has already established a satisfactory business relationship. A Vendor of Record (VOR) may be used either directly to procure goods and services - that is, without further competition - or it may be used indirectly as the basis for inviting proposals, tenders or bids from suppliers.

**“work order”** is the device in the work cycle that authorizes, assigns and tracks the completion of work within the organization.

## 4. Policy

### 4.1. Authority

- 4.1.1. The Chief Administrative Officer (CAO) or designate will award a contract for goods and services, provided that the goods or services were previously approved through the budget approval process of the Board, and the designated Manager or staff member has met all of the requirements prescribed within the Board’s policies and relevant legislation.
- 4.1.2. The CAO and Program Managers have authority to purchase or contract for the goods or services listed in *Schedule A* without following the procedures set out herein provided that, sufficient funds are available and identified in appropriate accounts within the Board-approved budget.
- 4.1.3. The CAO or designate will contract the procurement of legal services.
- 4.1.4. The CAO has the authority to instruct Managers or designate(s) to not award contracts and to submit recommendations to the Board for approval, and provide additional restrictions concerning procurement, where such action is considered necessary and in the best interests of the Board.
- 4.1.5. The exercise of authority to award a contract is subject to the identification and availability of sufficient funds in appropriate accounts, within the approved budget of the Rainy River District Social Services Administration Board (RRDSSAB).
- 4.1.6. Where goods and services are routinely purchased or leased on a multi-year basis, the exercise of authority to award a contract is subject to:
  - 4.1.6.1. the identification & availability of sufficient funds in appropriate accounts for the current year within the RRDSSAB-approved budget;

- 4.1.6.2. the requirement for the goods or services will continue to exist in subsequent years and, in the opinion of the Director of Finance & Asset Management or designate, the required funding can be reasonably expected to be made available; and
- 4.1.6.3. the contract has a provision that the supply of goods or services in subsequent years may be subject to the approval of the CAO or Board, if expenditures will exceed the approved amount.
- 4.1.7. Despite any other provisions of this policy, the following contracts are subject to Board approval by way of Board resolution:
  - 4.1.7.1. any contract which requires Board approval, per statute or legislated act;
  - 4.1.7.2. where the lowest compliant bid is higher than the Board-approved budget for that expenditure;
  - 4.1.7.3. where the net revenue amount proposed for acceptance is lower than the Board-approved budget;
  - 4.1.7.4. where a substantive objection emanating from the bid solicitation has been filed with the CAO or designate;
  - 4.1.7.5. when there is an irregular result in any lowest compliant bid in excess of \$35,000; and
  - 4.1.7.6. where the contract is in excess of \$75,000
- 4.1.8. Where dollar limits are prescribed, the contract amount will be the estimated total acquisition cost excluding any rebates for purposes of determining the pre-authorized expenditure limit.
- 4.1.9. In the case of multi-year supply and/or service contracts, the pre-authorized expenditure limit refers to the estimated annual expenditure under the contract.
- 4.1.10. Levels of Authority are as follows:

<b>DOLLAR VALUE</b>	<b>PROCUREMENT PROCESS</b>	<b>APPROVAL AUTHORITY</b>
\$500 or less	Petty Cash, Credit or Purchasing Card, Purchase Order or Work Order	Any employee authorized by the CAO or designate



Greater than \$500 but not exceeding \$5,000	Purchasing card, Purchase Request Direct Negotiations as a result of Single/Sole Sourcing	Any employee authorized by the CAO or designate
Greater than \$5,000 but not exceeding \$35,000	Quotation Direct Negotiations as a result of Single/Sole Sourcing	CAO or designate, if within approved budget  Board of Directors, if exceeds approved budget
Greater than \$35,000 but not exceeding \$75,000	Tender or Proposal depending on nature of goods/services required Direct Negotiations as a result of Single/Sole Sourcing	CAO or designate, if within approved budget  Board of Directors, if exceeds approved budget
Greater than \$75,000	Tender or Proposal depending on nature of goods/services required Direct Negotiations as a result of Single/Sole Sourcing	Board of Directors

## **4.2. Restrictions**

- 4.2.1. No contract for goods, services or construction will be divided into two or more parts to avoid application of the provisions of this policy.
- 4.2.2. No purchase of goods and services is authorized, unless it is in compliance with all relevant procurement policies and procedures.
- 4.2.3. No contract for services will be awarded where the services would result in an employee-employer relationship.
- 4.2.4. No appointed officer or employee of the RRDSSAB will have any interest, directly or indirectly, as a contracting party, partner, shareholder, surety, or otherwise, in any contract for goods or services or in any portion of the profits thereof, or of any supplies to be used therein, or in any of the monies to be derived there from.

