



## Administration Policy

Complete Policy Title: <b>Strategic Procurement</b>	Policy Number: <b>SP-01</b>
Approved by: <b>AVP Administration and CFO</b>	Date of Most Recent Approval: Effective Date: <b>January 1, 2024</b>
Date of Original Approval: <b>April 10, 2012</b>	Supersedes/Amends Policy dated: <b>Dec 2, 2013, May 1, 2015, July 1, 2017, Nov 1, 2018, Sept 10, 2019</b>
Responsible Executive: <b>AVP Administration and CFO</b>	Enquiries: <b>Strategic Procurement</b>
<b>DISCLAIMER:</b> <i>If there is a discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails.</i>	

### Purpose

To govern the acquisition of goods and services, including construction, renovation and consulting, at McMaster University using a process that is open, fair and transparent, and ensures that maximum value is achieved. This Policy is aligned to and compliant with the requirements of the Ontario Broader Public Sector (BPS) Procurement Directive, Canada Free Trade Agreement (CFTA), and Canada-European Union Comprehensive Economic and Trade Agreement (CETA). Furthermore, this Policy is designed to ensure that procurement at the University is performed in a manner that is ethical, efficient and consistent while giving Ontario organizations preferences when conducting procurement processes for goods and services under spend thresholds.

### Scope

This policy applies to procurements made by any contractual means, including: purchase, lease, and rental, with or without an option to buy. This also covers expenditures paid for with all types of University funds, regardless of the ultimate source of funding, including operating, research, ancillary, capital and trust. Where funding regulations are different from University regulations, the funding regulations shall prevail.

### Policy

#### 1. Approval Authority

- 1.1 Prior to commencement, any procurement of goods and services MUST be approved by the appropriate authority in accordance with the University's Approval and Signing Policy.
- 1.2 Persons with signing authority have the responsibility to exercise their authority in the manner of a prudent University administrator, and to delegate in writing or through our ERP/E-Procurement systems that same authority to an appropriate staff member during any absence.

1.3 If signing authority is delegated to another individual, the individual delegating the responsibility remains accountable for the transactions.

**2. General**

2.1 The Supply Chain Code of Ethics shall be employed in all procurement activity to ensure an ethical, professional and accountable supply chain.

As stewards of public funds, wherever possible, a competitive bid process shall be conducted for purchases **over \$25,000**, in accordance with this Policy, as outlined in the table below. If the appropriate competitive bid process is not possible, the procuring Department must provide Strategic Procurement with a duly approved [Limited Tendering Approval Form](#), where a detailed justification is provided and lists the Acceptable Exceptions for a non-competitive procurement.

**2.2 Procurement Thresholds**

Goods and Non-Consulting Services	Purchase Method
\$0 – \$121,200	MacBuy using supplier catalogues (punch-out / hosted)
\$0 – \$10,000	P-Card
\$0- \$25,000	Non-PO Voucher / PO with 1 written quote
\$25,001 – \$ 75,000	PO with minimum 2 written competitive quotes
\$75,001 – \$121,199	PO with minimum 3 written competitive quotes
\$121,200 or more	Open/public competitive RFx bid process
Consulting Services	Purchase Method
\$0 – \$121,199	PO with minimum 3 written competitive quotes or Open/public competitive RFx bid process
\$121,200 or more	Open/public competitive RFx bid process

2.3 All dollar amounts above are exclusive of taxes and cover the total cost of the item (not broken down into annual amounts).

2.4 MacBuy purchases under \$121,200 can be made directly through the available punch-out or hosted supplier catalogues. No additional quotes are required in the MacBuy system.

For all non-catalogue MacBuy purchases under \$121,200, the applicable competitive method must be followed as per Table 2.2 above, and an authorized purchase requisition shall be submitted via MacBuy.

All purchases over \$121,199 using an open competitive RFX bid process (public tendering) are subject to posting periods as stipulated by current Trade Agreements.

