

## CONTENTS

RELATED DOCUMENTATION.....	4
1.0 PURPOSE .....	4
2.0 SCOPE .....	4
3.0 POLICY STATEMENT .....	5
3.1 OFFICIAL POINT OF PURCHASING CONTACT AND LOBBYING PROHIBITION .....	6
3.2 INTERFERENCE IN THE PROCUREMENT PROCESS.....	6
3.3 COMPETITIVE BIDS.....	7
3.4 NON COMPETITIVE PURCHASES.....	7
3.4.1 Sole Source.....	7
3.4.2 Single Source.....	7
3.5 SUPPLIER REPRESENTATIVES .....	8
3.6 NON ARMS LENGTH TRANSACTIONS .....	8
3.7 GIFTS, GRATUITIES AND SUPPLIER SPONSORSHIP / CONTRIBUTIONS / DONATIONS .....	8
3.8 DISPOSAL/REMOVAL/TRANSFER OF LMHC ASSETS.....	9
3.8.1 Surplus Equipment and Inventory .....	9
3.8.2 Scrap Material.....	9
3.8.3 Warranty Recovery .....	9
3.8.4 Inventory Transfer .....	10
3.9 DIVISION OF PURCHASING CONTRACTS.....	10
3.10 PERIOD OF CONTRACT AWARD.....	10
3.11 POLICY CLARIFICATION .....	10
3.12 POLICY AMENDMENTS .....	10
3.13 GOODS AND SERVICES NOT SUBJECT TO THIS POLICY .....	10
4.0 AUTHORITY AND RESPONSIBILITY .....	11
4.1 LMHC MANAGEMENT AND STAFF .....	11
4.2 PURCHASE AUTHORIZATION LIMITS.....	11
4.3 BOARD OF DIRECTORS APPROVAL .....	11
4.4 EMERGENCY PURCHASES.....	12
4.5 CONFLICTS OF INTEREST .....	13

<b>5.0</b>	<b>PROCUREMENT PROCESS .....</b>	<b>13</b>
5.1	EXPENDITURES UP TO \$5,000 .....	14
5.2	EXPENDITURES FROM \$5,000 UP TO \$25,000.....	14
5.3	EXPENDITURES BETWEEN \$25,000 AND \$75,000.....	14
5.4	EXPENDITURES GREATER THAN \$75,000.....	14
5.5	COST INCREASES.....	14
5.6	HOLDBACKS ON CAPITAL PROJECTS .....	15
5.7	DOCUMENTATION FORMAT .....	15
5.8	INSURANCE AND INDEMNIFICATION .....	15
5.9	SINGLE BID RECEIVED.....	15
5.10	OPENING OF SUBMISSIONS.....	15
5.11	BID IRREGULARITIES .....	16
5.12	EVALUATION AND RECOMMENDATION .....	17
5.13	AWARD OF CONTRACT.....	18
5.14	PUBLIC RELEASE OF SUBMISSION INFORMATION.....	18
5.15	CONFIDENTIALITY OF PROPRIETARY INFORMATION .....	18
5.16	APPOINTMENT OF PROFESSIONAL CONSULTING SERVICES.....	19
5.17	BLANKET PURCHASE CONTRACTS .....	19
5.18	PURCHASING CARDS.....	20
5.19	PETTY CASH PURCHASES AND REIMBURSEMENTS.....	22
5.20	PURCHASE OF HAZARDOUS PRODUCTS .....	22
5.21	LEASE VERSUS BUY DECISIONS .....	22
5.22	WARRANTIES AND SERVICE AGREEMENTS.....	23
5.23	INVENTORY MANAGEMENT .....	23
5.24	CONTRACT ADMINISTRATION .....	23
5.25	CONTRACT RENEWAL .....	24
5.26	CONTRACT AMENDMENTS.....	24
5.27	EXECUTION AND CUSTODY OF DOCUMENTS.....	25
5.28	COOPERATIVE PURCHASING .....	25
5.29	ACCESS TO INFORMATION .....	25
5.30	LOCAL OR GEOGRAPHICAL PREFERENCE.....	25
<b>6.0</b>	<b>DOCUMENT CONTROL .....</b>	<b>25</b>



## RELATED DOCUMENTATION

<b>Legislation</b>	N/A
<b>Collective Agreement</b>	N/A
<b>Forms</b>	<ul style="list-style-type: none"> <li>• Tender Documents</li> <li>• Business Case Template</li> <li>• Purchase Orders</li> <li>• Work Orders</li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>• Conflict of Interest Policy</li> <li>• Travel and Business Expense Policy</li> </ul>
<b>Other Resources</b>	<ul style="list-style-type: none"> <li>• National Institute of Governmental Purchasing (NIGP) <a href="http://www.nigp.org/home/about-nigp/who-we-are/code-of-ethics">http://www.nigp.org/home/about-nigp/who-we-are/code-of-ethics</a></li> <li>• Supply Chain Management Association of Canada <a href="http://scma.com/on/about/code-of-ethics">http://scma.com/on/about/code-of-ethics</a></li> <li>• Ontario Public Buyers Association <a href="https://www.opba.ca/chapters/nigp-opba/documents/codeofethics04.pdf">https://www.opba.ca/chapters/nigp-opba/documents/codeofethics04.pdf</a></li> <li>• Government of Canada Business Case Guide <a href="https://www.canada.ca/en/treasury-board-secretariat/services/information-technology-project-management/project-management/business-case-guide.html">https://www.canada.ca/en/treasury-board-secretariat/services/information-technology-project-management/project-management/business-case-guide.html</a></li> </ul>

## 1.0 PURPOSE

The main objectives of this policy and associated procedure guidelines are to outline London & Middlesex Housing Corporation (LMHC)'s responsibilities, procedures, accountability and levels of authority for the issuance and control of budget funds.

## 2.0 SCOPE

This Policy applies to everyone purchasing goods and services on behalf of LMHC. It is the responsibility of the CEO and Departmental Directors to ensure that provisions of the Purchasing Policy are adhered to in the normal course of business.

