

1. PURPOSE

The purpose of this policy is to ensure the cost-effective procurement of goods and services on behalf of Travel Industry Council of Ontario (TICO). Our aim is to ensure that goods and services are acquired through a process that is fair, open, transparent, geographically neutral, competitive and accessible to qualified vendors.

This policy emphasizes five key principles:

- accountability;
- transparency;
- value for money;
- quality service delivery; and
- process standardization.

Standardized processes help remove inefficiencies and create a level playing field. This policy specifies the responsibilities of individuals in each stage of the procurement process. This ensures consistency in the management of procurement practices and decisions. Sound procurement procedures contribute to a reduction in purchasing costs.

2. DEFINITIONS

For the purposes of this policy, the following definitions apply:

“Consulting Services” mean the provision of expertise or strategic advice that is presented for consideration and decision-making.

“Goods and services” means any goods, construction and services, including but not limited to information technology and consulting services.

“Information Technology” means the equipment, software, services and processes used to create, store, process, communicate and manage information.

“Procurement Value” means all costs and conferred value associated with a contractual relationship with a third party.

“Procurement Value Increase” means that the costs and conferred value associated with a procurement initiative have increased subsequent to

the procurement approval.

“Request for Proposal” (RFP) means a procurement document that requests vendors to supply solutions for the delivery of complex products or services or to provide alternative options or solutions. The RFP process uses predefined evaluation criteria, in which price is not the only factor.

“Supplier/Vendor” means any person or organization that, based on an assessment of that person’s or organization’s financial, technical and commercial capacity is capable of fulfilling the requirements of procurement.

“Business Credit Card” (BCC) means the single business credit card identified as such to be used for TICO related purchases where a vendor will not issue an invoice, or for online purchases, other than those payments identified as Travel, Meals and Hospitality.

“Business Credit Card Authorized Limit” means the total authorized credit approved by the Audit Committee for purposes of expenditures under this policy.

3. SCOPE

This policy applies to all TICO employees involved in the procurement process.

4. PRINCIPLES

TICO must conform to the following key principles:

- The procurement process must focus on value for money. Goods and services will be procured only after consideration of TICO business requirements, alternatives, timing, supply strategy and procurement method.
- Notwithstanding the availability of budgeted funds, all

expenditures committed to by TICO will be made in a manner of utmost fiscal prudence.

- Access for qualified vendors to compete for TICO business must be open, fair and transparent, providing equal treatment to vendors.
- Conflicts of interest, both real and perceived, must be avoided during the procurement process and the ensuing contract.
- The procurement of goods and services must be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes and procedures.
- All purchases made on behalf of TICO will be carried out honestly, objectively and with integrity in keeping with TICO's Employee Code of Ethics. TICO employees shall not use their official capacity or company time to negotiate or conduct personal purchases for themselves or others.
- In conducting its purchasing activities, TICO will consider facility accessibility and will take all reasonable steps necessary to comply with the *Accessibility for Ontarian's with Disabilities Act*.
- In carrying out its purchasing responsibilities, TICO will have regard for the development of an environmentally sustainable operation.

5. PROCUREMENT PLANNING

TICO must undertake procurement planning as an integral part of the procurement process in order to identify the goods and services needed to meet its business requirements. Procurement planning assists in:

- identifying the potential supply source;
- identifying the procurement method most suitable;
- determining what approvals are needed; and
- determining when approvals are needed to ensure that sufficient time is allowed to complete the procurement process.

As part of its procurement planning, TICO must assess the following:

- early identification of needs;
- clear definition of requirements;
- justification for the acquisition; and
- compatibility of procurement needs with TICO's policy, program, legislative and regulatory requirements.

Planned purchases reduce product costs by:

- allowing time to clearly define a competitive specification;
- providing time to receive and properly evaluate competitive bids; and
- making it possible to consolidate departmental needs that can result in volume discount negotiations.

Department managers should communicate their annual procurement requirements to the President & CEO (CEO) as part of the budget preparation process. Every effort will be made to include all foreseeable expenses as part of the annual budget, which is approved by the TICO Board.

When an unforeseen situation arises, which results in the need for goods or services not contemplated in the budget, the CEO should be advised as soon as possible. Any expenses not contemplated in the TICO budget will be presented to the TICO Board for approval.

While TICO does its budgeting on an annual basis, it is not required to engage in a competitive process for each good or service each year. TICO may enter into multi-year contracts with suppliers. The timeframe for review of the contract must not exceed three years. Ongoing vendor arrangements must not exceed a maximum of six years without a new competitive process unless there are extenuating circumstances and the matter has been reviewed by either a Committee of the Board or the full Board, as appropriate.

6. PROCUREMENT VALUE:

TICO must determine the Procurement Value in order to determine the appropriate procurement approval authority and procurement method. To determine the Procurement Value, TICO must include all costs and benefits associated with entering into a contractual relationship with a third party.

