



TO: Business Board

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DATE: March 24, 2011 for April 4, 2011  
AGENDA ITEM: 5

**ITEM IDENTIFICATION:**

**Procurement Policy**

**JURISDICTIONAL INFORMATION:**

The Business Board is responsible for approval of policies governing the financial operations of the University. The Broader Public Sector (BPS) Procurement Directive requires that Organizations must formally adopt the BPS Supply Chain Code of Ethics in accordance with their governance processes, and the Approval Authority Schedule of the BPS organization must be approved by the board of directors or the Organization, or its equivalent.

**PREVIOUS ACTION TAKEN:**

The University of Toronto Purchasing Policy was most recently approved by the Business Board on October 10, 1995. In 2007, the approval threshold for public tenders was adjusted to reflect the requirements of the Agreement on Internal Trade, 1995, to which Ontario universities had been made subject.

**HIGHLIGHTS:**

The Ontario broader public sector (BPS) Procurement Directive was issued by Management Board of Cabinet, effective April 1, 2011. This Directive applies to all designated broader public sector organizations as provided for under section 12 of the Broader Public Sector Accountability Act, 2010. The purpose of the Directive is “to ensure that publicly funded goods and services, including construction, consulting services, and information technology, are acquired by BPS organizations through a process that is open, fair and transparent; to outline responsibilities of BPS organizations throughout each stage of the procurement process; and to ensure that procurement processes are managed consistently throughout the BPS”.

The University of Toronto is subject to this Directive in accordance with the Act and is required to formally adopt the Supply Chain Code of Ethics in accordance with our governance processes, and to have the Approval Authority Schedule approved by the Business Board.

Accordingly, we propose replacing the current Purchasing Policy (see attachment 2) in its entirety with the Procurement Policy (see Attachment 1) that incorporates the BPS Procurement Directive in its entirety, that formally adopts the Supply Chain Code of Ethics, and that contains the University's Approval Authority Schedule which has been modified to reflect the additional new requirements, which are as follows:

- To reduce the threshold for public tendering for construction and renovations from \$250,000 to \$100,000. (For goods and services, the threshold was already in place at \$100,000.)
- To incorporate new rules for consulting services, which are as follows: all consulting services are subject to invitational procurement, regardless of value; any consulting obtained through a non-competitive process up to \$99,999 must be approved by the President and at \$100,000 and above must be approved by the Business Board.

The University has procurement services, processes and procedures in place that are modified from time to time to comply with applicable legislation and regulation and with good business practice.

The lower construction and renovation thresholds and the new rules around procurement of consulting services are not contained within our current services, processes and procedures and we are working with speed to implement those requirements across the University.

The University is already compliant, for the most part, with the other rules, having recently overhauled its legal documentation and procurement processes and procedures. We will be developing a bid dispute resolution process, implementing new contract notification rules, and further revising the terms and conditions associated with purchase orders in the very near future to comply with other minor changes to current practice that are required by the Directive.

#### **FINANCIAL AND/OR PLANNING IMPLICATIONS:**

Additional resources are required to comply with this Directive both centrally and divisionally, particularly with respect to the new rules for consulting services and with respect to the changed public tendering threshold for construction and renovations.

#### **RECOMMENDATION:**

It is recommended that the Business Board approve the University of Toronto Procurement Policy, which is attached to this green sheet as Attachment 1, effective April 1, 2011, replacing the previous Purchasing Policy, which is attached to this green sheet as Attachment 2.