

Procedure Information	
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## PROCUREMENT HANDBOOK

## Table of Contents

<b>Glossary of Terms .....</b>	<b>1</b>
<b>Procurement Policy .....</b>	<b>4</b>
Section 1: Purpose and Principles .....	4
Section 2: Interpretation and Application .....	4
Section 3: Ethical Conduct and Conflicts of Interest .....	5
Section 4: Roles and Responsibilities .....	7
Section 5: Delegated Approval and Signing Authorities .....	9
Section 6: Procurement of Deliverables .....	10
Section 7: Procurement Record Keeping .....	20
Section 8: Compliance Monitoring and Reporting .....	21
Schedule A – Exempt Purchases and Expenditures .....	22
Schedule B – Open Competition Thresholds .....	23
Schedule C – Schedule of Delegated Procurement Approval and Signing Authorities .....	24
<b>Procurement Project Planning Protocol .....</b>	<b>26</b>
<b>Solicitation Document Format Selection Protocol .....</b>	<b>37</b>
<b>Solicitation Document Drafting Protocol .....</b>	<b>46</b>
<b>Competitive Process Protocol .....</b>	<b>54</b>
<b>Non-Standard Procurements Protocol .....</b>	<b>60</b>
<b>Low Value Purchase Protocol .....</b>	<b>62</b>
<b>Qualified Supplier Rosters Protocol .....</b>	<b>65</b>
<b>Negotiation Protocol .....</b>	<b>69</b>
<b>Bidder Debriefing Protocol .....</b>	<b>73</b>
<b>Procurement Protest Protocol .....</b>	<b>77</b>
<b>Supplier Suspension Protocol .....</b>	<b>80</b>
<b>Contract Management Protocol .....</b>	<b>85</b>
<b>Supplier Performance Evaluation Protocol .....</b>	<b>90</b>

## Glossary of Terms

“bid” means a submission in response to a solicitation document, and includes proposals, quotations, or responses.

“bidder” means a supplier that submits a bid, and includes proponents and respondents. “Board” means the Board that is responsible for CNC.

“Business Case” means the written reasoning behind the initiation of a Procurement Project, prepared in the form set out in Part 1 of the Procurement Project Plan at Appendix A of the Procurement Project Planning Protocol.

“Business Unit” means the branch, department, division or unit of CNC that is requisitioning the purchase of the deliverables.

“Business Unit Head” means an individual officer or employee who is responsible for a specific Business Unit.

“Competitive Process” means Open Competitions, Invitational Competitions and Limited Competitions.

“contract” means a commitment by CNC for the procurement of deliverables from a supplier, which may be evidenced by an agreement executed by the supplier and CNC or a purchase order issued by CNC to the supplier.

“Contract Administrator” means an employee assigned to the management of a contract. “CNC” means the College of New Caledonia.

“Director of Procurement Services” means the individual officer or employee who is responsible Procurement Services.

“deliverables” means any goods, services or construction, or combination thereof.

“Invitational Competition” means a Competitive Process in which an invitation to submit bids is issued to at least three suppliers;

“Legal Services” means CNC’s legal advisors.

“Low Value Purchases” means purchases of low value deliverables under the threshold set out in Schedule C of the Procurement Policy.

“Master Framework Agreement” means a master agreement entered into between CNC and the pre-qualified suppliers that have been included on a Qualified Supplier Roster.

"Non-Standard Procurement" means the acquisition of deliverables through a process or method other than the process or method normally required for the type and value of the deliverables. Non-standard procurement processes include:

- a) A "Non-Competitive Procurement", where the deliverables are acquired directly from a particular supplier without conducting a Competitive Process when an Invitational Competition or an Open Competition would normally be required; or
- b) A "Limited Competition", where bids are solicited from a limited number of suppliers when an Open Competition would normally be required.

"Open Competition" means the solicitation of bids through a publicly posted solicitation document.

"Performance Evaluation Report" means a report evaluating a supplier's performance in accordance with the Supplier Performance Evaluation Protocol, and includes both Interim and Final Performance Evaluation Reports.

"procurement" or "purchasing" means the acquisition of deliverables by purchase, rental or lease.

"Procurement Project" means any procurement of deliverables with a value of \$75,000 or more, except where the procurement is made through an existing Standing Offer or Qualified Supplier Roster.

"Procurement Project Plan" means the plan developed by a Business Unit at the outset of a Procurement Project in accordance with the Procurement Policy.

"Procurement Review Committee" (the "PRC") means the committee established by CNC under the Procurement Policy for the purposes of considering and making determinations on procurement-related matters, including determinations under the Procurement Protest Protocol and the Supplier Suspension Protocol.

"Procurement Services" means the department responsible for purchasing deliverables for CNC.