## **4.3. Notification**

- 4.3.1. Notification of procurement opportunities will be done using any and/or all means of notification for goods, services or construction with a total acquisition cost greater than \$5,000.

4.3.2. Electronic advertising will be done for all procurement opportunities for goods, services or construction, with a total acquisition cost greater than \$35,000.

4.3.3. Notification must be for a minimum of 15 calendar days.

**4.4. Documentation**

4.4.1. Bidders and staff adhere to all documentation requirements of the RRDSSAB.

4.4.2. The Director of Finance & Asset Management or designate provides guidelines to the Program Managers or designates on procurement policies and procedures, and on the structure, format and general content of procurement documentation.

4.4.3. The Director of Finance & Asset Management or designate maintains all procurement files and documentation.

**4.5. Purchasing Methods**

METHOD	DOLLAR LIMITS
Petty Cash Purchasing Card	\$500 or less
Purchase Request Purchasing Card	Greater than \$500, but not exceeding \$5,000
Quotation  Direct Negotiations as a result of Single/Sole Sourcing	Greater than \$5,000, but not exceeding \$35,000
Request for Tender or Proposal depending on goods and/or services required.  Direct Negotiations as a result of Single/Sole Sourcing	Greater than \$35,000, but not exceeding \$75,000
Request for Tender or Proposal depending on the nature of goods and/or services required.  Direct Negotiations as a result of Single/Sole Sourcing	In excess of \$75,000

4.5.1. *Single/Sole Sourcing or Direct Negotiation* may be used under the following conditions:

- 4.5.1.1. where competition is precluded due to the application of any *Act* or legislation, or because of the existence of patent rights, copyrights, technical secrets, or controls of raw material;
  - 4.5.1.2. where due to abnormal market conditions, there is a scarcity of supply in the market for the goods, services or construction required;
  - 4.5.1.3. where exclusive rights are held by a supplier or the supplier has special knowledge, skills, expertise, or experience;
  - 4.5.1.4. where the goods or services are available from only one source;
  - 4.5.1.5. where there is a need for compatibility with goods and services previously acquired and there are not reasonable alternatives or substitutes, or the required goods and services will be additional to similar goods and services being supplied under an existing contract (i.e. contract extension or renewal);
  - 4.5.1.6. where there is an absence of competition for technical or other reasons such as provincial requirements, and the goods, services or construction can only be supplied by a particular supplier and no alternative exists;
  - 4.5.1.7. where the nature of the requirement is such that it would not be in the public interest to solicit competitive bids, as in the case of security or confidentiality matters;
  - 4.5.1.8. where an attempt has been made to purchase the goods and services, in good faith, using a method other than direct negotiations which has failed to identify a successful supplier and it is not reasonable or desirable that a further attempt to purchase the goods and services be made using a method other than direct negotiations;
  - 4.5.1.9. where the requirement is for a utility for which there exists a monopoly; and/or
  - 4.5.1.10. where, in the event of an *emergency* as defined below, a requirement exists.
- 4.5.2. When the designated employee intends to select a supplier to provide goods, services or construction, pursuant to the above, a written report indicating the compelling rationale that warrants a non-competitive selection must be submitted to the CAO or designate for approval and filed in the respective bid file for reference.

4.5.3. An *emergency* includes:

4.5.3.1. an imminent or actual danger to the life, health or safety of the general public including clients, tenants and patients or an official or employee of the Rainy River District Social Services Administration Board (RRDSSAB);

4.5.3.2. an imminent or actual danger of injury to, or destruction of real or personal property belonging to the RRDSSAB;

4.5.3.3. an unexpected interruption of an essential service; or

4.5.3.4. an emergency as defined in Municipal Emergency Plans.

4.5.4. Where in the opinion of the CAO and/or designated Program Manager, an emergency has occurred, the designated employee can initiate a purchase and prepare a written report as soon as possible thereafter, indicating the conditions of the emergency and source of financing, if appropriate. The report will be contained in the respective procurement file and reported to the Board where the emergency purchase exceeds \$35,000.

**4.6. Two Envelope Process**

4.6.1. The RRDSSAB may use the *two-envelope process* when the RRDSSAB wishes to evaluate the technical and qualitative information of a given bid, without the influence of prior knowledge of the corresponding pricing information.

4.6.2. Bid evaluation will be completed by a committee which includes members who have experience related to the bid solicitation.

