

Complete Policy Title: <b>Strategic Procurement</b>	Policy Number: <b>SP-01</b>
Approved by: <b>President and Vice Presidents</b>	Date of Most Recent Approval: Effective Date: July 1, 2017
Date of Original Approval: <b>April 10, 2012</b>	Supersedes/Amends Policy dated: <b>Dec 2, 2013, May 1, 2015</b>
Responsible Executive: <b>AVP Administration and CFO</b>	Enquiries: <b>Strategic Procurement (Formerly Purchasing)</b>
<i><b>DISCLAIMER:</b> If there is a discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails.</i>	

This policy governs the acquisition of all goods and services.

## Purpose

To identify the procurement policy of the University aligned to the Ontario Broader Public Sector (BPS) procurement Directive issued by the management Board of Cabinet, effective April 1, 2011. The purpose of the Directive is to ensure that publicly funded goods and service, including construction, consulting services, and information technology, are acquired by BPS organizations using a process that is open, fair and transparent.

## Scope

This policy applies to all purchases of goods and services, construction and renovation work, as well as consulting services that are paid for with University funds, regardless of the ultimate source of funding, unless specifically indicated otherwise by the funding source. Where funding regulations are different from University regulations, the funding regulations shall prevail.

## Definitions

**Consulting Services:** means the provision of expertise or strategic advice that is presented for consideration and decision making, e.g. Management Consulting (i.e. helps improve performance via current state analysis and strategic planning), IT Consulting (i.e. Development of Technology Strategy), Technical consulting (i.e. Actuarial, Engineering, Health and Social Sciences, Employment, Realty and design).

**Professional Services:** are non-consulting services used to complete specific tasks or job assignments, e.g. Speakers, Trainers, Reviewers (Faculty, Research, etc.), IT/Tech Services, HR Staffing and Financial/Money Management.

Request For x (RFx): means request for method, which may encompass request alternatives, such as a Request for Quote (RFQ), a Request for Proposal (RFP), an Invitation to Tender (ITT), or an electronic Open Bid System, such as MERX.

Request for Information (RFI): is an information method used where a buyer is seeking information about a potential good or service without a commitment or obligation to purchase. An RFI is followed by another request method when the buyer is ready to proceed with a purchase.

Request for Proposal (RFP): is a method used where the buyer needs a proposal from a supplier to provide a solution to a need.

Request for Quote (RFQ): is a method used where the buyer knows exactly what is wanted, and only requires pricing.

Request for Supplier Qualification (RFSQ): is a method used where the buyer requires supplier pre-qualification information before proceeding with a tender for the goods or services. The RFSQ is followed by an invitational tender to pre-qualified suppliers only. This approach is most- ly used for facility related construction or renovation needs, but is not limited to it.

Request for Tender (RFT): Also called a Public Tender or Invitation to Tender (ITT) is a bidding process that is open to all qualified bidders, and where the sealed bids are opened in public for scrutiny and are chosen on the basis of price and quality. This method is mostly used for Capital Infrastructure Projects.

Sole or Single Source Certificate: is a document used to explain, review and authorize any de- viation from the competitive bid process identified by the table below, and is restricted to catego- ries as outlined in the BPS Directive.

- Sole Source: is where only one supplier exists who can provide the goods or services.
- Single Source: is where more than one supplier can provide the goods or services, but for supportable reasons one supplier is used, without obtaining competitive quotes.

## Policy

Prior to commencement, any procurement of goods and services MUST be approved by an authority in accordance with our Execution of Instruments.

- The signing authority may delegate down to a lower level. The individual delegating the responsibility remains accountable for the transactions.

The Supply Chain Code of Ethics shall be employed in all Procurement activity.

Wherever possible, a competitive bid process will be used for purchases over \$10,000. Any deviation from a competitive bid process, identified by the purchased method in the table below, must be supported by a duly approved Sole/Single Source Certificate:

- All Departments: [http://mcmaster.ca/bms/forms/sole\\_source.pdf](http://mcmaster.ca/bms/forms/sole_source.pdf)

Electronic Documents:

- The University authorizes the use of electronic images of original paper or electronic invoices and receipts as part of the University's usual and ordinary course of business.
- The Individual (or delegated submitter) requesting reimbursement is responsible for the quality, accuracy, reliability and authenticity of scanned images in the reimbursement

system and maintaining paper copies, if externally required, for the retention period required for their specific purposes.

