

**PEO POLICY NUMBER:** *Policy numbers will be assigned after Policy and Procedures Manual is completed.*

<b>PEO Procurement Policy</b>	Date of Policy: June 9, 2014
	Approved by: Council
	Review Date: June 9, 2016

<b>Policy Statement</b>	PEO shall have a centralized procurement management system for the acquisition of goods and services to ensure consistent ethical procurement practices and effective internal financial control.
<b>Purpose</b>	<p>The purpose of this policy is to establish procedures and guidelines to ensure that:</p> <ul style="list-style-type: none"> <li>• Purchases on behalf of PEO are made in the most ethical, economic, effective and efficient manner possible.</li> <li>• The procurement of goods and services on behalf of PEO are made within approved budgets.</li> <li>• Best value is achieved for PEO in the acquisition of goods and services.</li> <li>• Vendors are identified and selected based on the best mix of reliability, quality, customer service, sales support, price and warranty, quality and value to PEO.</li> <li>• The requirement for internal compliance and standardization of quality-based vendor selection is communicated and enforced.</li> <li>• A selection process for vendors is established that is centralized, open, transparent, fair and consistent.</li> </ul>
<b>Application and Scope</b>	<p>The policy will include procedures, requirements and responsibilities for all purchases of goods and services on behalf of PEO, including:</p> <ul style="list-style-type: none"> <li>• Appendix A – Procurement Process</li> <li>• Appendix B – Procurement Code of Ethics</li> </ul>
<b>Definitions</b>	<p><b>Approver</b> – The approver of an expenditure is the person(s) authorized to approve an expenditure in accordance with PEO’s internal financial control policies, including the Expense Reimbursement Policy and the Expenditure Approval Policy, and in accordance with PEO’s Bylaw No. 1, s. 45.</p> <p><b>Blanket Order</b> – refers to a limitation of liability contract for a specific type of standard product (e.g. office supplies) for which a not-to-exceed total value is stipulated, over a specified period of time (e.g. one year) for an itemized list of items with firm fixed prices associated with each item (e.g. a list of prices developed for PEO or a standard catalogue).</p> <p><b>Centralized procurement process</b> – refers to a purchasing management system by which all departments of PEO will make purchases through the PEO Procurement Manager, in order to allow for the identification of and efficient management of common purchasing requirements.</p>

	<p><b>Change Order</b> – refers to a change or addition to an existing purchase order the terms of which have not yet been completed. Change Orders will reflect the purchase order number to which it applies.</p> <p><b>Corporate Leadership Team</b> – refers to the Deputy Registrar, Licensing and Finance; the Deputy Registrar Tribunals and Regulatory Affairs; the Deputy Registrar, Regulatory Compliance; the Chief Administrative Officer and the CEO/Registrar.</p> <p><b>End user</b> – refers to the person or department that actually uses a product or service, as opposed to the person or department that authorizes, orders, procures, or pays for it.</p> <p><b>Executive Leadership Team</b> – refers to the president-elect, the president, the past-president and the CEO/Registrar.</p> <p><b>Petty Cash Sub-policy</b> – refers to an internal accounting policy for the management of petty cash transaction procedures.</p> <p><b>Project team</b> – refers to a group consisting of the full-time and part-time resources assigned to work on the deliverables of a project all of who will help achieve the project objectives. They are responsible for:</p> <ul style="list-style-type: none"> <li>• identifying all product/service requirements necessary to meet end user requirements and for the successful and timely completion of the project</li> <li>• understanding the work to be completed</li> <li>• planning out the assigned activities in more detail if needed</li> <li>• completing assigned work within the budget, timeline, and quality expectations</li> <li>• informing the project manager of issues, scope changes, risk, and quality concerns</li> <li>• proactively communicating status, and managing expectations</li> </ul> <p><b>Purchase Order</b> – refers to the form that, once approved, commits PEO to an agreement with a vendor to purchase and pay for a particular product or service according to the terms set out in the contract or purchase order.</p> <p><b>Purchase requisition</b> – refers to the approved form to be used for the requisition of all purchases by staff and/or volunteers. The completed form submitted to the Procurement Manager will initiate the procurement process.</p> <p><b>Request for quotation (RFQ)</b> – refers to a request from PEO to identified vendors, for price and delivery quotations that meet minimum required quality specifications for a limited quantity of particular listed goods and/or services. RFQs are used commonly for: (1) standard, off-the-shelf items; (2)</p>
--	--