The Purchasing Policy is to be reviewed by the Director of Corporate Services every two years with any changes being reviewed and approved by Senior Management Team and/or the Board of Directors as may be appropriate

Further the Purchasing Policy is subject to review and amendment from time to time giving consideration to emergent issues and/or trends respecting public procurement, providing clarity in the application of the purchasing policy and protocols and/or at the direction of the Board of Directors.

All amendments to the Purchasing Policy will be communicated (written) to all staff involved in the procurement process and/or subject to the Policy requirements in the completion of their duties.

The Purchasing Policy is to be posted providing ready reference to all Management and Administrative staff engaged in the procurement process.

### 3.0 POLICY STATEMENT

The policies and guidelines are predicated on the following principles, noting they are to be applied in a balanced manner, giving due regard to standards/requirements as set out in this policy recognizing the principles may be competing in nature:

- to, where appropriate, given the extent of the investment required, a business case is to be prepared consistent with the Government of Canada Business Case Guide
- to procure the necessary quality and quantity of goods and services in an efficient and effective manner which supports LMHC's business (service) objectives, safeguards Board of Directors interest, and mitigates Board of Directors liability
- to provide for the most open bidding process practicable in the circumstances for the acquisition and disposal of goods and services
- to procure the required goods and services with due regard to the preservation of the natural environment, i.e. due consideration to the purchase of goods that are considered pre and post use environmentally friendly
- to select successful bids subsequent to critical assessment of the respective compliant bids based upon predetermined criteria for the goods and services being acquired. Price is one such criterion, but is not the sole determinant.
- to, where appropriate, given the extent of the investment required, support the need for and the purchase of goods and services based upon a business case assessment
- to support and develop private / public business opportunities where there is shared benefit and risk to each of the parties and where there is net economic advantage versus alternatives, including consideration of timing
- to support and develop cooperative purchasing ventures with other public institutions where such ventures support all or some of the following, in a balanced fashion:
  - the timely delivery of goods and services
  - the receipt of a quality product and/or service (both pre and post-delivery)
  - mitigates administrative resource requirements
  - provides favourable competitive pricing
  - positive impact on inventory level requirement

The London & Middlesex Housing Corporation encourages innovation and the use of technology which meet LMHC specifications and industry standards in order to ensure the utilization of the most efficient and effective processes and practices.

The code of purchasing ethics established by the National Institute of Governmental Purchasing (NIGP), the Supply Chain Management Association of Canada (SCMA) and the Ontario Public Buyers Association (OPBA) shall apply to all staff involved in the procurement process.

## 3.1 OFFICIAL POINT OF PURCHASING CONTACT AND LOBBYING PROHIBITION

- a. LMHC is committed to the highest standards of integrity with respect to the purchase of goods and/or services and managing the processes by which goods and/or services are acquired. The official point of purchasing contact shall be the purchaser (or designate). Should it be necessary or desirable to have a contact person to respond to technical issues that person shall be named in the competitive bid documents. All communications will be made by these individuals and during the procurement process, no bidder or person acting on behalf of the bidder or group of bidders shall contact any elected official, consultant or any employee of the LMHC, including the Board of Directors to attempt to seek information or to influence the award of the contract. Any activity designed to influence the decision process, including, but not limited to, contacting any Board of Directors Member, consultant or employee of the LMHC for such purposes as meetings of introduction, social events, meals or meetings related to the selection process, shall result in disqualification of the bidder for the project to which the influential activity is deemed to be directed. Notwithstanding the foregoing, this prohibition does not apply to meetings specifically scheduled by the purchaser for presentations or negotiations. Any bidder found to be in breach of this Policy shall be subject to immediate disqualification from the procurement process and may be prohibited from future opportunities at the discretion of LMHC.
- b. In addition, no bidder who has been awarded the contract shall engage in any contact or activities in an attempt to influence any elected official or any employee of LMHC with respect to the purchase of additional enhancements, options, or modules. However, a contractor may communicate with the purchaser (or designate), or departmental Director for purposes of administration of the contract during the term of the contract.
- c. The determination of what constitutes influential activity is in the sole discretion of LMHC, acting reasonably, and not subject to appeal.
- d. Contract award decisions shall be based on clear, transparent and objective criteria that is applied free from political considerations or political interference.

## 3.2 INTERFERENCE IN THE PROCUREMENT PROCESS

- a. Board of Directors Members, officers and employees shall not knowingly cause or permit anything to be done or communicated to anyone in a manner which is likely to cause any potential supplier to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and/or services to LMHC. This also includes a contract with any other municipality, local board or public body involved in the purchase of goods and/or services either jointly or in cooperation with the Board of Directors.
- b. Members of the Board of Directors shall separate themselves from the procurement process and have no involvement whatsoever in specific procurements. Members of the Board of Directors should not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. Board Members who receive inquiries from suppliers related to any specific procurement shall immediately direct those inquiries to the Chief Executive Officer (CEO).
- c. The only exception to the above relates to selection of external auditors whereby Members of the Board of Directors may be part of the evaluation team.

### 3.3 COMPETITIVE BIDS

As a general rule, a minimum of three bids are to be obtained for the purchase of goods and services.

The bids for goods and services may be obtained on an informal basis. The purchaser (or designate), in consultation when necessary with the respective department Director, will deem what appropriate bid document is to be used to facilitate the formal purchase of goods and services, i.e. Request For Tender, Request For Quotations or Request For Proposal.

On occasion, as necessitated by the circumstances, departmental staff, through the respective department Director, or designate, facilitating a purchase, will provide supporting documentation of three bids being obtained. The documentation will be provided with the request for the issuance of a purchase order, which is to be arranged by the purchaser (or designate).

Unsolicited proposals received by departmental staff shall be forwarded to the purchaser along with any recommendations for evaluation.