## 2.5 PCard

For all purchases less than \$10,000 outside of MacBuy, the preferred method of payment is the Procurement Card ("PCard"). The PCard is intended solely to facilitate the purchase and payment of goods and services required to carry out University business. **University corporate credit cards are for business purposes only, personal use of corporate credit cards is strictly prohibited.**

## 3. Electronic Documents

**3.1** The University authorizes the use of electronic images of original paper or electronic invoices and receipts as part of the University's usual and ordinary course of business.

**3.2** The Individual (or delegated submitter) requesting reimbursement is responsible for the quality, accuracy, reliability and authenticity of scanned images in the reimbursement system and maintaining paper copies, if externally required, for the retention period required for their specific purposes.

**3.3** The University shall store scanned or saved electronic reimbursement related images and quotes that can be audited as required for a minimum period of 7 years (beginning in December 2013).

**3.4** The University shall continue to store paper reimbursement requests and quotes received up to June 2015 for 7 years. After June 2015, the University shall consider the system reimbursement records and quotes as originals for business retention and audit purposes.

## 4. Definitions

**"Consulting Services"**: means the provision of expertise or strategic advice that is presented for consideration and decision making, e.g. Management Consulting (i.e. helps improve performance via current state analysis and strategic planning), IT Consulting (i.e. Development of Technology Strategy), Technical consulting (i.e. Actuarial, Engineering, Health and Social Sciences, Employment, Realty and design).

**"Limited Tendering Approval Form"**: is used to explain, review and authorize any deviation from the appropriate competitive bid process as identified in this Policy, and must be submitted as part of the procuring Department's supporting documentation for a particular purchase requisition.

**"MacBuy"**: McMaster's online shopping cart purchasing tool, which streamlines the purchasing process, leverages negotiated contracted pricing, and reduces administrative costs (e.g. electronic invoicing).

**“MacBuy Hosted Catalogue”**: a hosted catalogue is an online version of a supplier’s printed catalogue. Hosted catalogues contain product data and details, along with pricing information for each item. When a product search is performed, the products in all of the hosted catalogues are searched. Hosted catalogue search results contain product information from all suppliers depending on the search criteria entered by the user.

**“MacBuy Punch-out Catalogue”**: Punch-out catalogues are integrated external links to a supplier’s web-based catalogue. The user exits the application to search and select products from a supplier’s web catalogue, then returns the items to the MacBuy shopping cart. The selected items are then submitted through the standard requisition/order process.

**“Professional Services”**: are non-consulting services used to complete specific tasks or job assignments, e.g. Speakers, Trainers, Reviewers (Faculty, Research, etc.), IT/Tech Services, HR Staffing and Financial/Money Management.

**“Request For x (RFx)”**: means request for method, which may encompass request alternatives, such as a Request for Quote (RFQ), a Request for Proposal (RFP) or an Invitation to Tender (ITT), on an electronic Open Bid System.

**“Request for Information (RFI)”**: is an information method used where a buyer is seeking information about a potential good or service without a commitment or obligation to purchase. An RFI is followed by another request method when the buyer is ready to proceed with a purchase.

**“Request for Proposal (RFP)”**: is a method used where the buyer needs a proposal from a supplier to provide a solution to a need.

**“Request for Quote (RFQ)”**: is a method used where the buyer knows exactly what is wanted, and only requires pricing.

**“Request for Supplier Qualification (RFSQ)”**: is a method used where the buyer requires supplier pre-qualification information before proceeding with a tender for the goods or services. The RFSQ is followed by an invitational tender to pre-qualified suppliers only. This approach is mostly used for facility related construction or renovation needs, but is not limited to it.

**“Request for Tender (RFT)”**: Also called a Public Tender or Invitation to Tender (ITT) is a bidding process that is open to all qualified bidders, and where the sealed bids are opened in public for scrutiny and are chosen on the basis of price and quality. This method is mostly used for Capital Infrastructure Projects.