Costs and benefits may include, but are not limited to:

- price/cost of the goods and/or services;
- one-time costs such as site preparation, delivery, installation and documentation;
- ongoing operating costs including training, accommodation, support and maintenance;
- sales tax and applicable duties;
- disposition costs;
- premiums, fees, commissions and interest;
- options to renew;
- direct payments by TICO to the successful vendor;
- indirect payments by third parties to the successful vendor; and
- any conferred value by TICO to the successful vendor.

7. PROCUREMENT VALUE INCREASES:

In the event that the cost of the annual procurement increases, approval from the appropriate authority must be sought prior to proceeding with or continuing the procurement. Procurement Value Increases may be caused by, but not limited to, price increases, volume uptake, increase in the scope of work, added contractual terms, project delays or other unforeseen circumstances.

8. SUPPLY SOURCE:

Prior to conducting procurements, TICO must validate that there is a compelling need for the acquisition (i.e. internal resources are not available) and determine the appropriate supply source for the required goods or services.

When considering supply sources for goods or services, TICO may consider the Ontario Government’s List of Vendors of Record (VOR). TICO is not required to use a VOR but may consider providers on the list in the procurement process.

9. PROCUREMENT METHODS AND PURCHASING AUTHORITY:

9.1 Procurement of Goods and Services

Generally speaking, when purchasing goods and services, TICO is to select and use the applicable procurement process and obtain the appropriate approvals as set out in the chart below, which is based on the value of the procurement:

<u>PROCUREMENT VALUE</u>	<u>PROCESS TO BE FOLLOWED</u>	<u>APPROVAL AUTHORITY</u>
Under \$5,000	No formal bidding required	President & CEO
\$5,001 to \$20,000	Invitational Competitive or Single Source Procurement	President & CEO
\$20,001 to \$75,000	Invitational Competitive	Board of Directors
Over \$75,000	Open Competitive	Board of Directors

There are some exceptions, which are set out in Section 9.2.

No action shall be taken to reduce the value of the procurement in order to avoid any of the requirements regarding competition or approval levels.

Single source procurement is permitted where:

- the value of the service is less than \$20,000; or
- the services are highly specialized and there is a limited number of reputable service providers; or
- the vendor has a strong track record with TICO and the particular service is part of an on-going exercise for which continuity of service is in the best interest of TICO; or
- the vendor is the sole source provider for a particular service under a previous contract.

Invitational competitive procurement is achieved by requesting a minimum of three (3) qualified vendors to submit a written or electronic proposal in response to TICO requirements.

Open competitive procurement is achieved by using an open tendering process that is publicly accessible such as a Request for Proposals (RFP).

9.2 Allowable Exceptions

There are some exceptions to the required procurement processes listed above, as follows:

- **Ad Hoc Service Requirements**

From time to time, TICO will require specialized professional services to support its regulatory activities (e.g. external legal counsel to defend against a lawsuit or to prosecute a matter in times of high workload for in-house counsel). Given the nature of these activities, it will not be possible to determine in advance the value of the contract. Further, time constraints in dealing with such matters may make it impossible to meet the full requirements of this policy.

- **An Unforeseen Situation of Urgency**

An unforeseen situation of urgency does not occur where TICO has failed to allow sufficient time to conduct a competitive procurement process.

- **Expense**

The expense of a competitive process would clearly outweigh the prospective savings to be achieved by using a competitive process for the cost of the goods or services being sought.

- **Confidential or Privileged Information**

Where the services revolve around confidential or privileged information and the disclosure of those matters through a competitive procurement process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest.

- **Absence of Bids**

Where there is an absence of any bids in response to a competitive procurement process.

- **Only One Supplier Able to Meet Requirements of Procurement**

In certain circumstances, only one supplier may be able to meet the requirements of the procurement to ensure compatibility with existing products or the supplier is a statutory monopoly. The services may be highly specialized and there are a limited number of reputable service providers. The vendor may have a strong track record with TICO and the particular service is part of an on-going exercise for which continuity of services is in the best interest of TICO or the vendor is the sole source provider for a particular service under a previous contract.

In circumstances where there is a single source vendor required for products or services above \$20,000, a written business case justification is to be documented by the requisitioning department manager and maintained on file. The business case must be approved by the CEO and the Board of Directors.

9.3 Consulting Services & Consultant Expenses

Consulting services refers to the provision of expertise or strategic advice that is presented for consideration and decision-making. Whenever possible, TICO will require consultants to incorporate all costs into their quotes for service so that no additional expenses will be added. Where Providers of consulting services are to be reimbursed for reasonable expenses, the details regarding what expenses will be considered will be set out in the contract with the service provider depending on the requirements of the particular project. The following are some examples:

<u>ALLOWABLE EXPENSES</u>	<u>DISALLOWED EXPENSES</u>
Travel by air, rail or car, hotel accommodations and meals.	Hospitality and incidental expenses, including but not limited to: snacks alcoholic beverages, laundry, dry cleaning, valet services, dependent or personal telephone calls.

