



POLICIES & PROCEDURES

SUBJECT: SUPPLY CHAIN MANAGEMENT

1.0 POLICY:

Ongwanada will ensure that provincially derived standards for Supply Chain addressing the principles of accountability, transparency, value for money, quality service delivery and process standardization are adopted and followed and that these standards will promote leading practice across the organization. This Policy shall set basic overarching principles of conduct for Ongwanada, our suppliers, and other stakeholders as part of a Code of Ethics and to establish standardized rules for competitive procurement and contracting for contracts/purchases valued at more than \$100,000.

2.0 SCOPE:

This policy applies to:

- 2.1 All contracts covering the acquisition of supplies, services (including construction) and equipment valued at \$100,000 or over;.
- 2.2 All purchases for supplies, services (including construction) and equipment valued at \$100,000 or over;
- 2.3 Any instance where adherence to the principles outlined in this policy would benefit Ongwanada, regardless of the value;

3.0 DEFINITIONS:

Construction means construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the procurement.

Consultant means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

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

Request for Expressions of Interest (RFEI) means a document used to gather information on supplier interest in an opportunity or information on supplier capabilities/qualifications. This mechanism may be used when a BPS organization wishes to gain a better understanding of the capacity of the supplier community to provide the services or solutions needed. A response to a RFEI must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

Request for Information (RFI) means a document issued to potential suppliers to gather general supplier, service or product information. It is a procurement procedure whereby suppliers are provided with a general or preliminary description of a problem or need and are requested to provide information or advice about how to better define the



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problem or need, or alternative solutions. A response to an RFI must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

Request for Proposal (RFP) means a document used to request suppliers to supply solutions for the delivery of complex products or services or to provide alternative options or solutions. It is a process that uses predefined evaluation criteria in which price is not the only factor.

Request for Supplier Qualifications (RFSQ) means a document used to gather information on supplier capabilities and qualifications, with the intention of creating a list of pre-qualified suppliers. This mechanism may be used either to identify qualified candidates in advance of expected future competitions or to narrow the field for an immediate need. Organizations must ensure that the terms and conditions built into the RFSQ contain specific language that disclaims any obligation on the part of the Organization to call on any supplier to provide goods or services as a result of the pre-qualification.

4.0 SUPPLY CHAIN CODE OF ETHICS

The code of ethics is comprised of three main principles. This Code must be available and visible to all employees involved in supply chain related activities.

4.1 Personal Integrity and Professionalism

All individuals involved with purchasing or other supply chain related activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all supply chain activities within and between Ongwanada, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. All participants must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers, or products.

4.2 Accountability and Transparency

Supply chain activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best value for public money. Ongwanada shall ensure that public sector resources are used in a responsible, efficient and effective manner.

4.3 Compliance and Continuous Improvement

All individuals involved in purchasing or other supply chain related activities must comply with this Code of Ethics and the laws of Canada and Ontario. All individuals should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels, and to share leading practices.

5.0 PROCUREMENT REQUIREMENTS

These requirements set out standardized rules for competitive procurement and contracting. The rules balance



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numerous objectives, including accountability, transparency, value for money and, ultimately, effective and high quality service delivery.

The Ontario Ministry of Finance has developed twenty five mandatory procurement requirements that must be followed by all BPS Organizations including Ongwanada. These requirements are as follows:

- 5.1 **Segregation of Duties** - Ongwanada must segregate at least three of the five functional roles identified in Segregation of Duties. Responsibilities for these functions should lie with different departments or at a minimum with different individuals.
- 5.2 **Approval Authority** - Ongwanada must have a documented approval authority schedule (AAS) that outlines the organization's authority levels for each of the five functional roles described in the segregation of duties and seek the necessary approval for all procurements prior to conducting the procurement. See Policy #1-10-04 *Contract and Tenders-Quotation Requirements/Procedures/Evaluation*. This AAS must be approved by the Board of Governors. Prior to the commencement of any non-competitive procurement of goods or non-consulting services must be approved by an authority one level higher than the AAS requirements for competitive procurement.
- 5.3 **Consulting Services** – Prior to commencement, any procurement of consulting services must be approved in accordance with the following:

Procurement Approval Authority Schedule (AAS) for Consulting Services Procurement

Method	Procurement Value	Approval Authority
Invitational Competitive	\$0 up to but not including \$100,000	As per the AAS for goods and non-consulting services
Open Competitive	Any value	As per the AAS for goods and non-consulting services
Non-competitive (Exemption-based only)	\$0 up to but not including \$1,000,000	Executive Director or delegate
	\$1,000,000 or more	Board of Governors via Finance & Property Committee

Ongwanada will not reduce the overall value of the procurement (e.g. dividing a single procurement into multiple procurements) in order to circumvent the approval requirements of the organizational AAS or the AAS for Consulting Services.