## 5. NON-APPLICATION OF PROCUREMENT POLICY SP-01

SP-01 does not apply to:

**5.1** between enterprises that are controlled by or affiliated with the same enterprise, or between one government body or enterprise and another government body or enterprise (available under CFTA only); or

between subsidiaries or affiliates of the same entity, or between an entity and any of its subsidiaries or affiliates, or between an entity and a general, limited or special partnership in which the entity has a majority or controlling interest (available under CETA only);

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- 5.2** a good, a service, or any combination thereof, procured with a view to commercial sale or resale, or for use in the production or supply of a good or service for commercial sale or resale (available under CFTA and CETA);
  - 5.3** from philanthropic institutions, non-profit organizations, prison labour, or natural persons with disabilities (available under CFTA; and CETA, excluding non-profit organizations);
  - 5.4** by a procuring entity on behalf of an entity not covered by the CFTA;
  - 5.5** a contract awarded under a cooperation agreement between a Party and an international cooperation organization if the procurement is financed, in whole or in part, by the organization, only to the extent that the agreement includes rules for awarding contracts that differ from the obligations of the CFTA;
  - 5.6** under the particular procedure or condition of an international organisation, or funded by international grants, loans or other assistance if the applicable procedure or condition would be inconsistent with CFTA and CETA;
  - 5.7** procurement of financial services respecting the management of financial assets and liabilities (i.e. treasury operations), including ancillary advisory and information services, whether or not delivered by a financial institution (available under CFTA only).
  - 5.8** health services or social services (available under CFTA and CETA);
  - 5.9** services that may, under applicable law, only be provided by licensed lawyers or notaries (available under CFTA only);
  - 5.10** financed primarily from donations that require the procurement to be conducted in a manner inconsistent with the CFTA;
  - 5.11** acquisition or rental of land, existing buildings, or other immovable property, or the rights thereon (available under CFTA and CETA).

Additional Non-Application (exemptions) can be found in CFTA and CETA – see Section 6 of this Policy for links to these trade agreements.

## **6. Related Procedures or Documents**

### **6.1 Limited Tendering Approval Form**

[https://financial-affairs.mcmaster.ca/app/uploads/2018/10/McMaster\\_Limited-Tendering-Approval-Form\\_V3\\_SF.pdf](https://financial-affairs.mcmaster.ca/app/uploads/2018/10/McMaster_Limited-Tendering-Approval-Form_V3_SF.pdf)

### **6.2 Approval and Signing Authority Policy:**

<https://secretariat.mcmaster.ca/app/uploads/Approval-and-Signing-Authority-Policy.pdf>

### **6.3 Canadian Free Trade Agreement:**

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

### **6.4 Canada- European Union Comprehensive Economic and Trade Agreement (CETA):**

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

### **6.5 Broader Public Sector Procurement Directive:**

<https://files.ontario.ca/tbs-bpspd-en-2023-05-05.pdf>

### **6.6 Supply Chain Code of Ethics:**

<https://financial-affairs.mcmaster.ca/resources/supply-chain-code-of-ethics/>

### **6.7 Independent Contractor Questionnaire:**

<https://financial-affairs.mcmaster.ca/resources/ICQ>

### **6.8 Fair Trade Purchasing Policy for University Suppliers and Coffee Retailers:**

<https://financial-affairs.mcmaster.ca/resources/fair-trade-policy/>

### **6.9 Sustainability Policy:**

<https://financial-affairs.mcmaster.ca/resources/sustainabilitypolicy/>

### **6.10 Code of Labour Practices Policy:**

<https://financial-affairs.mcmaster.ca/resources/code-of-labour-practices/>

### **6.11 Controlled Drugs and Substances Procedure: Contact McMaster BioSafety Office**

[https://biosafety.mcmaster.ca/mbso\\_home.html](https://biosafety.mcmaster.ca/mbso_home.html)

### **6.12 Radioactive Materials:**

<https://healthphysics.mcmaster.ca/app/uploads/2021/09/Radioactive-Material-Acquisition-Approval-Form.pdf>

### **6.13 Contract for Services:**

<https://financial-affairs.mcmaster.ca/resources/>