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# PROCUREMENT POLICY

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## 1.0 POLICY STATEMENT

### 1.1 Application

This policy applies to senators and senators' staff, as a complement to the procurement requirements stated in the *Senators' Office Management Policy* (SOMP) and to Administration employees for all acquisitions of goods and/or services, including acquisitions done by Committee staff for committees.

### 1.2 Purpose

(1) The purpose of this policy is to establish the requirements for the acquisition of all goods and/or services from third parties, parliamentary entities and government organizations in an efficient and effective manner that results in the best value for the Senate while mitigating risks, enhancing access and encouraging competition and fairness for suppliers.

(2) The procurement activities of the Senate will be conducted in a manner that stands the test of public scrutiny in matters of prudence and probity and reflects fairness in the spending of public funds.

### 1.3 Context

To carry out its activities, the Senate acquires a variety of goods and/or services. The *Procurement Policy* provides rules on how to acquire all goods and/or services while meeting the principles set out in this policy and leveraging recognized procurement practices.

### 1.4 Principles

#### **Accountability**

Senators, senators' staff and Administration employees are responsible for complying with this policy and related processes. Senators, senators' staff and Administration employees with delegated authorities for the procurement of goods and/or services will work to achieve a value-for-money outcome, while satisfying senators and the Senate's requirements and operational needs.

#### **Fairness and Transparency for Suppliers**

The Senate will conduct its procurement activities in a transparent and impartial manner to enhance access, encourage competition and fairness to suppliers and result in best

value and the optimal balance of overall benefits to the Senate. Potential suppliers will have equal access to information on procurement opportunities, processes and results. Awards to suppliers will be managed in a fair and consistent manner.

## **Values**

The Senate will implement procurement processes and practices to ensure it awards contracts to suppliers that demonstrate lawful behaviour and act with integrity.

### **1.5 Objectives**

This policy seeks to:

- (a) support Senate operations by ensuring that the acquisition of required goods and/or services is conducted in a manner that reflects value for money and stands the test of public scrutiny;
- (b) ensure individuals involved in the overall procurement process understand their roles and responsibilities;
- (c) ensure leading procurement practices are utilized;
- (d) ensure that industrial and regional development, Indigenous economic development, diversity, accessibility and green procurement are taken into consideration when the Senate acquires goods and/or services; and
- (e) align with the *Senate Administrative Rules (SARs)*, the SOMP and the *Delegation of Financial Authorities Policy*.

### **1.6 Policy Requirements**

The key requirements of this policy follow.

#### **1.6.1 Persons Authorized to Contract**

All contracts for goods and/or services (with third parties or other parliamentary entities or government organizations) must only be entered into by persons occupying positions with specific delegated contracting authority in accordance with the *Delegation of Financial Authorities Policy* or the SOMP and in compliance with this policy.

#### **1.6.2 Ethics in Procurement Activities**

Employees involved with a procurement process may not, in any way, benefit personally from their procurement activities by accepting personal gifts, discounts from suppliers or

other benefits. Employees involved in a procurement process must disclose any real or potential conflict of interest to the Manager, Procurement Services, who will determine the appropriate action to be taken.

#### **1.6.3 Standardization and Volume Consolidation**

(1) Equipment standardization and variety reduction will be implemented wherever possible to obtain best value for money unless this objective cannot be accomplished given the special character or unique nature of the particular procurement.

(2) Acquisition of the same goods and/or services across the Administration must be consolidated to ensure the Senate benefits from economy of scale and obtains better pricing.

#### **1.6.4 Technical Specifications and Statement of Work**

(1) Technical specifications and/or a Statement of Work (SOW) must be prepared by the senator, member of the Executive Committee or Administration director or manager submitting a requisition for the acquisition of goods and/or services, in consultation with the appropriate contracting authority.

(2) Technical specifications and the SOW should not refer to a particular trademark or product name, or producer or supplier, unless there is no sufficiently precise or intelligible way of otherwise describing the procurement requirements and, in such cases, words such as “and/or equivalent” should be included in the procurement request.

(3) The appropriate contracting authority is the final approval authority for technical specifications and SOWs to ensure that they are not unduly restrictive and that otherwise comply with this policy and the best interests of the Senate.