**4.7. Vendor of Record**

4.7.1. The RRDSSAB may establish a vendor of record or assume an established provincial/municipal/direct delivery agent (DSSAB or CMSM) vendor of record (VOR) to:

4.7.2. enter into a standing agreement/offer with a select group of vendors, that is, without further competition for a pre-determined length of time; or

4.7.3. as the basis for inviting bids for specific jobs from the vendor(s) on record.

#### **4.8. Blanket Contract Purchases**

4.8.1. A *Blanket Contract* may be used where one or more programs or departments repetitively order the same goods or services, and the actual demand is not known in advance and delivery is to be made when the need or requirement arises.

#### **4.9. Cooperative Purchasing**

4.9.1. The RRDSSAB may participate with other government agencies or public authorities in cooperative purchasing where it is in the best interest of the Board to do so and where the purchasing principles of this policy are complied with by such government agencies or public authorities.

#### **4.10. Bids in Excess of Budget**

4.10.1. The CAO or designated Program Manager may enter into negotiations with the lowest compliant bidder to achieve an acceptable bid within the Board-approved budget, without substantially changing the scope of work.

#### **4.11. Irregularities Contained in Bids**

4.11.1. Unless otherwise determined, the RRDSSAB in its sole and unfettered discretion, the administration of specific bid solicitation issues/irregularities and non-compliance are as set out in *Schedule B*.

#### **4.12. Exclusion of Bids**

4.12.1. *Exclusion of Bidders in Litigation*

4.12.1.1. The RRDSSAB, may reject a bid submitted by a bidder, if the bidder or any officer or director of the bidder, is or has been engaged, either directly or indirectly through another corporation, in a legal action against the RRDSSAB, its elected or appointed officers and employees in relation to:

4.12.1.1.1. any other contract or services; or

4.12.1.1.2. any matter arising from the RRDSSAB's exercise of its powers, duties or functions.

4.12.1.2. In determining whether or not to reject a bid under this clause, the RRDSSAB will consider whether the litigation is likely to affect the

bidder's ability to work with the RRDSSAB, its representatives, and whether the RRDSSAB's experience with the bidder indicates that the RRDSSAB is likely to incur increased staff and legal costs in the administration of the contract.

#### 4.12.2. *Exclusion of Bidders Due to Poor Performance*

4.12.2.1. The designated employee documents evidence and advises the CAO and/or respective Program Manager, in writing, where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions, or for health and Safety violations.

4.12.2.2. The CAO and Director of Finance & Asset Management or designate, in consultation with legal counsel, may prohibit an unsatisfactory supplier from bidding on future contracts for a period of up to three (3) years.

### **4.13. Identical Tenders**

4.13.1. The CAO or designated Program Manager may enter into negotiations with the bidders who have submitted the identical prices to obtain a lesser price without substantially changing the scope of the work.

4.13.2. All such negotiations will be recorded and maintained in the procurement file.

### **4.14. Contractual Agreements**

4.14.1. Contracts awarded in excess of \$35,000 will be by way of a formal agreement. This does not preclude the use of a formal agreement for contracts less than \$35,000.

4.14.2. The formal agreement contains the RRDSSAB standard agreement terms and conditions as per *Schedule C*.

4.14.3. No amendment or revision to a contract will be made, unless the amendment is in the best interest of the RRDSSAB and approval has been received from the CAO or Board, as appropriate.

4.14.4. Changes to an agreement, specifically additions, must not exceed the project limitations for contingencies as defined in the agreement, or in the absence of such limitations the variance must not exceed the approved budget amount. Changes in excess of the awarded contract amount may be approved by the CAO, if within the approved budget. Changes exceeding the approved budget must be approved by Board resolution.

- 4.14.5. Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within the RRDSSAB-approved budget, including authorized revisions.
- 4.14.6. When contracts contain an option for renewal, the CAO or designated Program Manager may exercise the option provided that all of the following apply:
  - 4.14.6.1. the supplier's performance in supplying the goods, services or construction is considered to have met the requirements of the contract;
  - 4.14.6.2. the Program Manager and CAO agree that the exercise of the option is in the best interest of the RRDSSAB;
  - 4.14.6.3. funds are available in appropriate accounts within the RRDSSAB-approved budget, including authorized revisions to meet the proposed expenditures; and
  - 4.14.6.4. a valid report has been completed, where necessary, including a written explanation as to why the renewal is in the best interest of the RRDSSAB and is included in the appropriate contract file.