- 5.4 **Information Gathering** - Where results of informal supplier or product research are insufficient, formal processes such as a Request for Information (RFI) or Request for Expression of Interest (RFEI) may be used if warranted, taking into consideration the time and effort required to conduct them. A response to a Request for Information (RFI) or Request for Expression of Interest (RFEI) must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.



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- 5.5 **Supplier Pre-Qualification** - Ongwanada must ensure that the terms and conditions built into the Request for Supplier Qualifications (RFSQ) contain specific language to disclaim any obligation on the part of Ongwanada to actually call on any supplier as a result of the prequalification to supply such materials or services.
- 5.6 **Posting Competitive Procurement Documents** - Calls for open competitive procurements must be made through an electronic tendering system that is readily accessible by all Canadian suppliers.
- 5.7 **Timelines for Posting Competitive Documents** - Ongwanada must provide suppliers a minimum response time of 15 calendar days for procurements valued at \$100,000 or more. Support Services must also consider providing suppliers with a minimum response time of 30 calendar days for procurements of high complexity, risk and/or dollar value.
- 5.8 **Bid Receipt** - Ongwanada must ensure that the closing date is set on a normal working day (Monday to Friday, excluding provincial and national holidays) and that the date and time are clearly stated in the procurement documents. Submissions that are delivered after the closing time must be returned unopened.
- 5.9 **Evaluation Criteria** - Evaluation criteria must be developed, reviewed and approved before the competitive process begins. These criteria must be included in the competitive documents. The competitive documents must also identify those criteria that are considered mandatory and any technical standards that need to be met. The evaluation criteria cannot be changed or altered once the competitive process has begun. The weight of each criterion must be outlined in the competitive documents. Mandatory criteria should be kept to a minimum to ensure that no bid is unnecessarily disqualified. Maximum justifiable weighting must be allocated to the price/cost component of the evaluation criteria. All criteria must comply with mandatory requirement #14 outlined below. The evaluation criteria may only be altered by means of addendum to the competitive procurement documents.
- Ongwanada may request suppliers to provide alternative strategies or solutions as part of their submission. Ongwanada must establish criteria to evaluate alternative strategies or solutions prior to the commencement of the competitive procurement process. Alternate strategies or solutions must not be considered unless they are explicitly requested in the competitive procurement documents.
- 5.10 **Evaluation Process Disclosure** - Ongwanada must fully disclose the evaluation methodology and process to be used in assessing a supplier's submission in the procurement documents, including the methods of resolving a tie score. Competitive procurement documents must also state that submissions that do not meet with mandatory criteria will be disqualified.
- 5.11 **Evaluation Team** - Competitive procurement processes require an evaluation team responsible for reviewing and rating the compliant bids. Evaluation team members must be made aware of the restrictions related to utilization and distribution of confidential and commercially sensitive information collected through the competitive procurement process and refrain from engaging in activities that may create or appear to create a conflict of interest. Evaluation team members must



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sign a conflict-of-interest declaration and nondisclosure of confidential information agreement.

- 5.12 **Evaluation Matrix** - Ongwanada must ensure that each member of the evaluation team has completed an evaluation matrix rating each of the proponents. Records of evaluation scores shall be retained for audit purposes. Evaluators should be aware that everything they say or document must be fair, factual, fully defensible and may be subject to public scrutiny.
- 5.13 **Winning Bid** - Ongwanada must select the submission that receives the highest evaluation and meets all mandatory requirements set out in the competitive procurement document.
- 5.14 **Non-Discrimination** - Ongwanada must not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.
- 5.15 **Executing the Contract** - The agreement between the Ongwanada and the successful supplier must be defined formally in a signed written contract before the provision of the goods, services or construction commences.. Where an immediate need exists for goods or services, and Ongwanada and the supplier are unable to finalize the contract as described above, an interim purchase order may be used. The justification of such decision must be documented and approved by the appropriate authority.
- 5.16 **Establishing the Contract** - The contract must be finalized using the form of agreement/contract that was released with the procurement document. In circumstances where an alternative procurement strategy has been used (i.e., a form of agreement was not released with the procurement document), the agreement between Ongwanada and the successful supplier must be defined formally in a signed written contract before the provision of supplying goods or services commences.
- 5.17 **Termination Clauses** - All contracts must include appropriate cancellation or termination clauses and Ongwanada should seek appropriate legal advice on the development of these clauses.
- When conducting complex procurements, Ongwanada shall consider, as appropriate, the use of contract clauses that permit cancellation or termination at critical project life-cycle stages.
- 5.18 **Term of Agreement Modifications** - The term of the agreement and any options to extend the agreement must be set out in the procurement document. Prior written approval by the appropriate approval authority is necessary before making any modifications to the term of the agreement. Extending the term of agreement beyond that set out in the competitive procurement document amounts to non-competitive procurement where the extension affects the value and/or stated deliverables of procurement.
- 5.19 **Contract Award Notification** - For purchases valued at \$100,000 or greater, Ongwanada must post, in the same manner as the procurement documents were posted, the name(s) of the successful supplier(s). Contract award notification must occur only after the agreement between the successful supplier and the organization has been executed. The contract award notification must include the name of the successful supplier, agreement start and end dates, including any options for extension.