#### **1.6.5 Security Requirements**

All contracts are subject to the security requirements of the Senate *Security Accreditation Policy*. Senators, members of the Executive Committee and Administration directors or managers must ensure that any necessary security clearances have been granted prior to the contract being signed and to any work commencing under a contract.

#### **1.6.6 Competitive Procurement Process**

(1) To promote fair, open, impartial and competitive procurement, the Senate Administration will use a competitive procurement process in compliance with the rules established in this policy where a contract value with a third party exceeds the following thresholds:

(a) Goods - \$25,000.

(b) Services - \$40,000.

(2) The thresholds applicable to senators' contracts are stated in the SOMP.

(3) In cases where an acquisition includes a combination of goods and/or services, if more than 50 per cent of the estimated value is for goods, the acquisition is deemed to be a good. Similarly, if more than 50 per cent of the estimated value is for services, the acquisition is deemed to be a service.

(4) No acquisition shall be divided into separate contracts to avoid a competitive procurement process or the appropriate contract approval authorities.

#### **1.6.7 Exceptions to the Competitive Procurement Process (Sole Source)**

(1) When it is estimated that the value of the acquisition will exceed the thresholds outlined in paragraph 1.6.6, the Standing Committee on Internal Economy, Budgets and Administration (CIBA) may approve an exception to the requirement to use a competitive procurement process.

(2) Prior to submitting a requisition for the acquisition of goods and/or services, a senator, member of the Executive Committee, director or manager with financial delegated authority must request an exception to the provisions of the competitive procurement process and attest that the request concerns a procurement process that:

(a) is for the acquisition, rental or loan of a work of art;

(b) can be satisfied only by a particular supplier and no reasonable alternative or substitute exists for technical reasons (an attestation from the supplier confirming the proprietary nature of the goods/services could be used as proof);

(c) relates to an urgent procurement that could not be satisfied in time if the competitive procurement process was followed due to a requirement arising from a situation outside the Senate's control;

(d) could result in a change of supplier that would compel the procurement of equipment and/or services that would not be compatible with existing equipment or services;

(e) is for services of a confidential nature, the disclosure of which could reasonably be expected to compromise parliamentary or government confidences or solicitor-client privilege, or similarly be contrary to the public or Senate interest;

(f) affects national security; or

(g) was preceded by one or more competitive procurement processes that did not result in a successful outcome.

#### **1.6.8 Contracting with Third Parties**

(1) Technical specifications and/or SOWs must be defined in a non-restrictive manner, including clear outputs or performance requirements that will encourage and accommodate the use of the competitive procurement process.

(2) Resulting contracts must include the Senate's standard terms and conditions for contracts. Any deviation must be reviewed and approved by the Manager, Procurement Services, or the Chief Financial Officer (CFO), after consulting with the Office of the Law Clerk and Parliamentary Counsel as required.

(3) CIBA approval is required for:

- (a) any procurement process for the acquisition of goods and/or services with an estimated total value of \$125,000 or more;
- (b) any amendment(s) to a contract that resulted from a procurement process CIBA previously approved when the initial contract value is increased by more than 10 per cent;
- (c) any amendment(s) to a contract that resulted from a procurement process CIBA did not previously approve when the amendment(s) brings the total estimated contract value to \$125,000 or more; and
- (d) any procurement process deemed by the CFO as requiring the attention of CIBA.

(4) Changes to an existing contract may be made in accordance with the following:

- (a) Changes to an existing contract must be approved in accordance with this Policy.
- (b) No contract resulting from a competitive process may be increased by more than 50 per cent of the initial total contract value, except when exercising option periods.
- (c) The duration of an existing contract that was approved by CIBA may be extended without seeking further approval from CIBA if the contract value has not been reached.



(d) A sole source contract may be extended, or its value may be increased with approval as required under paragraph 1.6.7.

(5) No person who will render services or benefit from payments under a contract with the Senate may be an employee of the Senate, House of Commons, Library of Parliament or any department or agency of the Government of Canada or receive employment income from the consolidated revenue fund.

#### **1.6.9 Contracting with other Parliamentary Entities or Government Organizations**

(1) All contracting activities with other parliamentary entities or government organizations are processed on a sole-source basis and paragraphs 1.6.6 and 1.6.7 do not apply to these transactions.