### 3.4 NON COMPETITIVE PURCHASES

The requirement for a competitive bid process for the selection of a supplier for goods, services and construction may be waived under authority of the Departmental Director and the CEO and, as appropriate, the Board of Directors and replaced with direct negotiations by the purchaser (or designate), Directors and/or CEO under the following circumstances.

#### 3.4.1 Sole Source

The procurement may be conducted using a Sole Source process if the goods and/or services are available from only one supplier by reason of:

- a. Statutory or market based monopoly;
- b. Competition is precluded due to the application of any Act or legislation or because of the existence of patent rights, copyrights, licence, technical secrets, or controls of raw material; or
- c. The complete item, service or system is unique to one supplier and no alternative or substitute exists.

#### 3.4.2 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications. The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular, as follows:

- a. An attempt to acquire the required goods and/or services by soliciting competitive bids has

been made in good faith, but has failed to identify more than one willing and compliant supplier;

- b. The confidential nature of the requirement is such that it would not be in the public interest to solicit competitive bids;
- c. There is a need for compatibility with goods and/or services previously acquired or the required goods and/or service will be additional to similar goods and/or services being supplied under an existing contract (i.e. contract extension or renewal);
- d. The required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise or experience;
- e. The goods are purchased under circumstances which are exceptionally advantageous to LMHC, such as in the case of a bankruptcy, receivership;
- f. It is advantageous to LMHC to acquire the goods and/or services from a supplier pursuant to the procurement process conducted by another public body;
- g. It is advantageous to LMHC to acquire the goods and/or services directly from another public body or public service body; and/or
- h. Where, due to abnormal market conditions, the goods and/or services required are in short supply.

### 3.5 SUPPLIER REPRESENTATIVES

The selection of sources of supply will be as determined by this policy. Sales representatives will not attend work areas without the prior approval of an LMHC employee. Such representatives must comply with all LMHC safety and security policies and procedures. Any samples provided by supplier representatives must meet all LMHC requirements including health and safety requirement such as MSDS's.

### 3.6 NON ARMS LENGTH TRANSACTIONS

The following provisions apply with respect to non-arm's length transactions (cross reference LMHC Conflict of Interest Policy):

- The purchase by LMHC, of any goods or services, for personal use by or on behalf of any LMHC employee or elected official or their families is prohibited unless same is approved by the Board of Directors and/or covered by a related LMHC policy.
- The purchase of surplus/obsolete LMHC assets by any LMHC employee or by a member of an employee's immediate family is prohibited unless same is approved by the Board of Directors and/or covered by a related LMHC policy.
- LMHC employees or immediate family members bidding on products and services to be purchased by the LMHC is prohibited, unless same is approved by the Board of Directors and/or covered by a related LMHC policy.

### 3.7 GIFTS, GRATUITIES AND SUPPLIER SPONSORSHIP / CONTRIBUTIONS / DONATIONS



No LMHC employee or member of his or her immediate family may accept personal gifts, special accommodations, or use of property or facilities from anyone with whom the employee is negotiating business on behalf of LMHC. Generally, this excludes normal suppliers' promotional material having a value of less than \$100. In no instance will a LMHC employee or member of his or her immediate family accept cash. The Director of Corporate Services and/or the CEO is to be advised of gifts, special accommodations, or use of property or facilities of between \$45 and \$100.

Supplier sponsorship/contributions of/to LMHC activities/events are solicited/received with express understanding that the contribution is provided as goodwill and without guarantee or commitment to purchase products or services from the respective supplier. Supplier donations are limited to three (3) LMHC sponsored activities/events in a given fiscal year.

### **3.8 DISPOSAL/REMOVAL/TRANSFER OF LMHC ASSETS**

#### **3.8.1 Surplus Equipment and Inventory**

All departmental staff shall notify management when items become obsolete or surplus to their requirements.

The Department Director will inquire of other departments if the items can be of use to another department rather than disposed of.

Items that are not claimed for use by another department and of significant value will be offered for sealed bids, public auction or other public sale. Departmental Managers, with the approval of the Departmental Director, will be responsible for determining the most suitable method of disposal.

Depending upon the assets being disposed of, Board of Directors approval of the disposal may be required. The Director of Corporate Services or the CEO will be responsible for making the determination if Board of Directors approval is required.

The revenue from the sale of obsolete or surplus equipment shall be credited to the appropriate revenue account as proceeds from the sale of assets.

#### **3.8.2 Scrap Material**

Where scrap material is available for disposal, the respective Department Director (or designate) shall be responsible for its disposal.

The Department Director (or designate), after determining the value and possible alternate uses of the scrap material, may dispose of the material by either general advertising to secure bids, direct contact with the appropriate dealers to view the scrap and submit offers to purchase, public auction, or other methods as deemed appropriate. The revenue from the sale of scrap material shall be credited to the appropriate revenue account.

#### **3.8.3 Warranty Recovery**

All items that have failed within the manufacturers' warranty period are to be claimed back to the manufacturer or supplier for credit or replacement along with the appropriate amount of labour hours.

### **3.8.4 Inventory Transfer**

From time to time it may be necessary to transfer parts or supplies from one LMHC location to the other. When this is required, the proper controls and paperwork must be in place.

## **3.9 DIVISION OF PURCHASING CONTRACTS**

The division of contracts for the purchase of products and/or services to avoid the provisions of this policy is prohibited.

### **3.10 PERIOD OF CONTRACT AWARD**

As a general rule, agreements for the purchase of products, supplies and/or services are not to exceed 5 years in duration. The exercising of renewal options, extending the period beyond 5 years or negotiating an extension, without the benefit of public tendering proposal/quotation process, have to be approved by the Board of Directors before same becomes binding.

### **3.11 POLICY CLARIFICATION**

Any issues / questions relating to the meaning or application of the policy and/or guideline statements are to be submitted to the Director of Corporate Services or the CEO for clarification and response.

### **3.12 POLICY AMENDMENTS**

The provisions of this policy/guidelines statement may be subject to amendment from time to time. Should amendments be considered necessary, such amendments are to be consistent with the "General Policy Statement" as set out in Section 3.0 and are subject to the approval of the Director of Corporate Services and the CEO, and, where appropriate, the Board of Directors.