#### **4.15. Occupational Health and Safety Requirements**

- 4.15.1. The CAO and Program Manager will be satisfied that the Contractor who accepts a Contract/Agreement is fully knowledgeable of all terms and conditions of the Occupational Health and Safety Act, including the regulations applying to an employer, deemed or otherwise, of a sub-Contractor.
- 4.15.2. All contracts/agreements will have the appropriate Health and Safety requirements as per *Schedule C*.

#### **4.16. Guarantee of Contract Execution and Performance**

- 4.16.1. The RRDSSAB will require a bid deposit or other similar security, to guarantee entry into an agreement, to accompany a bid.
- 4.16.2. The refundable bid security will be as follows, unless otherwise specified by the Board:
  - 4.16.2.1. 5% for projects with a total cost of \$35,000 to \$75,000; and
  - 4.16.2.2. 10% for projects with a total cost in excess of \$75,000.

4.16.3. In addition to the above, the successful bidder may be required to provide the following security prior to commencement of the work:

4.16.3.1. A performance bond to guarantee the performance of the agreement;

4.16.3.2. A labour and materials bond to guarantee payment of labour and materials supplied in connection with an agreement; and/or

4.16.3.3. An irrevocable letter of credit.

4.16.4. The Director of Finance & Asset Management or designate will have custody and control of the cash security, bid or performance bond or surety.

#### **4.17. Other Considerations**

4.17.1. A minimum contingency amount of 10% will be included within the project budget. The minimum contingency may be lower with prior approval from the CAO or Director of Finance & Asset Management.

4.17.2. Review criteria for all forms of procurement will be set prior to solicitation of bids.

#### **4.18. Dispute Resolution**

4.18.1. Disputes regarding the procurement of goods and services are resolved as follows:

4.18.1.1. Meeting between the bidder and the designated employee and respective Program Manager;

4.18.1.2. If (a) does not lead to resolution, the decision can be appealed to the CAO and Director of Finance & Asset Management, as applicable;

4.18.1.3. If (b) does not lead to a resolution, the decision can be appealed to the appropriate Service Committee of the Board who may report the matter to the whole Board of Directors at the next Board meeting; and

4.18.1.4. If (c) does not lead to a resolution, the RRDSSAB, may refer the dispute to a confidential arbitration before a single arbitrator pursuant to the *Arbitration Act, 1991, as amended*. In the event that the RRDSSAB refers the dispute to arbitration, the Tenderer agrees that it is bound to arbitrate such dispute with the RRDSSAB. Unless the RRDSSAB refers such dispute to arbitration, there will be no arbitration of such dispute.



## 5. Procedure

### 5.1. Documentation

- 5.1.1. The Director of Finance & Asset Management or designate reviews the proposed procurement documentation to ensure clarity, reasonableness and quality, and will advise the CAO, Program Manager or designate of suggested improvements.
- 5.1.2. Procurement documentation avoids use of specific products or brand names. Notwithstanding *the preceding*, a specific product, brand name or approved equal, for essential functionality purposes, may be specified, in order to avoid unacceptable risk or for some other valid purpose. In such instances, the Director of Finance & Asset Management or designate manages the procurement to achieve a competitive situation, if possible.
- 5.1.3. The Director of Finance & Asset Management or designate, in consultation with the respective Program Manager or CAO, issues bid documents for goods and services.
- 5.1.4. All purchasing documents will have a sequential, identifiable number. Designated employees preparing purchasing documentation, are required to obtain a number from the Director of Finance & Asset Management or designate.
- 5.1.5. All original purchasing documents will be maintained by the Director of Finance & Asset Management or designate in the procurement files. Program Managers may retain copies of documents for departmental use.
- 5.1.6. Where applicable, the Director of Finance & Asset Management or designate ensures that any necessary forms including, but not limited to, health & safety, insurance, WSIB certificates, and bonds or equivalent are received prior to commencement of the project and reviewed, maintained and updated throughout the contract, and released upon completion.
- 5.1.7. The respective Program Manager in consultation with the Director of Finance & Asset Management or designate, is responsible to ensure, that funding is available and all policies and procedures have been followed.
- 5.1.8. When applicable, the Program Manager or designate must ensure that all necessary insurance, WSIB certificates, and bonds or equivalent are forwarded to Finance prior to the start of the project.
- 5.1.9. At the discretion of the designated employee, the RRDSSAB may accept fax transmittals which must be indicated in the bid document.