(2) CIBA approval is required for:

- (a) any proposed process for the acquisition of goods and/or services with an estimated total value of \$125,000 or more
- (b) any amendment(s) to a contract that resulted from a process CIBA previously approved when the initial contract value is increased by more than 15 per cent;
- (c) any amendment(s) to a contract that resulted from a process CIBA did not previously approve when the amendment(s) brings the total contract value to an estimated value of \$125,000 or more; and
- (d) any procurement process deemed by the CFO as requiring the attention of CIBA.

#### **1.6.10 Emergency Contracting**

A Senate employee with appropriate delegated expenditure initiation and commitment authority may enter into an emergency contract of not more than \$10,000 under urgent circumstances and when no contracting authorities are available to perform that task, for example during a weekend or statutory holiday, or during a committee trip that requires an urgent local contract. The employee exercising the emergency contracting must inform the Manager, Procurement Services, of that action and provide details and documents to support the emergency contract by the end of the following business day. Emergency contracts will be reported to the Executive Committee by the CFO.

### **1.6.11 Social Objectives**

The Senate supports objectives such as industrial and regional development, Indigenous economic development, diversity, accessibility and green procurement. The Senate will ensure the inclusion of diverse suppliers as a part of its procurement activities and processes to the greatest extent possible. More specifically, for competitive procurement process over \$125,000, the Senate will make reasonable efforts to reach out to groups/associations representing diverse suppliers to inform them of the upcoming opportunities.

### **1.6.12 Criteria for Awarding Contracts**

A decision to award a contract as a result of a competitive procurement process must be made on the following basis:

- (a) the selected bid or proposal is in compliance with all the mandatory requirements stated in the solicitation document;
- (b) the evaluation of the bid or proposal concludes that the supplier is able to fulfill the bid obligations; and
- (c) the selected bid or proposal is determined by the evaluation committee to be the most advantageous in terms of overall value based on the specific evaluation criteria set out in the request for proposals document.

### **1.6.13 Employer-Employee Relationships**

(1) When contracting for services, care must be taken that an employer-employee relationship does not occur.

(2) A contract for services must not include elements that may create an employer-employee relationship, including but not limited to the following:

- (a) the contractor is responsible for day-to-day supervision of Senate employees;
- (b) the contractor is performing the same work as employees;
- (c) the contractor has a regular work schedule;
- (d) the contractor is provided Senate accommodation and equipment;
- (e) the contractor receives sick or holiday pay; and
- (f) the contractor is integrated into the work force and cannot be readily distinguished from other employees.

#### **1.6.14 *Unauthorized Contracting***

(1) An acquisition that is made without an active contract in place, with the exception of authorized purchases made by credit card, is not in compliance with this policy and is not an acceptable practice. Any acquisition of this nature must be normalized by a contractual arrangement as soon as the deficiency is identified.

(2) Unauthorized contracting means any of the following:

- (a) goods and/or services are requested and/or received without a legally binding purchasing document (written contract or purchase order); or
- (b) goods and/or services are requested after a contract has expired or prior to an amendment to an existing contract being issued, e.g., beyond the existing dollar amount or scope.

(3) Unauthorized contracting will be reported to the Executive Committee and the Subcommittee on Agenda and Procedure of CIBA on at least an annual basis.

#### **1.6.15 *Inquiries for Price and Product Information***

Where price, availability and other product or service information is required for planning, budgetary or other purposes, a senator, member of the Executive Committee, director or manager must consult with the Finance and Procurement Directorate. Only the Finance and Procurement Directorate may obtain an official quotation from potential suppliers. Any inquiry to suppliers must clearly indicate that it is for information only and that no contract will be awarded based on the responses received. Should the Senate proceed with a competitive procurement process in relation to the information inquiry, suppliers who responded to the request for information will be notified of the competitive procurement process.

#### **1.6.16 *Disclosure***

The Senate will publicly disclose information required by applicable legislation or based on its financial disclosure policies and practices.

#### **1.6.17 *Debriefing Sessions***

A debriefing session should be provided to a bidder who participated in a competitive procurement process if it makes a formal request within five working days of the day on which the bidder was notified of the results.