	<p>items built to known specifications; (3) standard items required in small quantities; or (4) items whose purchase price falls below a specified threshold.</p> <p><b>Request for proposal (RFP)</b> – refers to a written invitation to potential suppliers of a product and/or service to provide the information outlined in the RFP for the consideration of PEO. In the request, PEO will advise the potential suppliers of the scope of work, the known specifications, the schedules, the contract type, any particular requirements, terms and conditions, description of goods and/or services to be procured, the general criteria used in the evaluation process, instructions for preparation of the proposal and any other details or requirements to be addressed by the potential supplier.</p> <p><b>Request for information (RFI)</b> – refers to a written request made during the project planning phase where PEO cannot clearly identify product or service requirements, specifications and purchase options until more information is available.</p> <p><b>Vendor</b> – any company, consultant, organization or service provider from whom PEO requests a quotation, a proposal or information for the supply of goods and/or services, or with which PEO has a contractual agreement to provide payment in exchange for goods and/or services in accordance with the terms and conditions on the contract or purchase order.</p>
<p><b>General</b></p>	<ul style="list-style-type: none"> <li>• PEO has a centralized procurement process for which the Finance Department has responsibility. All procurement processes shall be the responsibility and function of the Procurement Manager. In order to ensure that PEO receives best value for goods and/or services, all purchases made on behalf of PEO must follow the approved Procurement Process detailed in Appendix A.</li> <li>• The Procurement Manager is the contact for all PEO vendors. All communication between the end user and the vendor must include the Procurement Manager.</li> <li>• The release of a purchase order number to a vendor commits PEO to payment upon satisfactory delivery of particular goods and/or services or satisfactory completion of the terms of the purchase order for which the purchase order number was assigned. For this reason, a purchase order number will only be provided to a vendor by the Procurement Manager.</li> <li>• All PEO purchase orders shall be consistent with PEO’s electronic purchasing module.</li> <li>• Vendors will be required to include purchase order numbers on their invoices. Invoices not indicating a corresponding purchase order number shall not be processed for payment (other than those for amounts equal to or less than \$500 CDN exclusive of taxes and delivery charges).</li> <li>• Blanket Orders may be used for the purchase of standard items that are frequently ordered from the same vendor over a period of time.</li> <li>• All purchase orders will be in compliance with the <i>Professional Engineers</i></li> </ul>