### **3.13 GOODS AND SERVICES NOT SUBJECT TO THIS POLICY**

- Payroll and Payroll deductions
- Training and Education
- Refundable Employee Expenses in accordance with the Travel and Business Expense Policy
- Utilities, including water, electricity and natural gas
- Tax Remittances, WSIB Remittances
- Postage
- Banking Services (where covered by agreements)
- Office equipment lease charges (where covered by agreements)
- Hot water heater rental charges (where covered by agreements)

- Fare media purchases
- Insurance Premiums, Claim Settlements and Adjuster Services
- Employee Group Benefits, Compensation, Programs, Consulting and Reviews
- Ongoing maintenance and actions to maintain present functionality of existing computer hardware and software.

## 4.0 AUTHORITY AND RESPONSIBILITY

### 4.1 LMHC MANAGEMENT AND STAFF

All LMHC staff delegated with purchasing and/or approval authority shall:

- Follow the guidelines as set out in this document.
- Coordinate, in a manner consistent with this policy, the procurement of all goods and services consumed by LMHC, exclusive of those relating to the supply of labour.

Procurement activities shall be subject to all applicable LMHC policies, any specific provisions of the Municipal Act, and all other applicable Federal and Provincial legislation. Failure to adhere to the requirements outlined in this Policy may lead to disciplinary action up to and including termination of employment.

No provision of this Policy precludes a departmental Director or the CEO from recommending an award to LMHC where:

- in the opinion of the CEO, or departmental Director, it is in the best interest of LMHC to do so; or;
- it is a matter of procurement procedure and, in the opinion of CEO, or departmental Director, it is in the best interest of LMHC to do so.

### 4.2 PURCHASE AUTHORIZATION LIMITS

For the purchase of goods and/or services, including those not specifically addressed in this policy, the authorization limits, as listed below will apply.

Manager	up to \$10,000
Director	up to \$25,000
CEO (or Designate)	up to \$75,000

The limits apply to those goods and services contained in the approved operating budget programs and subject to the procurement of same in accordance with the provisions of this document.

LMHC's organizational chart should be referred to for descriptions of Manager, and Director Positions.

### 4.3 BOARD OF DIRECTORS APPROVAL

Formal Board Finance and Audit Committee Approval is required for all capital work/materials purchased of \$75,000 or greater and is subject to the confirmation of the Board of Directors. Formal Board of Directors confirmation is required for all Capital costs exceeding \$500,000 and operating contracts for the supply of goods and/or services where the cost of such contract is greater than \$75,000 on an annual basis or \$300,000 if over multiple years, exclusive of those purchases relating to inventory items. Such goods and services include but are not restricted to the following:

- Lease space requirements
- Brokerage services
- Security services
- Equipment / building service contracts
- Consulting services costing.

In such situations, the recommended purchase will be subject to the appropriate tendering or request for proposal/quotation process with the appropriate public report being prepared. The recommendation for such purchases is the responsibility of the respective department Director or designate, noting such recommendations and reports are to be reviewed and approved by the CEO or designate.

All such reports must:

- State that the request for tender, proposal or quotation was issued and processed in accordance with established procedures
- Identify all compliant and non-compliant bidders
- State that the compliant bidders met all specifications and general terms and conditions as provided in the tender, proposal or quotation document
- Identify any exceptions or qualifying conditions to the general terms and conditions of the tender, proposal or quotation document proposed by any bidder
- Include a summary of all the submissions.

Given the timing of Board of Directors and Board Committee meetings, with the approval of the CEO or designate, such purchases may be authorized prior to formal Board of Directors approval, by polling the Board of Directors/Board Committee members via telephone, e-mail or online platform, with formal approval being requested as a confirming action at the earliest opportunity.

#### **4.4 EMERGENCY PURCHASES**

In cases of emergency, defined to include:

- An imminent or actual danger to the life, health or safety of an official or an employee while acting on LMHC's behalf.
- An imminent or actual danger of injury to or destruction of real or personal property belonging to LMHC.

- An unexpected interruption of essential services.

a Director or designate, may initiate a purchase order in excess of the expenditure limit, noting any purchase order issued under such conditions, together with a source of funding confirmed / approved by the Director of Corporate Services or the CEO (or designate) shall be justified and reported to the next meeting of the Board of Directors following the date of the requisition.

## 4.5 CONFLICTS OF INTEREST

No member of the Board of Directors or employee of LMHC shall have any pecuniary or controlling interest either direct or indirect in any competitive bid or contract for the supply of goods or services to LMHC, unless such pecuniary interest is disclosed by the contractor, bidder or person submitting a quotation, as the case may be, or unless such pecuniary interest would be exempt under the Municipal Conflict of Interest Act.

Competitive bid documents shall include a section that requires and provides for the disclosure of any pecuniary interest prior to submission of the bid. Should a conflict of interest arise after the award of a contract, the conflict shall immediately be disclosed in writing to the purchaser (or designate). Further, all competitive bid documents and agreements shall provide that in the event that a contract is awarded to a person who has not, during the bidding or contracting process, disclosed the pecuniary interest of a member of the Board of Directors or employee of LMHC in the contract, the contract may be cancelled at any time by LMHC in its entire discretion without damages or penalty.

In this section, "controlling interest" means the interest that a person has in a corporation when the person beneficially owns, directly or indirectly, or exercises control or direction over, equity shares of the corporation carrying more than ten percent (10%) of the voting rights attached to all equity shares of the corporation for the time being outstanding;

For the purposes of this section, a person has an indirect pecuniary interest in any competitive bid or agreement entered into by a corporation, if:

- The person or his or her nominee is a shareholder in or a director or senior officer of a corporation that does not offer in securities to the public.
- Has a controlling interest in or is a Director or Senior Officer of a corporation that offers securities to the public.