## **1.7 Consequences**

(1) Non-compliance with this policy, including unauthorized contracting, by senators or members of the Executive Committee will be brought to the attention of CIBA, as outlined in Section 2.0 of this policy. Non-compliance with this policy by Administration employees will be brought to the attention of the Executive Committee for appropriate action, as outlined in Section 2.0 of this policy.

(2) In addition to other appropriate action, any misuse or willful disregard of this policy or related procedures that results in a loss of money and/or additional costs to the Senate may result in administrative or disciplinary actions, including repayment of lost money and/or additional costs.

(3) Persons who enter into contracts without formal delegated contracting authority may be deemed to have entered into a personal contract and risk being held personally liable for all the terms and conditions of the contract, including payment to the supplier.

## **2.0 ROLES AND RESPONSIBILITIES**

### **2.1 CIBA**

CIBA is responsible for

- (a) approving this policy;
- (b) approving procurement processes in accordance with paragraphs 1.6.8 and 1.6.9;
- (c) approving exceptions to the requirement for a competitive procurement process in accordance with paragraph 1.6.7; and
- (d) taking appropriate action in the case of non-compliance, including unauthorized contracting, with this policy when it concerns senators or members of the Executive Committee.

### **2.2 Executive Committee**

The Executive Committee is responsible for

- (a) approving the standard Senate terms and conditions for procurement contracts;

- (b) taking appropriate action in the case of non-compliance with this policy, including unauthorized contracting, when it concerns Administration employees; and
- (c) reviewing reports of emergency contracting.

### **2.3 Chief Financial Officer (CFO)**

The CFO is responsible for

- (a) establishing this policy;
- (b) recommending, for approval, standard Senate terms and conditions for procurement contracts to the Executive Committee;
- (c) reviewing and approving any deviation to the standard Senate terms and conditions for specific contracts;
- (d) ensuring procurement training is available to senators and Administration employees who hold delegated contracting authority;
- (e) reporting emergency contracting to the Executive Committee;
- (f) reporting situations of unauthorized contracting and other instances of non-compliance to the Executive Committee and to CIBA, for appropriate action;
- (g) reporting any potentially fraudulent activities to the Corporate Security Directorate (CSD); and
- (h) provide advice and guidance on the application of this Policy.

### **2.4 Manager, Procurement Services**

The Manager, Procurement Services, is responsible for

- (a) ensuring that this policy is implemented and respected;
- (b) ensuring contracts include the standard Senate terms and conditions for procurement contracts and obtaining CFO approval for any deviation;
- (c) designing, coordinating, organizing and managing the procurement function at the Senate;
- (d) reviewing contracting activities to identify cases of unauthorized contracting or non-compliance with the policy and reporting them to the CFO;
- (e) ensuring that reports for non-competitive aggregated contracts with any single vendor that exceed the competitive thresholds are reviewed on a

- regular basis to ensure that contract splitting is not occurring and to seek opportunities to take advantage of economies of scale; and
- (f) preparing reports in accordance with paragraphs 1.6.10 and 1.6.14 and other reports as requested by Senate management.

## 2.5 Deputy Chief Financial Officer (DCFO) and Comptroller

The DCFO is responsible for

- (a) developing and maintaining financial signing authorities and related financial delegation instruments;
- (b) ensuring that appropriate financial controls are in place to allow for a diligent payment process; and
- (c) ensuring the payment verification process includes a validation of the confirmation that the goods and/or services have been received or performed in accordance with the contractual document prior to initiating the payment of invoices.

## 2.6 Contracting Authorities

Senate employees in positions with delegated contracting authorities are responsible for

- (a) complying with this policy and the *Delegation of Financial Authorities Policy*;
- (b) ensuring that only contracts which meet the requirements of this policy are entered into;
- (c) obtaining appropriate authorization, before making acquisitions, from the senator or the member of the Executive Committee, the director or manager who has expenditure initiation and other delegated authorities applicable to the transaction;
- (d) providing direction and professional advice concerning procurement to senators and Senate employees;
- (e) notifying the Manager, Procurement Services, of irregularities related to a request for goods and/or services;
- (f) ensuring that all requests for contracts have received appropriate budgetary approval and any other required approvals;
- (g) ensuring that aggregated contracts with a single supplier do not exceed the applicable thresholds without authorization, as outlined in this policy and in the SOMP; and

- (h) determining if transactions are properly executed and substantiated (i.e., all supporting documentation, including the necessary approvals) prior to proceeding with a procurement process and reporting any discrepancies to the Manager, Procurement Services.