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- 5.20 **Supplier Debriefing** - For purchases valued at \$100,000 or greater, Ongwanada must inform all unsuccessful suppliers of their entitlement to a debriefing. Ongwanada must allow unsuccessful suppliers 60 calendar days following the date of the contract award notification to request a debriefing.
- 5.21 **Non-Competitive Procurement** - Ongwanada should employ a competitive procurement process to achieve optimum value for money. It is recognized, however, that special circumstances may require Ongwanada to use non-competitive procurement. Ongwanada may utilize non-competitive procurement only in situations outlined in the exemption, exception, or non-application clauses of the Agreement on Internal Trade (AIT) or other trade agreements.

Prior to commencement of non-competitive procurement, supporting documentation must be completed and approved by the Executive Director / delegate.

- 5.22 **Contract Management** - Procurements and the resulting contracts must be managed responsibly and effectively.

Payments must be made in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.

Assignments must be properly documented. Supplier performance must be managed and documented, and any performance issues must be addressed. To manage disputes with suppliers throughout the life of the contract, Ongwanada should include a dispute resolution process in their contracts.

For services, Ongwanada must:

- Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.
- Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Directive and ensure all expenses are claimed and reimbursed in accordance with these rules (see Policy #1-6-15 *Travel & Meal Expense*).
- Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.

- 5.23 **Procurement Records Retention** - All procurement documents, as well as any other pertinent information for reporting and auditing purposes must be maintained by the Assistant Executive Director, Finance & Support Services for a minimum of seven (7) years from the end of the fiscal year to which they relate and be in recoverable form if requested. Ongwanada Policy #1-2-02 *Records Management* describes policy for handling, storing and maintaining suppliers' confidential and commercially sensitive information.



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- 5.24 **Conflict of Interest** - Ongwanada must monitor any conflicts of interest during procurement activities applicable to all employees, advisors, external consultants or suppliers. Ongwanada must require any individual involved in supply chain related activities to declare all actual or potential conflicts of interest. Where a conflict of interest arises, it must be evaluated and an appropriate mitigating action must be taken as per Policy #1-10-05 *Conflict of Interest*.
- 5.25 **Bid Dispute Resolution** - Ongwanada must communicate the bid protest procedures for suppliers in all competitive and procurement documents to ensure that any dispute is handled in an ethical, fair, reasonable and timely fashion. Ongwanada must ensure that its process is compliant with the bid protest or dispute resolution procedures as set out in the applicable trade agreements.

6.0 OTHER RELATED PROCEDURES

Ongwanada must conduct procurement activities according to the law in Ontario, including contract law, the law of competitive processes, privacy legislation, accessibility legislation and any other legislation as may be applicable.

Ongwanada may also be subject to various trade agreements, including but not limited to the Agreement on Internal Trade (AIT) and the Ontario–Quebec Trade and Cooperation Agreement (Ontario–Quebec Agreement).

7.0 RELATED POLICIES

1-2-02	Records Management
1-6-15	Travel & Meal Expenses
1-10-04	Contract and Tenders-Quotation Requirements/Processing/Evaluation
1-10-05	Conflict of Interest
1-10-06	Corporate VISA Cards
1-10-08	Standing Purchase Orders

8.0 FORMS RELATED TO POLICY

[Segregation of Duties](#)

[Exemptions From The Competitive Process](#)

[Conflict of Interest & Confidentiality Form For Request For Proposal \(RFP\) Evaluation Team Members](#)

9.0 LEAD PERSON

Assistant Executive Director, Finance & Support Services

Delegated Staff Person: Coordinator, Support Services

10.0 REVIEW DATE

December 2014