	<p>Act and all other applicable laws.</p> <ul style="list-style-type: none"> <li>• Purchase Orders shall not be issued for unapproved capital items or for items for which there is no budget (see PEO’s Extraordinary Expenditures Policy).</li> </ul>
<b>Exceptions</b>	<ul style="list-style-type: none"> <li>• Non-repetitive purchases of a value not exceeding \$500 CDN may be made by staff after approval from their department manager. Invoices/ receipts for such purchases must be submitted to the Finance Department with the relevant GL Code/s and approval for the disbursement of funds from the member of the Corporate Leadership Team with responsibility for the identified budget account.</li> <li>• Any deviation from the procedures as set out in Appendix A must be reviewed and approved by the Controller or the Deputy Registrar, Licensing and Finance <i>prior</i> to any transactions taking place.</li> </ul>
<b>Purchase Order Approval/ Signing Authority</b>	<ul style="list-style-type: none"> <li>• Purchase orders for a department or a committee activity must be related to an appropriate line item (resource category and resource type) in the approved budget.</li> <li>• Purchase orders for non-budgeted items or items in excess of the budget allocation shall be subject to the PEO Extraordinary Expenditures Policy.</li> <li>• Prior to issuing a purchase order, all expenditures: <ul style="list-style-type: none"> <li>a) must be planned,</li> <li>b) must not exceed budgeted amounts, and</li> <li>c) must be charged against the appropriate general ledger accounts, prior to issuing a purchase order.</li> </ul> </li> <li>○ Those responsible for ensuring non-committee expenditures meet the above requirements are the Deputy Registrars/Chief Administrative Officer, and Department Managers/Supervisors</li> <li>○ Those responsible for ensuring committee expenditures meet the above requirements are the committee chair, committee advisor and Deputy Registrars/Chief Administrative Officer</li> <li>• Valid PEO purchase orders will require the signature of the Procurement Manager or the Manager, Financial Services and Business Planning and the appropriate authorized approver.</li> <li>• Deeds, transfers and contracts must be approved and signed by signing authorities described in and required by PEO’s Bylaw No. 1, s. 45.</li> </ul>
<b>Quality-based Vendor Selection</b>	<ul style="list-style-type: none"> <li>• As much as possible, PEO will apply a quality-based vendor selection process based on a standardized set of selection criteria including but not limited to reliability, quality, customer service, sales support, price and warranty package.</li> <li>• Negotiations with vendors shall include the Procurement Manager.</li> </ul>
<b>Confidentiality of Contract Documents and Privacy Requirements</b>	<ul style="list-style-type: none"> <li>• Under all circumstances, requests for information, requests for proposal, requests for quotation, all responses to such requests and any resulting contractual documents are to be considered confidential information between PEO and the Vendors.</li> <li>• For any contract that involves access to personal information, all vendors</li> </ul>

	must adhere to the PEO Council approved Privacy Policy.
<b>Conflict of Interest</b>	<ul style="list-style-type: none"> <li>• PEO volunteers or employees who are in any way involved in a procurement transaction at any stage of the process must declare a conflict of interest if any kind of prior relationship exists between the PEO volunteer or employee and a potential supplier, including but not limited to family relationship, friendship or business relationship beyond having supplied goods or service to PEO in the past.</li> <li>• In the case of such a conflict, the PEO volunteer or employee shall not participate in any negotiations or selection processes connected with the purchase of goods or services from the vendor with whom the relationship exists or with any vendor competing for the same contract.</li> </ul>
<b>Limitations</b>	<p>Prior approval by minuted motion of Council is required for any purchase or contract:</p> <ul style="list-style-type: none"> <li>• that, in the opinion of the Corporate Leadership Team, exposes PEO to an uncertain and potentially significant liability or risk;</li> <li>• that, in the opinion of the Executive Leadership team, is precedent-setting or involves sensitive issues;</li> <li>• that, under the <i>Professional Engineers Act</i>, the Regulations or the By-Law of the association, require the approval of Council;</li> <li>• that Council directs should be brought before Council for approval, and</li> <li>• that is for a value exceeding \$50,000 in value, the terms of which have not been approved by Council.</li> </ul>
<b>Leases/Contracts/ Blanket Orders</b>	<p>Legally binding agreements between PEO and a third party, resulting in the commitment of funds beyond a twelve-month operating cycle, shall be reviewed by the CEO/Registrar and the Deputy Registrar, Licensing and Finance <u>prior to signing by the authorized approver in accordance with the Expenditures Approval Policy.</u></p> <p>Deputy registrars/Chief Administrative Officer/managers/supervisors shall be responsible for budgeting for any multi-year contract and shall consult with the Controller and Procurement Manager prior to budgeting exercise.</p>
<b>Procurement Code of Ethics</b>	All PEO volunteers and/or employees involved in the PEO Procurement Process and/or vendors, shall adhere to the Procurement Code of Ethics as stated in Appendix B of this Policy.
<b>Relationship to other PEO Policies</b>	<p>This policy forms part of the PEO Internal Controls policies and works in conjunction with the Expenditure Approval Policy, the Extraordinary Expenditure Approval Policy, the Expense Reimbursement Policy and the Petty Cash Sub-policy.</p> <p>Where there is a conflict between policies, the policy with the highest approval authority requirement shall prevail.</p>
<b>Responsibility</b>	<ul style="list-style-type: none"> <li>• The Deputy Registrar, Licensing and Finance, the Controller and the Procurement Manager have responsibility to ensure the administration,</li> </ul>