- 5.1.10. At the discretion of the designated employee, the *Canadian Construction Documents Committee: All Standard Construction Documents* may be used as part of the bid package.
- 5.1.11. Standard formats are used for bids. Bid documents include the following information:
- 5.1.11.1. As it is the responsibility of the bidder to determine levy and collection of HST, amounts bid shall show the HST amount and HST number, or alternatively cite the basis of exemption in lieu thereof;
  - 5.1.11.2. If for any reason, this policy contradicts the policy of any Federal, Provincial or other source of funding, it will not apply. During the bid evaluation process, preference will be given to the purchase of Canadian goods and services over non-Canadian goods and services, wherever it may be economical to do so;
  - 5.1.11.3. The RRDSSAB reserves the right to reject or disqualify bids not submitted in strict accordance with requirements of the bid documents;
  - 5.1.11.4. Bids may be submitted by fax transmittal through a third party, however the Board assumes no responsibility whatsoever for proper receipt of such fax transmittals. If requested, all original bid documents and enclosures must be received within the specified time frame;
  - 5.1.11.5. The RRDSSAB is governed by the Municipal Freedom of Information & Protection of Privacy Act (MFIPPA), therefore bidders must accept that the bid contents can be made public as a condition of the bidding process; and
  - 5.1.11.6. The lowest or any bid not necessarily accepted. The RRDSSAB reserves the right to reject any or all bids, to waive irregularities and informalities therein, and to award the bid in the best interest of the Board.
- 5.1.12. In situations where employees are users of the good or service being bid upon, the designated staff member obtains employee input into the preparation of bid specifications, where appropriate.
- 5.1.13. Invitations to submit bids may be extended for more complex transactions for which the organization may need particular expertise to address and propose solutions to special situations.
- 5.1.14. The designated employee will receive written bids and ensure that the following information is contained within the procurement file:

- 5.1.14.1. names of all bidders and a clear, concise tabulation of all appropriate values;
  - 5.1.14.2. comments as to any disqualifications or other bid irregularities, in the absence of any comments, the author of the report is assuming full responsibility that the bids submitted are totally valid and in order;
  - 5.1.14.3. if applicable, an overview of employee participation; and
  - 5.1.14.4. the funding source or account, if required.
- 5.1.15. During the bidding process, all communication with bidders will be through the employee designated by the CAO or Program Manager, who will maintain a record of those communications for the procurement file.
- 5.1.16. The designated employee(s) ensures that goods are inspected upon receipt, to confirm conformity with terms of the contract or agreement. If discrepancies exist, the employee reports such to the respective Manager or designate who, in turn, determines an appropriate course of action for non-compliance of the contract terms, in consultation with the CAO, if necessary.
- 5.1.17. Once awarded, the designated staff member ensures that all required documentation is forwarded to the Director of Finance & Asset Management or designate for processing and payment.

## **5.2. Purchasing Methods**

### **5.2.1. Purchase Request**

- 5.2.1.1. All goods and services valued between \$500 and \$5,000 will be made from the competitive marketplace whenever possible and made using an approved invoice or purchasing card.
- 5.2.1.2. Where it is in the interest of the Board to obtain three (3) informal quotes by phone or in writing the designated employee will complete a *Purchase Request* form for the goods and/or services. Notwithstanding the procedure chosen, it shall demonstrate the fair market value was achieved.
- 5.2.1.3. Upon approval by the respective Program Manager, the original approved *Purchase Request*, when used, must be forwarded to the Director of Finance & Asset Management or designate for the procurement file. The Program Manager retains a copy to be attached to the corresponding approved invoice to be forwarded to Finance for payment.

## 5.2.2. Quotation

- 5.2.2.1. All goods and services valued between \$5,000 and \$35,000 will require the designated employee to complete a *Quote* document to obtain a minimum of three (3) quotes. These quotes must be in writing and on approved RRDSSAB documentation, if applicable.
- 5.2.2.2. The designated staff member ensures a clear definition of the goods or services requirement, and a clear outline of the review and criteria to be undertaken. The Quotation document shall clearly indicate the final time and place for the receipt of quotations. The quotations will be received in the location identified in the Request for Quotations document. There will be no formal opening of the quotations.
- 5.2.2.3. At least three (3) quotations shall be evaluated, whenever possible. Should three (3) quotations not be obtainable, the lesser number of quotations will be evaluated upon approval of the CAO or designate. Awarding the quote will be based on the requirements as documented, the quote document and the application of the review criteria.
- 5.2.2.4. In appropriate circumstances, the *Tender or Proposal* process may be utilized for goods, services or construction in this total acquisition cost range.