For the purposes of this section, a member of the Board of Directors or employee of LMHC has an indirect pecuniary interest if the person is a partner of a person or is in the employment of a person or body that has entered into a tender, proposal, quotation or contract with LMHC.

For the purposes of this section, the pecuniary interest in a tender, proposal, quotation or contract of a parent or spouse or any child of a member of the Board of Directors or employee shall, if known to the person, be deemed to be also the pecuniary interest of the elected official, appointed officer or employee as the case may be.

## 5.0 PROCUREMENT PROCESS

The Purchaser will be responsible for co-ordinating all aspects of the procurement process. Due to the nature, complexity and level of expertise required of certain request for tenders or proposals, it may be appropriate for an outside consulting firm to co-ordinate the procurement process under the guidance of the respective Director and with the approval of the CEO.

When a consulting firm is used to co-ordinate the procurement process, the Purchaser must be informed of all developments in the process.

No expenditure shall be made without following the procurement guidelines outlined below:

## **5.1 EXPENDITURES UP TO \$5,000**

Work and/or materials purchased within this limit may be sole-sourced from LMHC's list of rotational contractors providing same adheres to LMHC's predetermined labour/material mark-up rates. Mark-up rates are to be reviewed adjusted every three years.

## **5.2 EXPENDITURES FROM \$5,000 UP TO \$25,000**

Work and/or materials purchased within this limit require a purchase and/or work order issued by the buyer, who may purchase at their discretion; whenever possible, this should be done utilizing a minimum of three (3) written bids from a pre-approved list of suppliers. Detailed description of the scope of services and/or materials, or reference to a previous purchase/work order, is required.

## **5.3 EXPENDITURES BETWEEN \$25,000 AND \$75,000**

Work and/or materials purchased within this limit require that a formal request for written quotations be issued. Award of the work/materials shall be through a purchase and/or work order issued by the buyer. The purchase/work order must contain a detailed description of the scope of work and/or specifications.

## **5.4 EXPENDITURES GREATER THAN \$75,000**

Work and/or materials purchased within this limit require a formal request for a public or invitational tender. Note: invitational tenders are to be used only in situations where the services/materials required are available from a limited number of qualified contractors (e.g. elevator maintenance). A full set of bid submission documents and specifications is required. Award of the work/ materials shall be through a letter of award and/or purchase/work order, executed by the CEO, and clearly referencing the bid submission documents and specifications.

## **5.5 COST INCREASES**

Specific cost increases to identified and previously approved capital expenditures (project), including change orders to an existing contractor, or work and/or materials to a new supplier within the context of the existing project, shall be considered part and parcel of the existing project, and the purchasing limits and procurement process for the new work shall be as described for the original work, above.

## 5.6 HOLDBACKS ON CAPITAL PROJECTS

On any capital project that has been awarded at a value of greater than \$50,000, a holdback of 10% shall be withheld from each project payment to the contractor. All holdbacks shall be retained by London & Middlesex Housing Corporation for a period of 45 days from the date of substantial project completion.

## 5.7 DOCUMENTATION FORMAT

All formal requests for tender, proposal or quotation documents shall adhere to LMHC Purchasing & Procurement Documentation Guidelines (Appendix A).

## 5.8 INSURANCE AND INDEMNIFICATION

With regard to the size, nature or complexity of the tender or proposal, bid deposits, performance bonds and insurance may be required of the bidder to guarantee the execution and performance of the contract, as well as, provisions for liquidated damages, progress payments and holdbacks and allowances.

A Bid Deposit is to guarantee entry into a contract and should normally be for an amount equal to 10% of the bid amount.

A Performance Bond is to guarantee the faithful performance of the contract and should normally be for an amount equal to 50% of the bid amount.

A Labour & Material Bond is to guarantee the payment for labour and materials to be supplied in connection with the contract and should normally be in an amount equal to 50% of the bid amount.

Prior to commencement of work and where deemed appropriate, evidence of insurance coverage must be obtained from the successful bidder ensuring indemnification of the LMHC from any and all claims, demands, losses, costs or damages resulting from the performance of a supplier's obligations under the contract.

## 5.9 SINGLE BID RECEIVED

In the event only one submission is received, the purchaser may return the unopened bid to the bidder when, in the opinion of the purchaser and the respective Manager or Director, a more reasonable number of bids might be expected if the process is revisited.

In returning the unopened submission, the purchaser shall inform the bidder that LMHC may issue a subsequent call for submissions.

In the event that only one bid is received in response to a call/request for tender, proposal or quotations, the bid may be opened and evaluated in accordance with the LMHC's usual procedures when, in the opinion of the purchaser and the respective Manager or Director, the bid should be considered by the Board of Directors.

## 5.10 OPENING OF SUBMISSIONS



The Purchaser will be responsible for arranging the opening of all requests for “tender, proposal or quotation” submissions and will attend all openings in attendance with either an LMHC staff member, manager, department director, CEO or member of the Board of Directors.

## 5.11 BID IRREGULARITIES

Subsequent to the opening of the submissions, the submissions shall be referred to the Purchaser for validation of adherence and compliance to the general terms and conditions of the bid request. Any submissions found to be non-compliant will be marked as such and not evaluated but will be noted in any internal recommendation reports and Board of Directors reports. The following chart provides an outline of potential bid irregularities and the subsequent LMHC response:

IRREGULARITY	RESPONSE
Late bids.	Automatic rejection, not read publicly and returned unopened to the bidder.
Unsealed envelopes.	Automatic rejection
Insufficient financial security (no bid deposit or insufficient bid deposit).	Automatic rejection
Failure to include the name of the bonding company (if required)	Automatic rejection
Failure to provide a letter of agreement to bond where required.	Automatic rejection
Incomplete, illegible or obscure bids or bids which contain additions not called for, erasures, alterations, errors or irregularities of any kind.	May be rejected as informal
Documents, in which all necessary addenda have not been acknowledged.	Automatic rejection
Failure to attend mandatory site visit.	Automatic rejection
Failure to include an original signature of the person authorized to bind the bidder in the space provided in the bid documents.	Automatic rejection
Conditions placed by the bidder on the total contract price.	Automatic rejection