- The University shall store scanned or saved electronic reimbursement related images and quotes that can be audited as required for a minimum period of 7 years (beginning in December 2013).
- The University shall continue to store paper reimbursement requests and quotes received up to June 2015 for 7 years. After June 2015, the University shall consider the system reimbursement records and quotes as originals for business retention and audit purposes.

<b>Goods and Non-Consulting Services</b>	<b>Purchase Method</b>
\$0 – \$10,000	P-Card / Non-PO Voucher / 1 written quote, or written invoice, or other evidence supporting the amount
\$10,001 – \$ 50,000	2 written quotes
\$50,001 - \$99,999	Minimum 3 written quotes
\$100,000 or more	Open competitive RFx bid process (Public/MERX)
<b>Consulting Services</b>	<b>Purchase Method</b>
\$0 – \$99,999	Minimum 3 written invitational quotes or open competitive RFx bid process
\$100,000 or more	Open competitive RFx bid process (Public/MERX)

All dollar amounts above are exclusive of taxes and cover the total cost of the item (not broken down into annual amounts).

Approval required is cited in the Board of Governors Bylaws Appendix E Resolution Respecting the Execution of Instruments. Persons with signing authority have the responsibility to exercise their authority in the manner of a prudent University administrator, and to delegate in writing that same authority to an appropriate staff member during any absence.

For all purchases over \$10,000 the applicable competitive method must be followed as per the above table and an authorized purchase requisition shall be submitted via ERP. Deviations for purchases over \$10,000 are discouraged and will require a single/sole source justification and may require additional exception approval by the VP (Administration).

For all purchases less than \$10,000 the preferred method of payment is the PCard (BMO MasterCard). The PCard (Procurement Card) is intended solely to facilitate the purchase and payment of goods and services required to carry out University business. The PCard cannot be used for personal purchases under any circumstances. If non-business charges are identified the activity will be reported to Internal Audit under the Fraud Policy.

## Related Procedures or Documents

- Resolution Respecting the Execution of Instruments:  
<http://www.mcmaster.ca/policy/General/Financial/Execution-Instruments.pdf>
- Supply Chain Code of Ethics:  
[http://mcmaster.ca/bms/pdf/supply\\_chain.pdf](http://mcmaster.ca/bms/pdf/supply_chain.pdf)
- The Broader Public Sector Procurement Directive:  
[http://www.fin.gov.on.ca/en/bpssupplychain/documents/bps\\_procurement\\_directive.html](http://www.fin.gov.on.ca/en/bpssupplychain/documents/bps_procurement_directive.html)
  - Services to be Considered as Non-consulting Services:  
<http://www.mcmaster.ca/bms/pdf/Non-Consulting.pdf>
- Independent Contractor Questionnaire:  
[http://www.mcmaster.ca/bms/policy/finance/icq08/icq08\\_app\\_e\\_individual\\_cont\\_question.XLT](http://www.mcmaster.ca/bms/policy/finance/icq08/icq08_app_e_individual_cont_question.XLT)
- Fair Trade Purchasing Policy for University Suppliers and Licensees:  
<http://www.mcmaster.ca/bms/policy/purchase/fairtrade.pdf>
- Green Purchasing Policy:  
<http://www.mcmaster.ca/bms/policy/purchase/p500.pdf>
- Code of Labour Practices Policy:  
<http://www.mcmaster.ca/bms/policy/purchase/labour.pdf>

## NON-APPLICATION OF PROCUREMENT POLICY SP-01

SP-01 does not apply to:

- (a) procurement of goods intended for resale to the public;
- (b) procurement of goods, services or construction purchased on behalf of another legal entity;
- (c) procurement of any goods the interprovincial movement of which is restricted by laws not inconsistent with the Agreement on Internal Trade;
- (d) procurement of services that in the province of the entity issuing the tender may, by legislation or regulation, be provided only by any of the following licensed professionals: medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries;
- (e) procurement of services of financial analysts or the management of investments by organizations who have such functions as a primary purpose;
- (f) procurement of financial services respecting the management of financial assets and liabilities (i.e. treasury operations), including ancillary advisory and information services, whether or not delivered by a financial institution.