

<b>Financial Management</b>	<b>Policy Name</b> Purchasing and Procurement Policy
<b>Responsible for Implementation</b> President & CEO	<b>Creation Date:</b> November 2011
<b>Approved By The President &amp; CEO</b> <b>Date:</b>  <b>Review Date:</b>	<b>Revision Dates:</b> April 2014

## Policy

Aptus Treatment Centre (Aptus) will endeavor to receive maximum value for money when procuring goods and services including consulting services. Aptus is intended that, with respect to the proposed expenditure of government funds, this policy will comply with the policies and regulations established from time to time by the Ministry of Community and Social Services and those established under the authority of the Broader Public Sector Accountability Act, 2010.

## Purpose

The purpose of the Directive is:

- To ensure that Aptus' purchase of goods and services, including construction, consulting services and information technology will be outlined through a process that is open, fair and transparent.
- To ensure that Aptus' purchasing and procurement processes are clearly set out as to roles, responsibilities and approval authority and are consistently applied throughout each stage of the procurement process.
- To provide guidelines for holding proposal calls, entering into contracts and to establish internal controls over the authorization of procurement processes.
- To ensure that the policy adheres to the following five key principles:
  - **Accountability**  
Aptus will keep accurate records so that it can be held accountable for the results of its procurement decisions and the appropriateness of the processes.

- **Transparency**  
Aptus will be transparent to all stakeholders. Wherever practical, stakeholders will have equal access to information on procurement opportunities, processes and results.
- **Value for Money**  
Aptus will maximize the value it receives from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.
- **Quality Service Delivery**  
Aptus will ensure that front-line services provided by staff, such as training and care for the People We Support at our various locations, will receive the right product, at the right time, in the right place.
- **Process Standardization**  
Aptus will ensure that standardized processes will remove inefficiencies and create a level playing field.

#### **KEY DEFINITIONS:**

"**Goods and services**" means any goods, construction, and services, including but not limited to IT and consulting services.

"**Members of an Organization**" means all members of the Board of Directors, Senior Executives, and employees of the organization, or their equivalent.

"**Supply Chain Activities**" means all activities directly or indirectly related to the organization's planning, sourcing, procurement, moving, and payment processes of goods and services.

"**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.

"**Contract**" means an obligation, such as an accepted offer, between competent parties upon a legal consideration, to do or abstain from doing some act. It is essential to the creation of a contract that the parties intend that their agreement shall have legal consequences and be legally enforceable. The essential elements of a contract are an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent or consensus ad idem; legality of purpose; and sufficient certainty of terms.

"**Operating Account**" Accounts used to track day-day revenue and expenses.

**“Operating Budget”** Annual budget of operating expenses approved by the Board

**“Capital Budget”** Annual budget of capital expenditures approved by the Board

**“Designated Reserves”** Funds to be used for purposes specified at time of receipt from an individual or organization. There are generally two types of designated funds:

“Internally restricted” funds set aside by the organization for a specified purpose. These funds have an internal restriction and can be changed by authorized members of an organization.

“Externally designated” funds received by the organization from external sources where the individual or corporation has specified the way in which these funds are to be used. In this case, if for any reason the funds cannot be used for the purposes outlined by the donor, they must be either returned to the donor or the donor may be asked if the funds can be used elsewhere.

**“Undesignated Reserves”** Funds received by the organization without any specification as to how they are to be used.

**“Fixed Assets”** Items costing in excess of \$5,000.00 and having a useful life exceeding 5 years.

**SUPPLY CHAIN CODE OF ETHICS (CODE):**

This Ontario Broader Public Sector Supply Chain Code of Ethics (“Code”) defined below does not supersede, but supplements, the code of ethics that Aptus currently has in place.

Aptus has formally adopted and will abide by the Code in accordance with its governance processes. This policy’s intent is to establish the conduct of all Aptus staff that are involved with the Supply Chain Activities in accordance with the Code.

This Code will be made available and visible to all Aptus staff, as well as to all suppliers and other stakeholders involved with the Supply Chain Activities.

**Ontario Broader Public Sector (BPS) Supply Chain Code of Ethics**

**Goal:** Aptus will ensure an ethical, professional and accountable BPS Supply Chain.

**I. Personal Integrity and Professionalism**

All Aptus staff involved with the Supply Chain Activities will act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence will be integral to all Supply Chain Activities within and between Aptus, suppliers and other stakeholders. Respect will be demonstrated for each other and for the environment. Confidential information will be safeguarded. Participants will not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favors, providing preferential treatment, or publicly endorsing suppliers or products.