"procurement value" means the total value of the deliverables being procured, and must include all costs to CNC, including, as applicable, acquisition, maintenance, replacement, disposal, and training, delivery, installation and extension options, less applicable rebates or discounts and exclusive of sales taxes.

"purchase order" means CNC's written document issued by a duly authorized employee of CNC to a supplier formalizing all the terms and conditions of the purchase and supply of the deliverables identified on the face of the purchase order.

"purchasing card" means a credit card provided by CNC to authorized officers and employees for use as a payment method to purchase directly from suppliers where permitted under the Procurement Policy and in accordance with any cardholder agreement and applicable procedures.

“Qualified Supplier Roster” means a list of suppliers that have participated in and successfully met the requirements of a Request for Supplier Qualifications (RFSQ), and have therefore been pre-qualified to perform discrete work assignments involving the delivery of a particular type of deliverables.

“Suspension Recommendation Report” means a written report recommending the suspension of a proponent and setting out the terms of the proposed suspension in accordance with the Supplier Suspension Protocol.

“Roster Competition” means an expedited, invitational competition between suppliers that have been included on a Qualified Supplier Roster for the selection of a supplier to perform a discrete work assignment during the term of the roster.

“solicitation document” means the document issued by CNC to solicit bids from bidders.

“Standing Offer” means a written offer from a pre-approved supplier to supply deliverables to CNC, upon request, through the use of an ordering process during a particular period of time, at a predetermined price or discount, generally within a pre-defined dollar limit.

“supplier” means a person carrying on the business of providing deliverables.

## Procurement Policy

### Section 1: Purpose and Principles

#### 1.1 Purpose

The purpose of this Policy is to detail the principles, procedures, roles, and responsibilities for CNC's procurement program. This Policy makes reference to other protocols and procedures included in the Procurement Handbook.

In addition to the Procurement Handbook, Procurement Services has a number of templates and forms for use during the procurement cycle to assist Business Units. Business Units should ensure that they have all the necessary, up-to-date tools for each stage of a Procurement Project.

#### 1.2 Principles

CNC is committed to conducting its procurement program in accordance with the following principles:

- a) Compliance and consistency with applicable legislation, policies and procedures;
- b) Open, fair and transparent processes that afford equal access to all qualified suppliers;
- c) Reciprocal non-discrimination and geographic neutrality with respect to its trading partners in accordance with trade treaty obligations;
- d) Achieving best value through consideration of the full range of procurement formats and the adoption of commercially reasonable business practices;
- e) Effective balance between accountability and efficiency; and
- f) Ensuring adherence to the highest standards of ethical conduct.

### Section 2: Interpretation and Application

#### 2.1 Defined Terms

Terms used in this Policy are defined in the Glossary of Terms contained in the Procurement Handbook.

#### 2.2 Application

This Policy applies to the procurement of all deliverables with the exception of exempt purchases and expenditures set out in Schedule A of this Policy.

#### 2.3 Contract Splitting

Subdividing, splitting or otherwise structuring procurement requirements or contracts in order to reduce the value of the procurement or in any way circumvent the requirements or intent of this Policy is not permitted.

## **2.4 Emergency Purchases**

Notwithstanding any other provisions of this Policy, where an emergency exists and prior approval of the Director of Procurement Services cannot be obtained, a Business Unit Head, or their designate, may authorize any officer or employee to acquire required deliverables in an expedited manner.

For the purposes of this Policy, an emergency exists when an unforeseeable situation or event occurs that is a threat to any of the following:

- a) public health and/or safety;
- b) the maintenance of essential services;
- c) the welfare of persons or public property; or
- d) the security of CNC's interests.

Situations of urgency resulting from the failure to properly plan for a procurement do not constitute an emergency and, in such cases, any deviation from the requirements of this Policy must be approved by the Director of Procurement Services prior to the acquisition of any deliverables.

## **2.5 Cooperative Purchasing**

CNC may participate in cooperative or group purchasing initiatives with other entities, such as BC Net where such initiatives are determined to be in the best interests of CNC. If CNC participates in such cooperative or joint purchasing initiatives, CNC may adhere to the policies of the entity conducting the purchasing process, provided that such policies comply in spirit with this Policy.

# **Section 3: Ethical Conduct and Conflicts of Interest**

## **3.1 Conduct and Conflicts of Interest**

CNC's procurement activities must be conducted with integrity and all individuals involved in CNC's procurement activities must act in a manner that is consistent with the principles and objectives of this Policy and in accordance with CNC Policy AD-HR-1.05 Standards of Ethical Conduct.

All participants in a procurement process, including any outside consultants or other service providers participating on behalf of CNC, must declare any perceived, possible or actual conflicts of interest.

"Conflict of Interest", when applied to the activities of CNC and its consultants or service providers, means, in general, the use of a party's position with the College to benefit that party or that party's friends, family or relatives, as more particularly defined in the Standards of Ethical Conduct Procedure.