## 5.2.3. Tender and Proposal

- 5.2.3.1. All goods and services valued in excess of \$35,000 will require the designated employee to complete a *Tender or Proposal* document. Bids are required to be in writing and on the approved RRDSSAB documentation.
- 5.2.3.2. A *Request for Tender* will be used for purchases where the following criteria apply:
  - 5.2.3.2.1. two (2) or more sources are considered capable of supplying the requirement;
  - 5.2.3.2.2. the requirement is adequately defined to permit evaluation of tenders against clearly defined stated criteria; and
  - 5.2.3.2.3. it is intended that the lowest compliant bid will be accepted without negotiations.
- 5.2.3.3. A *Request for Proposal* will be used where one or more of the criteria for a *Request for Tender* cannot be met such as:

- 5.2.3.3.1. Owing to the nature of the requirement, suppliers are invited to propose a solution to a problem, requirement or objective and the selection is based on effectiveness of the proposed solution rather than on price alone; and
- 5.2.3.3.2. It is expected that negotiations with one or more suppliers may be required with respect to any aspect of the requirement.
- 5.2.3.4. Every *Request for Proposal* will have terms of reference and include an evaluation grid.
- 5.2.3.5. It is the responsibility of the Program Manager or designate to ensure that proper tender document, plans and specifications are prepared and available to prospective Tenderers the day of the advertisement.
- 5.2.3.6. In order to recover costs of producing detailed tender documents and drawings, where appropriate, at the discretion of the CAO or designate, a fee may be charged for tender documents not to exceed \$50.
- 5.2.3.7. For those projects, goods, or services, where the estimated total tender price is greater than \$35,000 but less than \$75,000, a 5% deposit is required. The deposit by way of certified cheque, bid bond or equivalent in the amount of 5% of the total tender price payable to the RRDSSAB must accompany each tender submitted. In the case of a tender submission transmitted electronically, the original tender and deposit must be received within 5 business days, unless a shorter timeframe is specified within the tender documents. Proof of the deposit, acceptable to the RRDSSAB, must be included in the electronic submission.
- 5.2.3.8. For those projects, goods, or services, where the estimated total tender price is greater than \$75,000, a 10% deposit is required. The deposit by way of certified cheque, bid bond or equivalent in the amount of 10% of the total tender price payable to the RRDSSAB must accompany each tender submitted. In the case of a tender submission transmitted electronically, the original tender and deposit must be received within 5 business days, unless a shorter timeframe is specified within the tender documents. Proof of the deposit, acceptable to the RRDSSAB, must be included in the electronic submission.
- 5.2.3.9. Deposits of unsuccessful Tenderers will be returned no later than three (3) weeks following the Tender award. Except as otherwise provided for herein, the Deposit of the successful Tender will be returned with the first progress payment.

- 5.2.3.10. Construction projects in excess of \$75,000 will require a performance bond or equivalent as determined by the RRDSSAB. This bond will be held for a period not to exceed twelve (12) months from the date of completion of the project.
- 5.2.3.11. The Tenderer will keep its tender open for acceptance for a period of forty-five (45) calendar days from the closing time.
- 5.2.3.12. Tenders will be opened in the presence of three (3) people: the respective Program Manager or designate; Director of Finance & Asset Management or designate; and a staff member designated as recorder. In addition, the CAO or designate will be present for tender openings with a budgeted cost in excess of \$75,000.
- 5.2.3.13. Tender openings will be open to the public.
- 5.2.3.14. The successful Tenderer will be responsible for completion of a *Contractor's Undertaking to Comply* form prior to the commencement of the project.
- 5.2.3.15. The successful Tenderer will take out and keep in force, throughout and for the duration of such Tenderer's obligations to and/or in contract with the RRDSSAB such insurance policies and evidence of insurance coverage as determined by the RRDSSAB. A certified copy of the Policy or certificate thereof will be provided to the RRDSSAB upon signing of the Agreement or as the RRDSSAB may direct.
- 5.2.3.16. The insurance policy will name the RRDSSAB as an additional insured thereunder and will contain:
- 5.2.3.16.1. The insurer's waiver of any rights of subrogation or indemnity or any other claim to which the insurer might otherwise be entitled as against the RRDSSAB and any other corporation, controlled by or affiliated with the RRDSSAB, together with a severability of interest clause and a cross liability clause; and
  - 5.2.3.16.2. An undertaking by the insurer not to cancel, change, lapse or refuse to renew the insurance therein granted without first giving the parties notice of its intentions in writing of at least 60 days prior to the intended change, lapse, cancellation or termination.
- 5.2.3.17. A formalized checklist, *Schedule D*, is to be completed at the time of opening.
- 5.2.3.18. Following the opening of tenders and after the completion of the formalized checklist by the designated staff member, copies of the tender received will be given to the Program Manager or designate and

the Director of Finance & Asset Management or designate for tabulation confirmation of price extensions, analysis of quantities, and qualities, and conformity to plans and/or specifications.

