

## PROCUREMENT POLICY

*Revised November 2019*

### Purpose

The purpose of this policy is to provide guidance and assistance regarding purchase of goods and services by and for the Ontario Motor Vehicle Industry Council ("OMVIC"), consistent with the spirit and intent of the current Ontario Public Service (OPS) Procurement Directive (the "Directive"). It also demonstrates the high degree of integrity and transparency expected from OMVIC and its employees. The purposes as set out in the Directive are:

- To ensure that goods and services (including construction, consulting services, and Information Technology) are acquired through a process that is fair, open, transparent, geographically neutral and accessible to qualified vendors.
- To specify the responsibilities throughout each stage of the procurement process.
- To contribute to a reduction in purchasing costs.
- To ensure consistency in the management of procurement related processes and decisions.

### Application and Scope

The policy applies to all employees of OMVIC and the procurement of all goods and services.

### Principles

OMVIC will follow the following key principles:

#### Value for Money

Goods and services must be procured only after consideration of OMVIC business requirements, alternatives, timing, supply strategy, and procurement method.

#### Vendor Access, Transparency, and Fairness

- Access for qualified vendors to compete for OMVIC business must be open and the procurement process must be open and the procurement process must be conducted in a fair and transparent manner, providing equal treatment to vendors.
- Conflicts of interest, both real and perceived, must be avoided during the procurement process and the ensuing Contract. Relationships that result in continuous reliance on a particular vendor for a particular kind of work must not be created.

#### Responsible Management

- The Procurement of goods and services must be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures.

## Definitions

“Agreement” means the formal written document that will be entered into at the end of the procurement process.

“Agreement Ceiling Price” means the total cost for specified goods or services as established in a contractual relationship with a third party.

“Contract” means the aggregate of (a) the Form of Agreement including any schedules; (b) the procurement document, including any addenda; (c) the Proposal; and (d) any amendments executed in accordance with the terms of the Agreement.

“Consulting Service” means the provision of expertise or strategic advice that is presented for consideration and decision-making (consulting services are further defined in the policy)

“Information Technology” means the equipment, software, services and processes used to create, store, process, communicate and manage information.

“Invitational tenders” means a method of inviting at least three (3) vendors to respond to a request for supply of goods or services based on stated delivery requirements, performance specifications, terms, and conditions.

“Procurement Value” means all costs and conferred value associated with a contractual relationship with a third party

“Procurement Value Increase” means that the costs and conferred value associated with a procurement initiative have increased subsequent to the procurement approval.

“Request for Information (RFI)” means a market research procurement document that is used to elicit industry information on particular products and/or services from the vendor community.

“Request for Proposal (RFP)” means a procurement document that requests vendors 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.

## Planning

OMVIC will undertake appropriate planning and provide sufficient time to complete the requirements of the policy. In doing so, OMVIC will consider and ensure the following:

- Early identification of needs;
- Clear definition of requirements;
- Justification for the acquisition;
- Compatibility of procurement needs with its policy, legislative and regulatory requirements;
- Adequate timelines for procurement approval, tender period and evaluation;
- Vendor capacity to deliver requirements in the proposed timelines;
- Reporting relationships and accountability mechanisms that will apply to the successful vendor(s);
- Privacy, security and confidentiality requirements; and
- Other requirements deemed necessary.

## Terms of Reference

Clear terms of reference for the consulting assignment must be established, including: objectives, background, scope, constraints, staff responsibilities, tangible deliverables/results, timing, progress reporting, approval requirements, and where applicable, knowledge transfer requirements.

## Procurement Value

In considering the procurement value, all related costs must be considered when entering into a contractual relationship with a third party. The cost and benefits may include, but are not limited to:

- a) Price/cost of the goods and/or services;
- b) One-time costs such as site preparation, delivery, installation and documentation;



- c) Ongoing operating costs including training, accommodation, support and maintenance;
- d) Options to renew
- e) Disposition costs; and
- f) Benefits such as direct payments by OMVIC to the successful vendor(s); indirect payments by third parties to the successful vendor(s); and any conferred value by OMVIC to the successful vendor(s).

In the event that the cost of procurement increases, appropriate authority must be sought to increase the procurement value.

OMVIC will also ensure that the procurement documents, including the Agreement, identify the framework under which price increases will be permitted, including, but not limited to:

- The frequency of price increases;
- The allowable amount of increase; and
- Any benchmarks that will be used to confirm the price increase.

### Supply Source

When considering supply sources for the service or supply, OMVIC may consider the Ontario Government's list of Vendors of Record (VOR). While not required to use a VOR, wherever possible, providers on the list should be considered in the procurement processes.

