

## Procurement Policy

### **Policy**

The procurement of goods, services and assets will be conducted with sufficient due diligence to demonstrate transparency, fairness, quality, and value for money in meeting Nipissing First Nation's requirements.

### **Purpose**

The purpose of this policy is to provide guidance to Nipissing First Nation on how purchases will be planned, managed, approved and paid.

### **Scope**

This policy applies to the Council, Chief Executive Officer and any other First Nation employees involved in purchasing goods, services and assets on behalf of Nipissing First Nation.

### **Definitions**

**“Assets”** include tangible capital assets such as equipment, buildings and land that have been purchased or constructed by Nipissing First Nation.

**“Best Value”** refers to the optimal combinations of experience, knowledge, expertise, geographic location, performance, quality, time, initial costs, operation and maintenance, cost, life cycle costs, service, performance characteristics, spare parts availability, warranties and guarantees etc.

**“Fairness”** refers to giving qualified firms and individuals an equal opportunity to compete for the contract work; and to evaluating tenders and proposals in accordance with accepted practices.

**“Encumbrance accounting”** refers to the process of setting money aside (to hold it) for a specific purpose. Money then, is essentially earmarked for certain future purposes and cannot be re-allocated for any other purpose than stated.

**“Invited tender”** refers to a tender that is distributed to a certain number of contractors who are invited to bid on a specific project. Industry standards indicate that at least three contractors should be invited to ensure that the process is fair and there is sufficient competition.

**“Open or public tender”** is the process by which tenders are advertised publicly. Open tenders should allow any qualified potential bidders the opportunity to bid on a project.

**“Requisition”** refers to a purchase order used by Nipissing First Nation when documenting expenditures.

“**RFP**” stands for Request for Proposal, which is the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.

“**Sole Source**” means a person or company from whom Nipissing First Nation may purchase goods and/or services.

“**Tender process**” refers to the process where documents outlining the requirements and specifications of a project are put in the hands of prospective contractors or suppliers interested in submitting bids.

## **Responsibilities**

The Council is responsible for:

- Ensuring effective control of procurement of goods, services and assets through documented policies and procedures.

The Chief Executive Officer is responsible for:

- Ensuring the procurement process is fair, open, and demonstrates accountability to obtain the best value for time and money;
- Communicating the policies and procedures to all parties who are affected.

The Chief Financial Officer is responsible for:

- Developing, documenting and maintaining policies and procedures relating to the procurement process for goods, services, and assets;
- Assisting in the selection, evaluation, and monitoring of contractors and suppliers;
- Managing and monitoring expenditures and identifying and reporting on budget variances;
- Ensuring that procurement staff receives appropriate guidance and assistance in the performance of their duties.

## **Procedures**

### **Procurement of low value items goods and services**

Goods and services under the ‘low’ value threshold can be procured by the individuals noted in the Purchasing Approval Limits (see attached Appendix “G”) for each threshold of value.

The responsible employee noted in the Purchasing Approval Limits (see attached Appendix “G”) will ensure that the goods or service selected is the best value for Nipissing First Nation.

The responsible employee noted in Purchasing Approval Limits (see attached Appendix “G”) will sign the invoice indicating that the goods or services have been received under the terms in the agreement between Nipissing First Nation and the vendor.

### **Procurement of moderate value goods and services**

The responsible employee noted in the Purchasing Approval Limits (see attached Appendix “G”) will perform a documented analysis of the costs and benefits of at least three options to procure the good or service. A contractor / Supplier Evaluation Template will be used to complete the cost and benefits analysis (see attached Appendix “H”).

Where practical, informal quotes will be obtained through advertisements, direct solicitations to contractors/suppliers and other methods in an effort to compare prices and select the best option for Nipissing First Nation.

When appropriate, Nipissing First Nation will promote the use of local content in the procurement of goods and services in accordance with Local Content Appendix “I”.

### **Procurement of high value goods and services**

Goods and services classified as high value according to the Purchasing Approval Limits (see attached Appendix “G”) will be procured using a competitive tendering process. A contractor / Supplier Evaluation Template will be used to complete the cost and benefits analysis (see attached Appendix “H”).

When appropriate, Nipissing First Nation will promote the use of local content in the procurement of goods and services in accordance with Local Content Appendix “I”.

Under a competitive tendering process, Nipissing First Nation must use either an invited tender or an open tender to award a contract.

For each tendering process a RFP will be issued and will include the following components:

- i. Date by which proposals are due;
- ii. Background to the requirement (e.g., context, challenges);
- iii. Specific requirements of the proposal including any requirements set out in Council policy for the management of capital projects (e.g. course of construction insurance, performance guarantees and bonding;
- iv. Qualifications of the ideal supplier (e.g. track record, experience, integrated services);
- v. Criteria and weighting (if applicable) by which proposals will be assessed;
- vi. Planned contract award date;
- vii. Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers;

- viii. Caveat providing Nipissing First Nation with the right to pick any proposal or none;
- ix. A checklist of other special terms and conditions (e.g., maximum price expected, delivery dates or constraints) that would be critical for an organization to build into their response to meet the needs of Nipissing First Nation.