5.2.3.19. A report will be prepared for approval from the appropriate authority.

#### **5.2.4. Vendor of Record**

5.2.4.1. If the VOR is used directly to procure goods or services, a *standing agreement/offer* is established with the vendors, with the goal of having a qualified, reliable, cost effective provider available when the need arises, without facing the administrative costs of obtaining several quotes.

5.2.4.2. The VOR system can be used as the basis to invite bids from two or more proponents from a *preferred bidder's list*, maintained by the Director of Finance & Asset Management or designate, in circumstances where the RRDSSAB needs to move quickly to fill a business need. In developing a VOR that will be used in this manner, the goal is similar to that described in #5.2.4.1. above, however, the VOR proponents will not receive automatic acceptance of their bids.

#### **5.2.5. Two Envelope Process**

5.2.5.1. If the two-envelope process is used each bidder submits qualitative and technical information in a sealed envelope (*Envelope 1*) and pricing information in a second sealed envelope (*Envelope 2*). The contents of *Envelope 1* are evaluated and scored according to pre-determined criteria, such as relevant firm experience, project team's qualifications/experience, personnel time allocation, understanding of scope of work, methodology/thoroughness of approach, quality and completeness of bid submission.

5.2.5.2. When the scoring of *Envelope 1* is completed, the pre-determined process for moving to *Envelope 2* is followed. A minimum score threshold for *Envelope 1* is established prior to opening and only those bids meeting or exceeding the threshold are eligible to proceed to the opening of *Envelope 2* and the subsequent price evaluation. If a bid is not eligible to proceed to price evaluation, the bidder is disqualified from further consideration and the second envelope is returned to the bidder unopened.

5.2.5.3. For each bid where *Envelope 2* is opened, the bid price(s) are scored according to the pre-determined process. The particular procurement and evaluation strategy dictates the process for scoring the price and subsequently, taking the scores from *Envelope 1* and *Envelope 2* into account, resulting in a total evaluated score for the bid.

The total evaluated scores are ranked and the bid with the highest ranked score is considered the successful bidder.



The following goods and services are not subject to the procurement policies:

1. Training & education including:
  - a) conferences, conventions or seminars;
  - b) courses;
  - c) memberships;
  - d) magazines, periodicals or subscriptions; and
  - e) staff development, workshops or relations.
2. Refundable employee/board expenses including:
  - a) cash advances;
  - b) meal allowances;
  - c) travel expenses; and
  - d) accommodations.
3. Employer's general expenses including:
  - a) payroll & payroll deduction remittances;
  - b) medicals;
  - c) insurance programs in which the RRDSSAB is mandated to participate;
  - d) tax remittances.
  - e) postage;
  - f) water and sewer;
  - g) gas and hydro;
  - h) telephone and internet; and
  - i) charges to or from any other government bodies or Crown Corporations.
4. Provincially/Federally regulated licenses, certificates and other approvals required.
5. Ongoing maintenance for provincially-mandated computer hardware and software.
6. Professional and skilled services provided to individuals as part of approved programs within the Rainy River District Social Services Administration Board (RRDSSAB), including but not limited to legal, etc.
7. Public debenture sales.
8. Payment of deductibles for damages within applicable insurance policies.

## SCHEDULE B IRREGULARITIES CONTAINED IN BIDS

The Rainy River District Social Services Administration Board (RRDSSAB) recognizes that, occasionally, irregularities in bids may occur, as part of the procurement process. Should an irregularity occur, the following responses will occur:

<b>IRREGULARITY</b>	<b>RESPONSE</b>
1. Late bid	Automatic rejection, not read publicly & returned unopened to the bidder
2. Insufficient financial security (no bid deposit or bond or agreement to bond)	Automatic rejection
3. Bids completed and/or signed in an erasable medium	Automatic rejection
4. Bid documents incomplete	Automatic rejection
5. Bids received on documents other than those provided by the RRDSSAB	Automatic rejection
6. Bids containing minor obvious clerical errors	48 hours to correct and/or initial changes
7. Failure to acknowledge necessary addenda which have financial implications	Automatic rejection
8. Failure to attend a mandatory visit, where required	Automatic rejection
9. Failure to execute agreement to bond or bonding company corporate seal omitted	Automatic rejection
10. Failure to execute bid or bond by bidder or bonding company	Automatic rejection
11. Erasures, overwriting or strikeouts which are not initialed	48 hours to initial
12. Failure to include signature of the	Automatic rejection