## **II. Accountability and Transparency**

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

## **III. Compliance and Continuous Improvement**

Aptus will ensure that individuals involved with purchasing or other Supply Chain Activities will comply with this Code of Ethics and the laws of Canada and Ontario. Aptus staff involved will continuously work to improve supply chain policies and procedures, to improve its supply chain knowledge and skill levels, and to share leading practices.

### **PROCEDURES:**

Aptus will ensure that all contracts entered by, or in the name of Aptus Treatment Centre will follow the requirements set forth in the Broader Public Sector (BPS) Procurement Directive.

### **PROCUREMENT OF VENDOR**

All commitments for amounts between \$10,000 and \$100,000 must be obtained through a competitive process which should include the following:

- Prepare a tender or request for proposal (“RFP”) document which clearly sets out: 1) the details, specifications and schedule of the service, product or work required; 2) the contract or agreement which the selected bidder will be required to sign; 3) the format and content of the proposal requested and the deadline of submission and 4) the criteria to be used in judging the proposals;
- Prepare a list of at least 3 vendors to invite to bid or prepare an advertising process for broadcasting invitations to bid (a list of invited bidders may be from previous experience; from the results of a “request for qualifications” (“RFQ”) process; or from a roster previously established based on an RFQ process;
- Ensure that submissions are received by the date specified and opened and recorded only in the presence of the Director of Finance and at least one other senior management staff;
- Properly score the bids with at least 3 staff including the Director of Finance
- Negotiate if required and finalize a contract

- Properly file all documents including the RFP, the bids, the evaluation of the bids and the final selection in order that an audit can be done efficiently.

For commitments in excess of \$100,000, the process must be open to all vendors in addition to being competitive. This can be achieved by holding an RFQ process or by creating a Roster of qualified vendors from an RFQ process first and then holding an RFP or it can be achieved by broadcasting an invitation to bid on a RFP through electronic and other media.

Any non-competitive or sole sourcing of a vendor requires the approval of the President & CEO for amounts up to \$35,000 and the Board of Directors for amounts over \$35,000. All non-competitive or sole sourcing procurements should be reported annually to the Finance Committee.

**AUTHORITY TO APPROVE PURCHASE ORDERS:**

Prior to signing any commitment (contract, agreement, lease, license or other written document) with a third party supplier, contractor or consultant, a purchase order setting out the vendor, a description of the items to be provided, the duration of the contract and the amount along with the contract or agreement attached must first be approved in writing in accordance with the following authorization:

<b>Purchase Requisition, Contract or Invoice – (Operating Account, Designated Reserve, Undesignated Reserve) in accordance with the Operating Budget</b>	
1. Supervisor	1. Up to \$1,000
2. Manager	2. Up to \$2,000
3. Directors (Program, HR and Finance)	3. Up to \$5,000
4. President & CEO	4. Up to \$35,000
5. President & CEO and Board	5. Over \$35,000
<b>Purchase Requisition, Contract or Invoice in accordance with the Capital Budget</b>	
1. President & CEO and Director of Finance	1. Up to \$35,000
2. President & CEO and Board designate	2. Over \$35,000

<b>Leases of equipment only (excluding real estate)</b>	
1. Signed by President & CEO and Director of Finance	1. Contracts up to \$35,000 and no more than 3 years.
2. Signed by President & CEO and Board designate	2. Leases and contracts over \$35,000 and contracts of a one-time nature

- (a) The President & CEO may approve expenditures of up to 10% in excess of the amount budgeted for an item in the Operating or Capital Budget provided that in each case such amount is less than \$35,000
- (b) It is the responsibility of the individual with the signing authority involved in the purchase and reimbursement of goods and services to ensure compliance with this policy and procedure. The Finance Department is responsible for verifying that the amount requested is supported by the required attached documents and that the signature is by the appropriate signing authority.
- (c) The Supervisor or Manager of the department the purchase is related to must approve the requisition. Only individuals with the appropriate level of authority are able to approve the cheque requisition.

**DELEGATING SIGNING AUTHORITY**

Signing authority may not be delegated except in the case where the authorized signatory is absent or the position of the authorized signatory is vacant. In such event the President & CEO may delegate in writing signing authority to an alternate person for the duration of such absence or vacancy.