The Chief Executive Officer, [#] representatives from Council, and any required staff possessing relevant expertise will form a review panel and review the proposals received against the pre-determined selection criteria for the RFP. The review panel will provide Council with a recommended course of action.

To maintain consistency in the procurement process, a standard methodology will be used to evaluate each contractor/supplier (Appendix “I”). The methodology will include, at a minimum, an evaluation of:

- i. How the contractor/supplier meets the RFP or tender requirements and specifications;
- ii. The contractor/supplier’s qualifications;
- iii. The price quoted;
- iv. Results and quality of all work the contractor/supplier has previously done for Nipissing First Nation.

Other requirements will be added to the methodology as deemed necessary by the Chief Executive Officer.

Normally an RFP process as described above will be followed to procure goods and services. Exceptions to this process (i.e. granting a sole source contract, non-competitive contract award) will be rare and limited to the following situations:

- i. If there were no bids received during the tender call or RFP process;
- ii. When the good or service is available only through a Sole Source;
- iii. In an emergency situation where a delay in procuring the good or service would result in severe loss or damage to Nipissing First Nation.

Any exceptions to the procurement process will be documented to demonstrate the rationale and approval of a non-standard procurement process as noted in the exceptions to the standard methodology of the procurement process.

### **Approval, initiation and monitoring**

Approval of procurement decisions should be documented on the relevant purchasing document (i.e. requisition, purchase order, or contract, depending on the nature of the procurement activity).

Once approved, the Chief Financial Officer will ensure that an encumbrance accounting system is in place for each contracted procurement activity so that money is set aside and used specifically for those goods or services.

On a monthly basis, the Chief Financial Officer will review the status of procurement encumbrances, noting and investigating any over budget commitments. Procurement activities over budget will be reported to the Chief Executive Officer.

At each Finance and Audit Committee, the Chief Executive Officer will report on the status of a capital project including a comparison of expenditures to date with the project budget and a detailed description of any identified legal, financial, technical, scheduling or other problems and the manner in which it has been or will be addressed.

### **Documentation requirements**

All procurement documents (including but not limited to requisitions, invoices, purchase orders, request for proposals or tender calls) will clearly indicate the details of the goods and services requested.

Approvals and budget appropriations and accounts from which certain goods or services may or must be purchased will be documented on relevant internal procurement documentation.

A file will be created for each RFP/Tendering process that contains the results of each supplier evaluation.

### **Monitoring of Contractors/Suppliers**

On an ongoing basis, the Chief Executive Officer will monitor the quality of the work and the working relationship with the contractor/supplier. Any issues noted will be documented in the contractor/supplier file and resolved by the Chief Executive Officer.

Performance evaluation should be tailored to job size and complexity. A review of both the project quality and the service quality should be conducted using a standard set of criteria and applying weight factors established at the time of award. Any adjustments to the criteria weighting should not be made without the contractor/supplier's concurrence.

### **Encouraging new contractors/suppliers**

Contracts will be reviewed on an annual basis (or other timeframe as deemed appropriate by the Chief Executive Officer for the nature and complexity of the goods/services in question) and a request for other contractors/suppliers initiated.

## Appendix “G” – Purchasing Approval Limits

Purchase Values (amounts may vary depending on Nipissing First Nation’s situation)		Process to be followed:	Who is responsible:
Less than \$100		Petty Cash	Administrative Assistants
Greater than \$100	Less than or equal to \$500	Low Value <sup>2</sup>	Department Supervisors
Greater than \$500	Less than or equal to \$5,000	Low Value <sup>2</sup>	Department Managers / Director
Greater than \$5,000	Less than or equal to \$50,000	Moderate value: Informal or Quotation <sup>3</sup>	Chief Executive Officer, Chief Financial Officer, Director of Administration
Greater than \$50,000		High value: Possible Tender Call/Request for Proposal	Chief Executive Officer

Department Manager or equivalent.

Low Value = Contractual arrangement for low value procurement process: in this, employees with appropriate authority as set out in this policy may sign an invoice indicating that the goods or services have been received and the contractor/supplier may be paid.

Informal Quotation = obtaining informal quotes where practicable through advertisements, direct solicitations to contractors/suppliers and other methods in effort to compare prices.

*Approved by C&C this 26<sup>th</sup> day of January, 2016,  
Amended and approved by C&C this 18<sup>th</sup> day of December, 2018.*