

What's New in Strategic Procurement?

Changes to Trade Agreements and How They Impact Your Procurements

Information found within this guide:

- ✓ Compliance to CETA and CFTA trade agreements
- ✓ Changes to RFX Posting Deadlines and the Importance of Procurement Planning
- ✓ RFX Electronic Bid Submission & Evaluation
- ✓ Procurement Thresholds (Goods & Services)
- ✓ Limited Tendering (i.e. Sole/Single Sourcing) – When is it Appropriate?
- ✓ Transparency and Reporting



Strategic Procurement

What is CETA and CFTA?

Canada-European Union Comprehensive Economic and Trade Agreement (CETA)

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) was entered into force on September 21, 2017. It was designed to create jobs, strengthen economic relations and boost Canada's trade with the world's second-largest market. CETA is a progressive free trade agreement which covers virtually all sectors and aspects of Canada-EU trade in order to eliminate or reduce barriers. For example, prior to CETA's entry into force, only 25 percent of EU tariff lines on Canadian goods were duty-free. With CETA, 98 percent of EU tariff lines are now duty-free for Canadian goods. Once CETA is fully implemented, the EU will have eliminated tariffs on 99 percent of its tariff lines.

Canada Free Trade Agreement (CFTA)

The Canada Free Trade Agreement has been in force since July 1, 2017. The objective of this agreement is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and to establish an open, efficient, and stable domestic market.

How does CETA and CFTA affect what I purchase?

As per the applicable trade agreements, McMaster's procurement practices are based on a transparent and efficient framework that is fair and open to all Canadian suppliers. This includes the following policies and processes:

- Structuring a Request for Proposals/Quotes so that it does not favour a particular supplier or region;
- Assessing the total cost of ownership of a good/service/contract to ensure that it is not divided in a way that circumvents procurement thresholds;
- Ensuring Limited Tendering (Sole/Single Sourcing) is used appropriately according to the applicable trade agreements.

RFx Electronic or Hard-Copy Bid Submission & Evaluation

- Those engaging in an RFx process with Strategic Procurement now have the flexibility to have Bidders submit electronic versions of their bids and engage in a streamlined online evaluation process;
- An electronic process reduces the RFx posting time by 5 days;
- The traditional method of hard-copy submissions is still available as an alternate method.

McMaster's Procurement Thresholds for RFX Postings

An RFX process typically takes 10-12 weeks, depending on the complexity of the project.

CFTA

- **Goods and Services valued between \$100,000 and \$366,355 and Construction valued between \$100,000 (BPS) and \$9.1M** must be posted publicly per chart below. Although CFTA lists the current minimum threshold as \$101,100, McMaster is also subject to the Broader Public Sector (BPS) Procurement Directive which requires posting for a minimum threshold of \$100,000.

CETA

- **Goods and Services with a total value of \$366,355 or greater and Construction with a total value of \$9.1M or greater** must be posted publicly for a **minimum of 40 days**, which can be reduced under the following conditions:
 - Notice of procurement: 5-day reduction
 - RFX solicitation document available to suppliers electronically: 5-day reduction
 - Electronic bid submission: 5-day reduction

	Min. Threshold for Public Posting			Min. Posting Period (days)		
	BPS Directive	CFTA	CETA	BPS Directive	CFTA	CETA
Goods	\$100,000	\$101,100	\$366,355	15 days (standard) 30 days (complex)		40 days (less conditions above)
Services	\$100,000	\$101,100	\$366,355			
Construction	\$100,000	\$252,700	\$9.1M			
Limited Tender (Sole/Single Source, ACAN)	Per above thresholds			Within 72 days after award		

Choose the 'Best' RFX Method:

- **Notice of Procurement:** a notice posted in advance of one of the RFX methods listed below, advising of notice of intent to engage in an RFX process;
- **RFQ - Request for Quote:** if you know exactly what you want, and ONLY need PRICING. e.g. you want a black chair two way adjustable, made of leather & steel casters;
- **RFP - Request for Proposal:** if you want a SOLUTION, e.g. you want a chair that is comfortable, adjustable, ergonomically designed and suitable for the disabled;
- **RFSQ / Pre-Qual.:** Request for Supplier Qualification / Pre -Qualification, followed by an Invitational Tender.

Procurement Thresholds to Follow when obtaining Goods and Services

Goods and Non-Consulting Services	Purchase Method
\$0 - \$10,000	P-Card / Non-PO Voucher 1 valid price confirmation
\$10,001 - \$50,000	Minimum 2 written quotes
\$50,001 - \$99,999	Minimum 3 written quotes
\$100,000 or more	Open competitive RFX bid process (Public/MERX)
Consulting services	Purchase Method
\$0 - \$99,999	Minimum 3 written quotes or Open competitive RFX bid process

Limited Tendering (Sole / Single Source) Procurement:

- Any deviation from the above Competitive Requirements **MUST** be supported by a duly approved Sole/Single Source Certificate.
 - Sole Source: is where only one supplier exists who can provide the goods or services.
 - Single Source: is where more than one supplier can provide the goods or services, but for supportable reasons one supplier is used, without obtaining additional quotes.
- Under CETA, McMaster is required to report on each contract awarded under the Limited Tendering procedure. Strategic Procurement uses information contained within Mosaic to report on:
 - the value of the procurement;
 - the kind of goods and services procured; and
 - a statement indicating the circumstances and conditions under which you claimed the limited tendering exception (i.e. rationale).
- Please ensure your Sole/Single Source purchases are justified, and the Rationale sections of the Sole/Single Source Certificate are completed with detail as to why it wasn't procured using a competitive process.

For example:

- Why additional quotes weren't obtained?
- Why is it unique?
- What happens if you don't purchase?
- How it affects your research if you don't purchase? (if applicable)

To be compliant with laws, regulations, public policy and McMaster University's Strategic Procurement Policy SP-01, all acquisitions must be subject to competitive bidding. In rare, specific or exceptional circumstances, only one supplier or consultant may be able, or capable, of providing goods or services. When a competitive bid cannot be completed for an acquisition the purchaser must complete a Single or Sole Source Certificate and obtain appropriate approval signatures.

All Sole/Single Source approvals are granted by the AVP Administration & CFO via Mosaic. All other required signatures on the form are to be hand written signatures. After attaching your completed Sole or Single Source Certificate to the requisition, you need to guide the form to the AVP Admin & CFO for approval, as follows: Select "Requisition Activities" within the Requisition Header – Check "Done" and type "Sole Source" in the comments field. This will route the requisition to the AVP (Administration) & CFO within Mosaic for approval.

Useful Links:

CETA

<http://www.international.gc.ca/gac-amc/campaign-campagne/ceta-aecg/index.aspx?lang=eng>

CFTA

<https://www.cfta-alec.ca/canadian-free-trade-agreement/>

Broader Public Sector Procurement Directive (Ontario)

<https://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/EN/bps-procurementdirective>

Limited Tender Approval Form:

<https://financial-affairs.mcmaster.ca/resources/limited-tendering-approval-form/>

Strategic Procurement Policy:

<https://financial-affairs.mcmaster.ca/resources/sp-01-strategic-procurement-policy/>

Purchase Order Terms and Conditions

<https://financial-affairs.mcmaster.ca/resources/purchase-order-terms-conditions/>

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