	<p>communication and implementation of the PEO Procurement Policy.</p> <ul style="list-style-type: none"><li>• All staff and volunteers responsible for making purchases on behalf of PEO shall adhere to the PEO Procurement Policy.</li></ul>
--	---

**APPENDIX A:****PROCUREMENT PROCESS PROCEDURES**

<b>Purchase Requisition</b>	<ul style="list-style-type: none"><li>• PEO staff and committee advisors are to submit completed purchase requisitions including all known necessary specifications and requirements, including required delivery dates, general ledger codes and, if available, suggested vendors, to the Procurement Manager. The purchase requisition identifies the product and/or service to be purchased and indicates all available information.</li><li>• The purchase requisition precedes the RFI, RFP or RFQ. Regardless of the product or service required or the estimated cost of the product or service, the purchase requisition is the document that initiates the procurement process.</li><li>• If a Request for Information is required prior to requesting a proposal or quotation, it should be indicated on the purchase requisition. If it is not indicated on the requisition it will be assumed that the requestor has provided enough necessary information to issue an RFP or an RFQ.</li><li>• All requisitions must be approved by the appropriate signing authority in order to be processed.</li><li>• The Procurement Manager has the option to combine orders for similar products ordered from the same vendor or to establish a blanket order for ongoing or frequently repeated orders for like products.</li><li>• The Procurement Manager will advise end users on how orders are to be placed against blanket orders.</li></ul>
<b>Requests for Information, Proposal or Quotation</b>	<ul style="list-style-type: none"><li>• RFIs, RFPs and RFQs are to be developed by the Procurement Manager in conjunction with the end user.</li><li>• If required, especially if the purchase is for a specialized product or service, PEO may engage a consultant to assist with the preparation of an RFP.</li><li>• RFIs, RFPs and RFQs are to be issued to the vendors only by the Procurement Manager.</li><li>• When the need to purchase a product or service is identified, PEO staff shall determine the specifications and requirements that will best serve PEO's needs. If staff is unfamiliar with the various products or services available, or how particular goods or services may best serve PEO's needs, the Procurement Manager may be requested to issue an RFI.</li><li>• The purpose of an RFI is to evaluate potential product solutions and to evaluate potential suppliers and their ability to provide products and/or services that meet PEO's needs.</li><li>• RFIs will clearly indicate that the award of a contract will not automatically follow.</li><li>• The RFI will provide potential suppliers with enough information as to what PEO's requirements are and the end purpose so that vendors can provide adequate information. Vendors may be recommended to the Procurement Manager and/or the Procurement Manager may identify potential vendors. Depending on the type of product or service, a project team may be established to review the information provided to and by the identified vendors.</li></ul>