### 3.2 Supplier's Conduct and Conflicts of Interest

CNC requires its suppliers to act with integrity and conduct business in an ethical manner. CNC may refuse to do business with any supplier that has engaged in illegal or unethical bidding practices, has an actual or potential conflict of interest or an unfair advantage or fails to adhere to ethical business practices.

#### a) Illegal or Unethical Bidding Practices

Illegal or unethical bidding practices include:

- bid-rigging, price-fixing, bribery or collusion or other behaviors or practices prohibited by federal or provincial statutes;
- offering gifts or favors to CNC's officers, employees, appointed or elected officials or any other representative of CNC;
- engaging in any prohibited communications during a procurement process;
- submitting inaccurate or misleading information in a procurement process; and
- engaging in any other activity that compromises CNC's ability to run a fair procurement process.

CNC will report any suspected cases of collusion, bid-rigging or other offenses under the *Competition Act* to the Competition Bureau or to other relevant authorities.

#### b) Conflicts of Interest

All suppliers participating in a procurement process must declare any perceived, possible or actual conflicts of interest.

The term "Conflict of Interest", when applied to suppliers, includes any situation or circumstance where:

- i. in the context of a procurement process, the supplier has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to (i) having, or having access to, confidential information of CNC that is not available to other suppliers, (ii) communicating with any person with a view to influencing preferred treatment in the procurement process (including but not limited to the lobbying of decision makers involved in the procurement process), or (iii) engaging in conduct that compromises, or could be seen to compromise, the integrity of an open and competitive procurement process or render that process non-competitive or unfair; or
- ii. in the context of performance under a potential contract, the supplier's other commitments, relationships or financial interests (i) could, or could be seen to, exercise an improper influence over the objective, unbiased and impartial exercise of



its independent judgement, or (ii) could, or could be seen to, compromise, impair or be incompatible with the effective performance of its contractual obligations.

- iii. Where a supplier is retained to participate in the development of a solicitation document or the specifications for inclusion in a solicitation document, that supplier will not be allowed to respond, directly or indirectly, to that solicitation document.

### **c) Ethical Business Practices**

In providing deliverables to CNC, suppliers are expected to adhere to ethical business practices, including:

- performing all contracts in a professional and competent manner and in accordance with the terms and conditions of the contract and the duty of honest performance;
- complying with all applicable laws, including safety and labour codes (both domestic and international as may be applicable); and
- providing workplaces that are free from harassment or discrimination.

## **Section 4: Roles and Responsibilities**

### **4.1 Role and Responsibilities of CNC's Board**

It is the role of CNC's Board to establish policy and approve expenditures through CNC's budget approval process. Through this Policy, CNC's Board delegates to CNC's officers and employees the authority to incur expenditures in accordance with approved budgets through the procurement of deliverables in accordance with the rules and processes set out in this Policy and applicable protocols and procedures. CNC's Board will not generally be involved in the day-to-day procurement operations or individual competitive procurement processes, but may provide strategic direction and guidance on major projects prior to the commencement of the competitive procurement process. The approval of CNC's Board must be obtained in the event that an exception to this Policy is required.

### **4.2 Roles and Responsibilities of Officers and Employees**

Specific responsibilities pertaining to all stages of a procurement process, from the initial identification of requirements through to the management of contracts with suppliers, are detailed in this Policy and applicable protocols and procedures. In addition to those specific responsibilities, the general roles and responsibilities delegated to CNC's officers and employees are set out below.

#### **a) Director of Procurement Services**

The Director of Procurement Services is responsible for ensuring the consistent application of this Policy and the provision of procurement services to the Business Units in an efficient and diligent manner.

It is the role of Procurement Services to lead CNC's procurement operations. In fulfilling this role, the Director of Procurement Services, or designate, is responsible for:

- Developing procurement strategies and continually analyzing business requirements and spending patterns to identify opportunities for more strategic sourcing;
- Researching, developing, updating and communicating procurement protocols, procedures and templates;
- Addressing any issues or concerns that arise in respect of a procurement process and seeking guidance, support and advice of Legal Services, as required; and
- Providing appropriate orientation, training and tools to employees involved in procurement activities.

#### **b) Business Unit Heads**

It is the role of the Business Units to ensure that their requirements for deliverables are met in accordance with the principles and objectives of this Policy. In fulfilling this role, Business Unit Heads are responsible for ensuring that their Business Unit complies with this Policy and all applicable procedures and encouraging sound procurement practices and ensuring the provision of appropriate education and training to employees involved in procurement activities.

Business Unit Heads will be held accountable for any decision to proceed with a procurement process or transaction that is not conducted in accordance with this Policy or does not have the approval of Procurement Services.