**CONTRACTS NOT PREVIOUSLY INCLUDED IN THE ANNUAL BUDGET:**

All contracts and/or other expenditures up to \$35,000 for which prior budget approval has not been given will require a budget proposal to be prepared, reviewed by the Finance Department (to allocate to the appropriate program budget) and submitted to the President & CEO for approval. Contracts and/or other expenditures that exceed \$1,000,000, and the commitment for which has already been approved by the Board, must be reviewed by the President & CEO and forwarded to the Finance Committee and Board of Directors for final approval.

### **SIGNING OF CONTRACTS:**

The President & CEO and Director of Finance or the designate, who has obtained prior written approval from the Board of Directors and has been granted signing authority, shall sign each contract. Each contract will be witnessed and dated and may be embossed with the corporate seal.

### **CHEQUE SIGNING:**

As long as the cheque is prepared in accordance with a preapproved requirement and appropriate paperwork attached, any 2 signing officers should be able to sign cheques.

### **LOCATION OF ORIGINAL CONTRACTS:**

An original signed copy of all contracts that bind Aptus must be provided to the Finance Department located at Aptus' Head Office for filing and monitoring.

### **PURCHASE OF SERVICE CONTRACTS:**

#### **Definition:**

A “**purchase of a service contract**” is a written agreement between Aptus and an individual or organization in which specific services are to be provided. The following shall apply to all contracts signed by Aptus:

- (a) All purchases are within the approved annual budget.
- (b) The Board of Directors authorizes the annual expenses of the agency by approving the annual budget.
- (c) Contracts for purchase of services must have a term of no more than a year. If the term is for longer than 1 year, it must be approved by the Board of Directors.
- (d) Where possible, contracts should be based on a standard form with standard clauses developed and approved for this purpose by the agency including: term, payment procedures including amounts, allowable expenses, and invoicing procedures, description of services to be provided, reporting and compliance requirements, warranties, renewal rights and terms, assignment rights, termination rights, vetting of individuals rendering services, proof of compliance with laws and requirements, etc.
- (e) Each contract is dated, witnessed or embossed with the agency's corporate seal if required.

- (f) The agency also ensures that a completed copy of the final contract is made available to all other signatories.
- (g) The original copy of a signed contract is kept in a secure place at the agency's finance department.
- (h) All Purchase of Service contracts must meet the agency's conflict of interest guidelines as referred to in policy "Conflict of Interest".
- (i) At least 3 months prior to the completion of the contract, the President & CEO or designate reviews and plans for the renewal or tendering of the contract following the above procedures.

**INFORMATION REQUIRED FOR PROPER PAYMENT AUTHORIZATION:**

All invoices must be reviewed and approved prior to payment by the staff authorized to sign. Authorization is to include:

- (a) **Date** - Date of request.
- (b) **Completed by** - Name of the person completing the form (if a cheque requisition).
- (c) **Payable to** - The name and complete address of the payee.
- (d) **Description** – attach purchase order to invoice as evidence of commitment authorization.
- (e) **Coding section** - The account code or codes to be debited and the corresponding amounts with taxes (PST and GST) identified separately.
- (f) **Amount** – Total amount of the cheque to be issued.
- (g) **Approved by** – Person who verifies that the product good or service was received satisfactorily and signed by person's manager.
- (h) **Special delivery instructions** - If the cheque is not to be directly routed to the payee then the appropriate routing instructions need to be reported in this space.
- (i) **Date required** – Record date cheque is required if different from regular cheque run.

**CONSISTENCY WITH ALL OTHER APTUS POLICIES, PROCEDURES AND GUIDELINES:**

All contracts must adhere to all other Aptus policies, procedures and guidelines with respect to financial support, expense rules, levels of approval authority, levels of signing authority and location of originally signed contract.



In no circumstances can hospitality, incidental for food expenses be considered allowable expenses for consultants and contractors under the rules or in any contract between an organization and a consultant or contractor. Therefore, without advance approval of President & CEO or Designate they cannot claim or be reimbursed for such expenses, including:

- (a) Meals, snacks and beverages.
- (b) Gratuities.
- (c) Laundry or dry cleaning.
- (d) Valet services.
- (e) Dependent care.
- (f) Home Management.
- (g) Personal telephone calls.

**PROCUREMENT RECORD RETENTION:**

Aptus will handle, store and maintain vendor's confidential and communicational sensitive information in an appropriate and legal matter for a minimum of 7 years.

**EVALUATION:**

This policy will be evaluated and reviewed annually by management.

**REFERENCES:**

<http://www.fin.gov.on.ca/BPSsupplychain>

Copy of the Broader Public Sector (BPS) Procurement Directive Policy Guidelines.