Bids containing minor mathematical errors	<p>a) If the amount bid for a unit price item does not agree with the extension of the estimated quantity and the bid unit price, or if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly.</p> <p>b) If both the unit price and the total price are left blank, then both shall be considered as zero.</p> <p>c) If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity.</p> <p>d) If the total price is left blank for a lump sum item, it shall be considered as zero.</p> <p>e) If the bid documents contain an error in addition and/or subtraction and/or transcription in the approved competitive bid documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected total contract price shall govern.</p> <p>f) Bid documents containing prices which appear to be so unbalanced as to likely affect the interests of the Board of Directors adversely may be rejected.</p>
---	--

## 5.12 EVALUATION AND RECOMMENDATION

The Purchaser will refer the acceptable (compliant) bids to the respective Director or designate for evaluation and recommendation.

The evaluation process will be based on, but not limited to, the following criteria;

- The bidders understanding of the purpose and nature of the procurement opportunity
- The specific experience/expertise of the bidder
- Reference checks
- Timelines
- Bid price
- Assessment of impact on operations and related costs. The assessment considers the ancillary operating and capital cost impact associated with the procurement, noting the inclusion of same recognizes that the bid price is not the sole financial input to the assessment process.

The evaluation process may also include a scoring system based on the components of procurement opportunity.

The applicable Board of Directors report and/or internal report will clearly indicate:

- That the tender proposal or quotation was issued and processed in accordance with established procedures as set out in Section 5 of this Policy Statement;
- Tenders, proposals or quotations in whole or in part that were not in compliance with the tender, proposal or quotation call including where an alternative(s)/ option was provided by the

Bidder, and where such non-compliance or alternative option was sufficient to warrant rejection of the submission;

- Summary of bid assessment results consistent with requirements of Section 5;
- The report recommendation will indicate the name of the successful bidder, the amount of the bid (exclusive of applicable taxes, source of funding and the basis for the recommended award) i.e. "low compliant bid"

## 5.13 AWARD OF CONTRACT

The culmination of the process will result in the awarding of the contract to the successful bidder. This may take the form of a Purchase Order or a formal, signed contract or simply an acknowledgement letter incorporating the terms and conditions of the relevant award. The terms, conditions and specifications of the tender, proposal or quotation document will always form part the contract.

LMCH recognizes that mistakes and misunderstandings may occur; bidders may feel aggrieved and may seek to dispute the recommendation of an award of a contract. To maintain the integrity of the process, bidders who believe they have been treated unfairly can make this known by contacting the Purchaser prior to the award of the contract. Disputes shall be resolved by a meeting or meetings with the Purchaser, Manager, Directors and/or the CEO and, as appropriate, the Board of Directors.

Unsuccessful proponents may, upon their request, attend a debriefing session with the purchaser prior to the award of the contract. Disputes shall be resolved by a meeting or meetings with the Purchaser, Manager, Directors and/or the CEO to review their competitive bid. Any discussions relating to any submissions other than that of the proponent present will be strictly prohibited. This debriefing session is intended to provide general feedback regarding the proponent's rating on various criteria in order to allow the proponent to understand where future improvements might be available.

## 5.14 PUBLIC RELEASE OF SUBMISSION INFORMATION

All submissions, except detail costing and certain proprietary information, as declared by the bidder shall be public information at the time LMHC has reached a decision on the submission.

## 5.15 CONFIDENTIALITY OF PROPRIETARY INFORMATION

All records and information pertaining to bid submissions which reveal a trade or scientific, technical, commercial, financial or other labour relations information, supplied in confidence implicitly or explicitly, shall remain confidential if the disclosure could reasonably be expected to:

- Prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization;
- Result in similar information no longer being supplied to LMHC where it is in the public interest that similar information continue to be so supplied;
- Result in the undo loss or gain to any person, group, committee or financial institution or agency; or
- Result in information whose disclosure could reasonably be expected to be injurious to the

financial interests of LMHC.

## 5.16 APPOINTMENT OF PROFESSIONAL CONSULTING SERVICES

Senior management staff will be involved in the selection process for Professional Consulting Services. Specifically, Directors are to be involved as appropriate for high-profile projects of increasing complexity or expense.

The development of service (working) arrangements with consultants are permitted, recognizing that such arrangements result from an initial contract award that was subject to the terms of this policy. Such service (working arrangements), which may run for an extended period of time will be subject to LMHC review and approval every two years, noting the purpose of the review is to ensure that service (working arrangements) are both effective and efficient.

Under this section, all professional consultant proposals must include, at minimum:

- Schedule of fees;
- Methodology and timeline to complete project;
- Demonstrated experience and qualifications required to perform project; and
- List of personnel who will be directly involved in the completion of the project.

If a consulting engagement that has been awarded administratively then exceeds the approval threshold of \$75,000, the CEO shall immediately prepare a report to the Board of Directors providing a status update and requesting approval to proceed (if applicable).

The Director shall be responsible for ensuring that any substantive clause changes to the standard consulting services agreement are reviewed by the Board of Directors' legal counsel.

The Director and/or Purchaser shall be responsible for obtaining and keeping on file the appropriate insurance and WSIB documents.

The Director responsible for the project shall be responsible for ensuring that all proposal responses and decision making rationale are retained in the appropriate contract files for a minimum of two (2) years.

## 5.17 BLANKET PURCHASE CONTRACTS

A Request for a Blanket Purchase Contract may be used where:

- One (1) or more clients repetitively order the same goods or services and the actual demand is not known in advance; and
- A need is anticipated for a range of goods and/or services for a specific purpose, but the actual demand is not known at the outset, and delivery is to be made when a requirement arises.

The purchaser shall establish and maintain Blanket Purchase Contracts that define source and price with selected suppliers for all frequently used goods or services.

To establish prices and select sources, the purchaser shall employ the provisions contained in this Policy for the acquisition of goods and/or services and construction labour and materials.