	<ul style="list-style-type: none"> <li>• Should the project team have additional questions or concerns for any one of the vendors, the opportunity to address those questions or concerns should be given to all vendors.</li> <li>• Once all the information has been reviewed by the project team, the vendors who are not able to meet PEO's needs may be eliminated from the vendor list.</li> <li>• The project team may then produce a list of requirements and specifications upon which the Procurement Manager may base a RFP.</li> <li>• The RFP will be sent to those vendors short-listed after the review of the RFIs, therefore the RFP should contain only PEO's requirements and specifications without identifying or suggesting any proprietary information from any vendor involved in the RFI.</li> <li>• Proposals containing proprietary information may have to be returned to the vendor once the selection process is completed. Under all circumstances, proposals are considered confidential information between PEO and the vendor submitting the proposal.</li> <li>• The RFP may or may not indicate that a price will be the determining factor for selecting a supplier and, in all cases, PEO reserves the right not to award a contract. An RFP that does not include these statements suggests an intention to purchase but not necessarily a commitment to purchase.</li> <li>• In the event no purchase is made, PEO is under no obligation to disclose to any vendor the reasons for not awarding a contract.</li> <li>• An RFP is required for all purchases in excess of \$20,000.</li> <li>• Suppliers respond to an RFQ with firm quotations and when all other conditions are equal vendor selection is based on best price.</li> <li>• A vendor's prior relationship with PEO of reliable service and quality product is a condition of selection and therefore may be the determining factor regardless of price.</li> <li>• An RFP or an RFQ is required for all purchases between \$2,000 and \$20,000.</li> <li>• A minimum of three quotes for purchases less than \$2,000 is required, oral quotes are acceptable.</li> </ul>
<p><b>Purchase Orders / Change Orders</b></p>	<ul style="list-style-type: none"> <li>• Purchases of a value greater than \$500 must be covered by an approved Purchase Order.</li> <li>• Purchase Order numbers are required on invoices and contracts for the purposes of internal tracking and should not be released to the successful vendor until a contract has been signed.</li> <li>• Once an agreement between PEO and the Vendor has been entered into and signed, the Procurement Manager will issue a purchase order to the selected vendor according to the terms and conditions agreed to by the project team or individuals responsible for the selection, the Procurement Manager and the vendor.</li> <li>• Purchase Order numbers are to be released only by the Procurement Manager.</li> <li>• Changes to the purchase order, including but not limited to a change in price, scope of work, delivery, requirements and/or specifications, may only be authorized by the issuing of a corresponding change order.</li> <li>• To issue a change order the end user or project team must provide the Procurement Manager with the details of the changes to the terms of the</li> </ul>



	<p>purchase order, the reason for the changes and the impact of the changes.</p> <ul style="list-style-type: none"> <li>• Requests for a Change Order must be approved by the appropriate approver.</li> <li>• Change Orders that do not bring the total amount of the combined order above the budgeted amount are to follow the same approval requirements as the initial purchase order.</li> <li>• Unless authorized by the individual with budget responsibility for the purchase or project, change Orders will not be approved for changes that will cause the total amount of the purchase order to exceed the budgeted amount.</li> </ul>
<b>Invoicing</b>	All invoices must be addressed to the PEO Finance Department and must contain a valid Purchase Order number in order to be processed.

<b>APPENDIX B:</b>	<b>PROCUREMENT CODE OF ETHICS</b>
--------------------	-----------------------------------

<b>Goal</b>	To ensure that procurement activities at Professional Engineers Ontario are carried out in an ethical, professional and accountable manner.
<b>Personal Integrity and Professionalism</b>	<ul style="list-style-type: none"> <li>• All individuals involved in the procurement process must act, and be seen to act, with integrity and professionalism.</li> <li>• Honesty, care and due diligence must be integral to all procurement activities and relationships with suppliers and other stakeholders.</li> <li>• Confidential, personal and proprietary information must be safeguarded.</li> <li>• Participants must not engage in any activity that may create, or appear to create a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.</li> </ul>
<b>Accountability and Transparency</b>	<ul style="list-style-type: none"> <li>• Procurement activities must be open and accountable. In particular, tendering, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best value for PEO.</li> <li>• All participants must ensure that PEO's resources are used in a responsible, efficient and effective manner.</li> <li>• All individuals involved in the procurement process shall exercise their responsibilities in a manner that promotes and provides opportunities for the protection and preservation of the natural environment.</li> </ul>
<b>Compliance</b>	All individuals involved in PEO's procurement process, including PEO employees, volunteers and vendors, must comply with this Code of Ethics.