### Procurement of Goods and Services

The procurement of all Goods and Services (Consulting and Non-Consulting) are to be carried out in accordance with the following chart. Approval authority may be delegated.

Value	Process to be followed	Approval Authority
\$5,000 and under	No formal bidding necessary	Directors
\$10,000 and under	No formal bidding necessary	Director of Finance
\$10,001 to \$20,000	Invitational competitive or Single source procurement	CEO or CAO & COO
\$20,001 to \$30,000	Invitational competitive	CEO or CAO & COO
\$30,001 to \$100,000	Invitational competitive	Executive Committee
Over \$100,000	Open competitive	Board of Directors

Single **source procurement** is permitted where

- the value of the service is less than \$20,000; or
- The services are highly specialized and there is a limited number of reputable service providers; or
- The vendor has a strong track record with OMVIC and the particular service is part of an on-going exercise for which continuity of service is in the best interest of OMVIC; or
- The vendor is the sole source provider for a particular service under a previous contract.

An **invitational competitive procurement** is achieved by requesting a minimum of three (3) qualified vendors to submit a written or electronic proposal in response to OMVIC requirements.

An **open competitive procurement** is achieved by using an open tendering process such as RFP.

Some exceptions to the requirement to use an open competitive process include the following:

- An unforeseen situation of urgency
- The expense of a competitive process would clearly outweigh the prospective savings to be achieved by using a competitive process or the cost of the goods or services being sought;



- Where the services revolved around confidential or privileged information;
- Where there is an absence of any bids in response to a competitive procurement process; and
- Where only one supplier is able to meet the requirements of procurement to ensure compatibility with existing products or the supplier is a statutory monopoly.

No action shall be taken to reduce the value of the procurement in order to avoid any of the requirements regarding competition or approval authority.

**Consultant Expenses**

Providers of Consulting Services may be reimbursed for reasonable expenses, in accordance with the following chart:

Allowable Expenses	Disallowed Expenses
Travel by air, rail or car; hotel accommodations and meals	Hospitality, incidental or food expenses, including but not limited to: meals, snacks, beverages, gratuities, laundry, dry cleaning, valet services, dependent care or personal telephone calls

- All payments must be in accordance with the provisions of the Agreement;
- In addition, all payments for applicable expenses must be in accordance with the *Travel and Meal Expense Reimbursement Policy*.

**Consulting Services – Further Defined**

Consulting Service refers to the provision of expertise or strategic advice that is presented for consideration and decision-making such as:

- Management consulting (i.e. helping OMVIC improve its performance, primarily through the analysis of existing problems and development of plans for improvement. This includes organizational change, management assistance and strategy development.);
- Information technology consulting (i.e. advisory services that help OMVIC assess different technology strategies, including aligning technology strategy with business or process strategy);
- Technical consulting (i.e. Activities related to actuarial science, appraisal, employment/placement, engineering, interior design, realty, social sciences);
- Research and development (i.e. Investigative study for the purpose of increasing the available store of knowledge and/or information on a particular subject);
- Policy consulting (i.e. advisory services to provide policy options, analysis and evaluation); and
- Communication consulting (i.e. the provision of strategy and advice in conveying information through various channels and media).

Consulting Services assignments must have a start and end date. Any change to a Consulting Services Agreement, including the end date of the Agreement, may affect the Procurement Value. OMVIC must ensure they have prior appropriate approval authority in this regard.

Consulting agreements must also have OMVIC’s standard confidentiality clause.

**Procurement Documents**

To enable fair comparison of vendor submissions, procurement documents must be in writing and include sufficient details concerning the submission requirements.

Procurement documents should include the following obligations or information, where applicable:

- a) A description of the needed goods or services in generic and/or functional terms specific to the business needs that the good or service will serve.
- b) Full disclosure of the evaluation criteria and process to be used in assessing submissions. Particular attention should be paid to apply the maximum justifiable weighting to price/cost as part of the evaluation criteria. In addition to bid price/cost, quality, quantity, delivery, servicing, experience, financial capacity of the vendor and any other criteria directly related to the procurement may be taken into account. Other considerations may be taken into account as part of the evaluation criteria as appropriate. For IT procurements, conversion costs should also be considered, if appropriate. No process should unduly favour or disadvantage any vendor.
- c) The name, telephone number and location of the person to contact for additional information on the procurement documents.
- d) Conditions that must be met before obtaining procurement documents such as confidentiality agreements, if appropriate.
- e) The method, address, date and time limit for submitting responses to procurement documents. Responses received after the closing date and time must be returned unopened.
- f) The time and place of the opening of the responses in the event of a public opening.
- g) Declaration that the vendor has not given, directly or indirectly, a benefit of any kind to anyone employed by, or otherwise connected with, OMVIC for the purpose of receiving favourable treatment or otherwise obtaining an advantage in connection with OMVIC's procurement activity.
- h) Tax compliance declaration that the vendor's Ontario taxes are or will be in good standing prior to signing an Agreement.
- i) Notice that any confidential information supplied to OMVIC may be disclosed by OMVIC where it is obliged to do so under any freedom of information laws that may apply to OMVIC, by an order of a court or tribunal or otherwise required at law.
  - a. Conflict of interest provisions that define conflict of interest to include:
    - Situations or circumstances that could give a vendor an unfair advantage during a procurement process or compromise the ability of a vendor to perform its obligations under the Agreement;
    - The offer or giving of a benefit of any kind, by or on behalf of a vendor to anyone employed by, or otherwise connected with, OMVIC;
- j) Reserve the right of OMVIC to solely determine whether any situation or circumstance constitutes a conflict of interest;
- k) Reserve the right to disqualify prospective vendors from a procurement process due to conflict of interest;
- l) Require prospective vendors participating in a procurement process to declare any actual or potential conflict of interest;
- m) Require vendors to avoid any conflict of interest during the performance of their contractual obligations for OMVIC;
- n) Require vendors to disclose any actual or potential conflict of interest arising during the performance of an Agreement;
- o) Reserve the right to prescribe the manner in which a vendor should resolve a conflict of interest;
- p) Allow OMVIC to terminate an Agreement where a vendor fails to disclose any actual or potential conflict of interest or fails to resolve its conflict of interest as directed by OMVIC; and
- q) Allow the Agreement to be terminated where a conflict of interest cannot be resolved. The form of Agreement the successful vendor(s) is expected to sign. Appropriate termination clause(s) must be

included in Agreements. As appropriate mechanisms for amending the Agreement from time to time should be included.

- r) Other mandatory policy requirements as appropriate. Other information as deemed appropriate.

OMVIC should consult with legal counsel regarding its procurement documents including the implementation and application of updated Agreement terms and conditions.

### **Bid Response Time**

Sufficient time will be given to vendors to prepare and submit bid responses, taking into account the complexity of the project.

### **Additional Information**

Any additional information, clarification or modification of the procurement documents must be provided in the same manner as the procurement document via an amendment or addendum and must be released in sufficient time prior to the submission deadline to allow bidders sufficient time to submit a responsive bid. The submission deadline may be extended to ensure sufficient time is provided to bidders.

### **Evaluation Process**

OMVIC will evaluate the responses received consistently and in accordance with the evaluation criteria, rating and methodology set out in the procurement document.

OMVIC may require individuals participating in the evaluation of bid responses to immediately declare any potential conflict of interest and immediately address any declarations.

Lowest price/cost may not be the main factor in assessing the responses and other considerations such as quality, quantity, delivery, servicing, experience, financial capacity of the vendor, and any other criteria directly related to the procurement must be taken into account as well.

Where a vendor is disqualified for non-compliance of a mandatory requirement or fails to meet a minimum rated requirements score, as identified in the procurement document, no further evaluation will take place.

The evaluation of price/cost must be undertaken after the completion of the evaluation of the mandatory requirements and any other rated criteria.

### **Evaluation Methodology**

The evaluation process to be used in assessing a vendor's submission will be fully disclosed in the procurement document. A full disclosure of the evaluation methodology and process includes, but is not limited, to:

- a) A clear articulation of all mandatory requirements, which must indicate if the mandatory requirements will be assessed on a pass/fail basis and indicate how vendors achieve a passing grade.
- b) All weights, including sub-weights, for rated requirements.
- c) Description of any short-listing processes, including any minimum rated score requirements.
- d) The role and weighting, if applicable, of reference checks, oral interviews, demonstrations and site visits.
- e) Descriptions of the price/cost evaluation methodology including the use of scenarios in the evaluation process, to determine costs for specific volumes and/or service levels.

In responding to procurement documents, vendors may sometimes propose alternative strategies or solutions to the business needs or apply conditions to their responses. Unless expressly stated in the procurement documents, alternative strategies or solutions proposed by a vendor may not be considered.

## **Agreement Requirements**

Agreements executed for goods or services must be in writing and outline, with appropriate modifications, the provisions of the Procurement Documents section. The agreement must also include:

- A ceiling of total costs;
- Terms of payment; and
- A requirement that the parties must pursue mediation in the event of a dispute, prior to commencing legal action.