More than one (1) supplier may be selected for the supply of goods and/or services where it is in the best interests of the Board of Directors.

Where procurement action is initiated by a department for frequently used goods or services, it is to be made with the supplier or suppliers listed in the Blanket Purchase Contract.

In a Request for Blanket Purchase Contract, the expected quantity of the specified goods or services to be purchased over the time period of the agreement will be as accurate an estimate as practical and be based, to the extent possible, on previous usage adjusted for any known factors that may change usage.

## 5.18 PURCHASING CARDS

### General

Departmentally approved employees will be issued Purchasing Cards to use for low-dollar goods and/or services in support of sound business practices. Purchasing Card provision is based on the need to purchase goods and services LMHC and the card may be revoked based on change of assignment or location. The provision of a Purchasing Card is not an entitlement nor reflective of title or position.

Benefits of the Corporate Purchasing Card program accrue at the Corporate Finance level by reducing the number of invoices and cheques processed and at the supplier level by reducing their invoicing LMHC and the turnaround time for payment.

No employee shall use a Purchasing Card to purchase goods and/or services unless appointed and authorized by the employee's Director. Any use of a Purchasing Card shall be in accordance with the Procurement of Goods and Services Policy and all other applicable Board of Directors policies. Directors are ultimately responsible for ensuring that purchases within their department are made in accordance with the applicable by-laws and policies.

A Purchasing Card will be issued once the employee has read, signed and submitted the Cardholder Agreement Form to the Program Administrator, which sets out in writing the employee's responsibilities and restrictions regarding the use of the Purchasing Card.

All Purchasing Cards issued will have a predetermined "single transaction limit", a "monthly credit limit" and "blocked commodities" as determined and authorized by the CEO and Director of Corporate Services. All Purchasing Cards will be blocked from obtaining cash advances.

The dollar limit for individual purchases and monthly spending limit for each employee will be determined by the Director of their department based on their expected level of procurement and type of procurement. Cardholder limits for single or monthly transactions exceeding \$10,000 must be approved in writing by the Director of Corporate Services.

Suppliers will not be rejected for refusing to accept the Purchasing Card.

LMHC assumes liability for all authorized charges on the Purchasing Cards, not the individual cardholder.

## Program Administration, Audit and Monthly Reconciliation

Oversight and administration of the Purchasing Card program is the responsibility of Director of Corporate Services. The Finance Manager will maintain a master list of all Purchasing Cards and their limits.

All transactions are subject to review by the Finance Manager to ensure compliance with the Procurement of Goods and Services.

All requests for Purchasing Cards, maintenance forms and other documents are to be submitted to the Finance Manager for review and processing. With the exception of Cardholder Disputes, no cardholder or cardholder representatives are permitted to submit forms directly to the bank. All original cardholder agreements and other cardholder maintenance forms are to be maintained by the Finance Manager.

Cardholder Disputes are to be submitted to the bank by the cardholder or cardholder representative and a copy of the dispute sent to the Finance Manager.

Payment will automatically be processed by the Finance Manager following the monthly statement date. If individual cards have not been reconciled and approved for payment by the deadline each month, expenditures will be charged directly to the default cost center attached to the card. Departmental representatives are responsible to ensure that the statement is submitted and the expenditures are allocated to the correct general ledger accounts.

Reconciled and authorized monthly statements are to be submitted to the Finance Department no later than the last working day of the month. Each transaction must include an explanation or purpose of the expenditure.

Cardholders shall provide itemized receipts for each transaction with the monthly cardholder statement.

The Purchasing Card shall not be used:

- for any purchase of goods and/or services that are prohibited under the Procurement of Goods and Services Policy;
- for personal use other than incidental personal use as part of a business expense, which must be reimbursed at the time of the monthly reconciliation;
- when the total purchase price exceeds the single purchase limit on the card;
- when an exclusive contract with another vendor is in effect for the goods and/or service (unless pre-authorized in writing by the Purchaser(or designate));
- for items which are stocked at LMHC Stores except under extenuating circumstances; and,
- for computer software or hardware or telecommunications equipment such as telephones, and cellular phones except by designated staff in the Information Technology Department.

The following items require pre-authorized written approval by the cardholder's Director or the CEO:

- The purchase of prepaid gift cards, prepaid gift certificates, prepaid grocery cards, or any other prepaid merchant cards; or,
- The purchase of alcohol while on LMHC business, team building, employee appreciation, or otherwise.
- A copy of the written approval must be included with the monthly statement when submitted to the Finance Department.

Individual transactions are not to be subject to splitting or stringing, which is the practice of committing multiple purchasing card transactions to circumvent delegated authority levels and thus bypassing LMHC's competitive bidding process, nor are Purchasing Cards to be used on a repetitive basis to circumvent prescribed approval authority limits. With the appropriate approvals, cardholder limits may be increased either temporarily or permanently based on need by contacting the Director of Corporate Services or the Finance Manager.

All refunds and credits must be applied to the original Purchasing Card. Where vendor return policies allow, cardholders are not to return products for refunds in the form of gift cards or other prepaid cards.

The cardholder's supervisor/manager is responsible for notifying the Program Administrator immediately upon any change in the cardholder's employment status. This includes, but is not limited to termination, layoff, leave of absence and long term disability. If applicable, the plastic card should also be returned to the Finance Manager.

#### Misuse and/or Failure to Meet Cardholder's Responsibilities

Misuse of the Purchasing Card and/or failure to meet any of the Cardholder's responsibilities may result in cancellation of the employee's authority to use a Purchasing Card and/or further disciplinary action up to and including termination of employment.

### 5.19 PETTY CASH PURCHASES AND REIMBURSEMENTS

Purchase reimbursements from petty cash are not to exceed \$75.00 without the approval of the respective department Director or the Finance Manager. All reimbursements from petty cash must be evidenced by a valid supplier invoice or receipt. The establishment of a petty cash fund is subject to the approval of the Director of Corporate Services.