<b>IRREGULARITY</b>	<b>RESPONSE</b>
person authorized to bind the bidder, where required	
<p>13. Bids containing minor mathematical errors:</p> <p>a) If the amount tendered for a unit price item does not agree with the extension of the estimated quantity and the tendered unit price, or if the extension has not been made</p> <p>b) If both the unit price &amp; the total price are left blank</p> <p>c) If the unit price is left blank but a total price is shown for the item</p> <p>d) If the total price is left blank for a lump sum item</p> <p>e) if the bid contains an error in addition and/or transcription in the approved bid documentation format requested (i.e. not the additional supporting documentation supplied)</p> <p>f) if taxes have not been calculated, per bid package requirements</p>	<p>Corrections will be made by Director of Finance &amp; Asset Management or designate, when determinable</p> <p>48 hours to initial changes</p> <p>Automatic rejection</p> <p>48 hours to initial changes</p> <p>Automatic rejection</p> <p>48 hours to initial changes</p> <p>48 hours to initial changes</p>

1. The contract document is drafted by the Program Manager or designate as per the approved template, in consultation with the CAO to include, at minimum, the following information:
  - a) length of contract;
  - b) cost per unit of service or good, if appropriate;
  - c) maximum ceiling cost for contract;
  - d) early exit provisions;
  - e) acceptable standards of goods or practice, as appropriate;
  - f) provisions for hold-back, as appropriate;
  - g) payment schedules, as appropriate;
  - h) work schedules, as appropriate;
  - i) environmental risks or concerns, as appropriate; and
  - j) Indemnification/insurance clauses, as appropriate.
  
2. The contract document must include the following Health and Safety clauses:
  - a) The Contractor will comply with all aspects of the Occupational Health and Safety Act and regulations thereunder;
  - b) The Contractor will assume responsibility for any and all breaches of health and safety requirements, including the cost of legal defense on a solicitor and own client basis should the RRDSSAB or any of its employees be charged with violating said Act or Regulations. In the event that the RRDSSAB and/or any employee thereof are convicted and fined for any such offence as having been a deemed employer or otherwise vicariously or definitively liable, the Contractor will forthwith pay any such fine on behalf of such defendant; and
  - c) Any other inclusions deemed appropriate to the contract.

3. The CAO or designate, under the authority of the Board, signs the contract document with the respective provider of services or goods, ensuring all relevant information is included.
4. The CAO or designate(s) and, if necessary, legal counsel, determines if it is in the best interest of the RRDSSAB to establish a formal agreement with a supplier. Where it is determined that a formal agreement is necessary, it may be reviewed and approved for execution by legal counsel.
5. The Director of Finance & Asset Management or designate is responsible for the safeguarding of original purchasing and contract documentation for the contracting of goods, services or construction for which the award is made by delegated authority, for all programs administered by the RRDSSAB. Copies may be maintained by the respective Program Manager or designate.

**SCHEDULE D  
BID SUMMARY**

<b>Bid Reference Number:</b>		<b>Date:</b>	
		<b>Time:</b>	
<b>Location:</b> Rainy River District Social Services Administration Board			
<input type="checkbox"/> 450 Scott St. <input type="checkbox"/> 801 Scott St.			
<b>Goods &amp; Services:</b>			
<b>Staff Attendance:</b>			
		Program Manager or Designate	
Name	Position		
		Director of Finance & Asset Management or Designate	
Name	Position		
		Recorder	
Name	Position		
<b>Public Attendance:</b>			
<b>Attachments:</b>			
<input type="checkbox"/> Deposit <input type="checkbox"/> Bid Bond <input type="checkbox"/> Agreement to Bond			
<b>Bids Opened:</b>			
<b>Bidder</b>	<b>Comments</b>	<b>Amount (excluding taxes)</b>	
<b>1.</b>			
<b>2.</b>			

<b>3.</b>			
<b>4.</b>			
<b>5.</b>			
<b>6.</b>			
<b>Signature:</b>		<b>Date:</b>	
<input type="checkbox"/> <b>Envelopes Discarded</b>		<input type="checkbox"/> <b>Duplicates to Program Manager or Designate</b>	

This report is not meant to be a formal review of the bid award. Its purpose is to record opening particulars. The in-depth and formal review will follow.