## **2.7 Senators, Members of the Executive Committee and Administration Directors and Managers**

Senators, members of the Executive Committee and Administration directors and managers are responsible for

- (a) ensuring that requests for goods and/or services are well-defined, including the SOW, the technical specifications, the evaluation criteria and the proposed terms of payment;
- (b) seeking and obtaining the approval(s) required under this policy before submitting a requisition;
- (c) ensuring that appropriate funding is available prior to signing and submitting requests for goods and/or services;
- (d) ensuring that work does not commence under any contract without the proper security clearance being granted by CSD;
- (e) managing the performance of the supplier in collaboration with the contracting authority;
- (f) verifying and confirming that the services have been performed and/or goods received in accordance with the terms of the contract;
- (g) discussing with the supplier any unsatisfactory goods and/or services received: and
- (h) reporting unsatisfactory goods and/or services or performance of suppliers to the appropriate contracting authority, if discussions with the supplier did not resolve the issue.

## **2.8 Corporate Security Directorate (CSD)**

CSD is responsible for

- (a) carrying out the security accreditation process for suppliers and ensuring that the contracting authority is informed of the results in a timely manner; and
- (b) investigating suspected or actual fraudulent activities and reporting to the CFO.

### 3.0 DEFINITIONS

Unless otherwise provided, the definitions in section 1 of Chapter 1:03 of the Senate Administrative Rules apply to this policy.

**Competitive procurement process** – a process managed by the Finance and Procurement Directorate where bids are solicited from three or more suppliers. This process requires that all bidders be placed on an equal footing and that they bid under the same terms and conditions.

**Contract** – an agreement between the Senate and a supplier to provide a good, perform a service, construct a work or lease goods and/or real property for appropriate consideration.

**Contract amendment** – any change in the scope, value, terms and conditions or end date of a contract that is already in existence.

**Contracting authority** – an employee of the Senate Administration authorized under the Senate's *Delegation of Financial Authorities Policy* to enter into contracts on behalf of the Senate.

**Goods** – moveable property acquired by the Senate for use as a resource in its operations, and includes machinery, equipment, furniture, fixtures and consumables, whether held in stores or located at the point of use.

**Green procurement** – the integration of environmental performance considerations into the procurement decision-making process.<sup>1</sup>

**Non-competitive contract or sole-source contract** – any contract for which bids were not solicited or, if bids were solicited, the conditions of a competitive contract were not met.

**Procurement** – the function of obtaining goods and/or services and carrying out construction and leasing through contractual arrangements.

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<sup>1</sup> Source: Green Procurement, Public Services and Procurement Canada, retrieved July 26, 2021 from <https://www.tpsgc-pwgsc.gc.ca/app-acq/ae-gp/index-eng.html>



**Statement of Work (SOW)** – a narrative description of the work required, stipulating the deliverables and/or services required to fulfill the contract. It defines the task to be accomplished and/or services to be delivered in clear, concise and meaningful terms.

**Technical specifications** – specifications that set out the performance criteria and the characteristics of the products to be procured, such as quality, performance, safety and dimensions, packaging and shipping.

**Third party** – a supplier who is neither a parliamentary entity nor a government organization.

## **4.0 ADMINISTRATION**

### **4.1 Inquiries**

Any questions regarding the *Procurement Policy* should be directed to the Manager, Procurement Services.

### **4.2 Rescind/Replace**

This *Procurement Policy* replaces the previous *Senate Procurement Policy* adopted by CIBA on October 20, 2011, and revised on July 19, 2019.

### **4.3 Review Schedule**

This policy will be reviewed as required and at a minimum of every three years from the date the policy came into effect.

## **5.0 REFERENCES**

*Delegation of Financial Authorities Policy*

*Senators' Office Management Policy (SOMP)*

*Senate Administrative Rules (SARs)*

*Senate Security Accreditation Policy*