### 5.20 PURCHASE OF HAZARDOUS PRODUCTS

The purchase and receipt of any potentially hazardous product or WHMIS controlled product must be accompanied by a Material Safety Data Sheet (MSDS) and a copy must be kept on file.

### 5.21 LEASE VERSUS BUY DECISIONS

Lease versus buy decisions is really a question of what is the most economic means to acquire a required asset, noting the acquisition of the asset may by its nature be subject to Business Case assessment. Decisions on lease versus buy are subject to detail costing, which should be undertaken utilizing the appropriate external/internal professional expertise.

## 5.22 WARRANTIES AND SERVICE AGREEMENTS

As a base standard, the acquisition of all capital assets including but not limited to vehicles, equipment, and system technology should be accompanied with a manufacturers/suppliers warranty, noting such warranty generally applies for a one year period. This similarly applies to service agreements associated with the capital asset being acquired.

Extended warranties and/or service agreements are to be priced and evaluated unique to the acquisition/supply of identified capital assets where specific expertise, capacity and/or proprietary access is needed to support the ongoing utility of the capital assets, and where such expertise, capacity and priority access is not available at LMHC. Such capital assets generally have a significant dollar value attached to them and are integral to the operation they support. The purchase of extended warranties and/or service agreements are subject to the evaluation and approval process as set out in the current Purchasing Policy.

## 5.23 INVENTORY MANAGEMENT

The effectiveness of the inventory management system is measured in terms of finding the optimum balance between having parts available to affect the timely repair of LMHC properties, and the level of investment in inventory, noting the level of investment impacts the availability of constrained resources for other purposes. The appropriate balance between parts availability investment level will focus on:

- Ensuring there are no “critical stock out” occurrences – i.e. parts availability preventing meeting service
- Further development of the system of warranty recovery covering both OEM warranties and vendor part warranties
- Further adjustment to minimum/maximum inventory levels, for respective parts, linking the requirements to planned/scheduled maintenance
- Working with parts suppliers to ensure consistency in the quality of supplied parts, timely delivery and competitive pricing
- Monitoring and assessing (and changing, as appropriate) inventory control processes and procedures.

## 5.24 CONTRACT ADMINISTRATION

The following shall apply with regard to contract administration:

- The award of a contract may be made by way of an Agreement, Purchase Order or Work Order.
- A Purchase Order or Work Order is to be used when the resulting contract is straightforward and will contain LMHC standard terms and conditions.
- An Agreement is to be used when the resulting contract is complex and will contain terms and conditions other than LMHC standard terms and conditions.
- It shall be the responsibility of the Director and the Purchaser to determine if it is in the best



interest of LMHC to establish an agreement with the supplier.

- Where an agreement is required, as a result of the award of a contract by delegated authority, the CEO and/or the Departmental Director shall execute the contract on behalf of the Board of Directors.
- Where an agreement is issued, a Purchase Order or Work Order may be issued, incorporating the formal agreement.
- Where an agreement is not required, an authorized Purchase Order or Work Order will be issued incorporating the terms and conditions relevant to the award of contract.

## 5.25 CONTRACT RENEWAL

Where a contract contains an option for renewal, the CEO may authorize such an option provided that all of the following apply:

- the supplier's performance in supplying the goods and/or services or construction is considered to have met the requirements of the contract;
- any price increases are consistent with the prevailing market conditions for the goods or services being purchased;
- the facts justifying the decision to award this supplier previously are still relevant at the time of contract renewal;
- funds are available or will be available in appropriate accounts within LMHC's approved budget, including authorized revisions, to meet the proposed expenditure;
- the Director responsible and the Purchaser agree that the exercise of the option is in the best interest of LMHC.

## 5.26 CONTRACT AMENDMENTS

The following shall pertain to all contract amendments:

- No amendment to a contract shall be made unless the amendment is in the best interest of LMHC.
- No amendment that changes the price of a contract shall be agreed to without a corresponding change in requirement or scope of work with approval.
- The Board Finance & Audit Committee and Board of Directors are to be advised and approve any substantive amendments to the Contract i.e. pricing, timing, source of funding, nature of work to be completed.
- Amendments to contracts are subject to the identification and availability of sufficient funds in appropriate accounts within LMHC approved budgets including authorized amendments.
- Directors may authorize amendments to contracts provided that the total amended value of the contract is within their approval limit.
- Where expenditures for the proposed amendment combined with the price of the original contract exceeds LMHC approved budget for the project, a report shall be submitted in accordance within the approval limit to the Board of Directors recommending the amendment, and proposed source of financing.



## 5.27 EXECUTION AND CUSTODY OF DOCUMENTS

The CEO and Departmental Directors are authorized to execute formal agreements in the name of the Board of Directors for which the award was made by delegated authority. All Purchase Orders and/or Work orders will be issued in accordance with this Policy. Departmental Directors shall be responsible for the safeguarding of all original procurement and contract documents/records for the contracting of goods and services

## 5.28 COOPERATIVE PURCHASING

LMHC may participate with other government agencies or public authorities in cooperative purchasing where it is in the best interests of the Board of Directors to do so.

- The decision to participate in cooperative purchasing agreements will be made by the Purchaser (or designate).
- The individual policies of the government agencies or public authorities participating in the cooperative competitive bid are to be those accepted for that particular competitive bid.

## 5.29 ACCESS TO INFORMATION

The disclosure of information received relevant to the issue of competitive bids or the award of contracts emanating from competitive bids or decision not to disclose shall be made by the appropriate officers in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, as amended.

## 5.30 LOCAL OR GEOGRAPHICAL PREFERENCE

LMHC shall not give any local or geographical preference during the competitive bid process. The Board of Directors may mandate certain bona fide on-site response time requirements for specific situations.

## 6.0 DOCUMENT CONTROL

Date Drafted	• March, 2018
Date Approved	• May 18, 2023
Date Revised	•
To be reviewed	• Biennially
Inquiries to Policy Owner	• Director, Corporate Services