10. PROCUREMENT PROCESS

10.1 Procurement Documents

To enable fair comparison of vendor submissions, procurement documents must be in writing and include sufficient details concerning the submission requirements.

Procurement documents should include the following information, where applicable:

- a. A description of the required goods or services.
- b. Disclosure of the evaluation criteria and the process to be used in assessing submissions. For example, in addition to the price or cost, factors such as quality, quantity, delivery, service, experience of the vendor or service provider and other criteria related to the procurement may be taken into account in evaluating submissions. No process should unduly favour or disadvantage any vendor.
- c. The name, telephone number and location for the person to contact for additional information on the procurement documents.
- d. Conditions that must be met before obtaining procurement documents such as confidentiality agreements, if appropriate.
- e. The address, date and time limit for submitting responses to procurement documents. Responses received after the closing date and time must be returned unopened.
- f. Declaration that the vendor has not given, directly or indirectly, a benefit of any kind to anyone employed by, or otherwise connected with TICO, for the purpose of receiving favourable treatment or otherwise obtaining an advantage in connection with a TICO procurement activity.
- g. Conflict of interest provisions that:
 - i. define conflict of interest to include situations or circumstances that could give the vendor an unfair advantage during the procurement process or compromise the ability of the vendor to perform its obligations;
 - ii. reserve the right of TICO to solely determine whether any situation or circumstance constitutes a conflict of interest;
 - iii. reserve the right to disqualify prospective vendors from a procurement process due to conflict of interest;

- iv. require prospective vendors participating in a procurement process to declare any actual or potential conflict of interest;
 - v. require vendors to avoid any conflict of interest during the performance of their contractual obligations for TICO;
 - vi. require vendors to disclose any actual or potential conflict of interest arising during the performance of an agreement;
 - vii. reserve the right to prescribe the manner in which a vendor should resolve a conflict of interest;
 - viii. allow TICO to terminate an Agreement where a vendor fails to disclose a conflict of interest; and
 - ix. allow the Agreement to be terminated where a conflict of interest cannot be resolved.
- h. Other information or policy requirements as appropriate.

10.2 Electronic Tendering

TICO may use electronic tendering for open competitive procurements.

10.3 Bid Response Time

Sufficient time will be given to vendors to prepare and submit bid responses, taking into account the complexity of the project.

10.4 Evaluation Process

TICO will evaluate the responses received in accordance with the evaluation criteria set out in the procurement document. Lowest price or cost may not be the main factor in assessing responses. Other considerations such as quality, quantity, delivery, customer service, experience of the vendor or service provider, or other criteria related to the procurement may be taken into account as well.

Ultimately, the contract shall be awarded to the most qualified and responsive vendor or service provider whose proposal meets the requirements and criteria set out in the procurement document and whose bid is determined to be the most advantageous for the organization.

TICO will not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive

procurement process.

11. AGREEMENTS OR CONTRACTS FOR GOODS OR SERVICES

Any agreement or contract for goods or services between TICO and a vendor must be in writing and include the following:

- A description of the goods or services to be provided
- The total cost for the specified goods or services, if known
- If it is a consulting or professional services agreement or contract, it should state the hourly rates or fees for service
- If it is a consulting or professional services agreement or contract, it should outline any expenses of the consultant that TICO is expected to cover
- Payment terms
- Timeframe for delivery or completion of the project
- Confidentiality provisions
- Conflict of interest provisions
- Dispute resolution clauses - Ideally, there should be opportunities to remedy any issues that could arise informally or through mediation prior to commencing legal action
- Appropriate termination clauses
- Appropriate mechanisms for amending the agreement or contract if necessary

TICO staff may wish to consider obtaining legal advice with respect to procurement documents and agreements or contracts for goods or services.

12. BUSINESS CREDIT CARD (BCC)

For a limited type of purchases, certain vendors will not accept cash or cheque as payment, and require an authorized credit card in order to render the goods and/or services. Through its financial institution, TICO has obtained a commercial credit card. The BCC will be maintained by the office of the CEO.

Where possible, employees will ask vendors to invoice TICO for goods and/or services rendered in accordance with the applicable policy. Where this is not possible, the BCC may be used as a permissible form of payment.

All such payments must be pre-approved by a member of the Leadership Team. If a payment is requested by a member of the Leadership Team, the CEO shall pre-approve the purchase.

The BCC shall be reconciled monthly by the Accounting department. The Accountant will ask each requester to initial the BCC statement to acknowledge payment for goods and/or services rendered, and to determine the appropriate accounting classification. Copies of the reconciled and approved BCC statement will be maintained by Accounting and reviewed by the CEO monthly. Late charges are not permitted, and employees should ensure that the processing of the BCC is expedited accordingly.

At no time shall the authorized credit card limit be exceeded without the pre-approval of the CEO.

13. DOCUMENT AND RECORDS RETENTION

The Vice President, Operations shall maintain a centralized resource for all purchases and all contracts for consulting or professional services, including the original quote information, supporting documentation, contracts and invoices.

Revised - November 8, 2016