#### **c) Business Unit Employees**

Employees of all Business Units are responsible for complying with this Policy. Business Unit employees involved in procurement activities must clearly understand their obligations and responsibilities under this Policy and all applicable protocols and procedures and should consult with Procurement Services in respect of any questions regarding the application or interpretation of this Policy or any relevant procedures.

#### **d) Procurement Services Employees**

Employees of Procurement Services are responsible for complying with this Policy and ensuring this Policy and all protocols and procedures are applied consistently. Procurement Services employees must clearly understand their obligations and responsibilities under this Policy and all applicable protocols and procedures and should consult with the Director of Procurement Services in respect of any questions regarding their application or interpretation.

**e) Legal Services**

It is the role of Legal Services to provide legal advice and assistance on CNC's procurement activities and its relationships with suppliers. In fulfilling this role, Legal Services is responsible for:

- Advising the Director of Procurement Services as required on legal issues arising from procurement activities, and reviewing and approving specific Procurement Project documentation referred for legal review by the Director of Procurement Services;
- Providing advice on the finalization of contracts and agreements, and reviewing and advising on proposed changes to CNC's standard terms and conditions, legal agreements and solicitation document templates; and
- Providing legal advice and counsel to CNC in the event of a contract dispute or legal challenge flowing from a procurement process.

**4.3 Procurement Review Committee**

CNC will establish a Procurement Review Committee for the purpose of making determinations under the Procurement Protest Protocol and the Supplier Suspension Protocol, and for considering and providing input on other procurement matters that may be referred to it by the Director of Procurement Services. The Procurement Review Committee should generally consist of the Director of Procurement Services and at least two other senior-level officers or employees of CNC. Legal Services will provide guidance and advice to the Procurement Review Committee, as required.

**Section 5: Delegated Approval and Signing Authorities****5.1 Delegated Authority Schedule**

The Schedule of Delegated Procurement Approval and Signing Authorities, attached as Schedule C to this Policy, sets out the delegated authorities for:

- a) approving the initiation of a procurement;
- b) approving the award of a contract;
- c) signing an agreement and/or issuing a purchase order evidencing a contract; and
- d) Approving and signing amendments to existing contracts.

**5.2 Conditions of Delegated Authority**

Delegated approval and signing authorities are subject to the following conditions:

- a) No procurement may be initiated unless approved funding in an amount sufficient to cover the procurement value is available;

- b) No contract award may be approved unless approved funding in an amount sufficient to cover the procurement value is available and the procurement process was conducted in accordance with this Policy;
- c) No contract may be entered into, either through the issuance of a purchase order or the execution of an agreement, unless approved funding in an amount sufficient to cover the procurement value is available, the procurement process was conducted in accordance with this Policy and the contract award has been approved in accordance with this Policy; and
- d) No agreement may be executed unless the agreement and any ancillary documents have been prepared in a form satisfactory to Legal Services.

All approvals must be conducted in compliance with CNC's Signing Authority Policy.

## **Section 6: Procurement of Deliverables**

### **6.1 Existing Resources and Supplier Arrangements**

Before initiating a procurement, Business Units must first consider whether there is a compelling need for the acquisition and must also consider the availability of existing resources, including both internal resources and existing supplier arrangements, as described below.

#### **a) Existing Standing Offer**

A "Standing Offer" is an offer from a pre-approved supplier to supply deliverables to CNC upon request, over a particular period of time, at a predetermined price or discount. The Standing Offer defines the general terms and conditions of the relationship between the parties and the unit prices of all items available under the Standing Offer, as well as applicable pricing terms, such as discounts and rebates, delivery charges, applicable surcharges, installation services, warranty, etc., but does not create contractual commitment from either party to a defined volume of business. The commitment to purchase against a Standing Offer is formed at the time a specific order is placed through the issuance of a purchase order to the supplier.

Standing Offers may be established by Procurement Services for standardized deliverables to be purchased by all Business Units, where the requirements for deliverables are recurring and predictable over an extended period of time, the requirements are standard and clearly defined at the time of establishment of the Standing Offer and it is possible to fix pricing for the deliverables for the duration of the Standing Offer.

It is the responsibility of the Business Unit to determine if a Standing Offer for the required deliverables has already been established before making a purchase. When a Standing Offer is available, its use is mandatory for all Business Units. To purchase from the Standing Offer, a purchase order referring the Standing Offer details should be created and sent to the supplier.

**b) Existing Qualified Supplier Roster**

“Qualified Supplier Roster” is a list of suppliers that have participated in and successfully met the requirements of a Request for Supplier Qualifications (RFSQ), and have therefore been pre-qualified to perform discrete work assignments involving the delivery of a particular type of deliverables. Further information on Qualified Supplier Rosters is set out in the Qualified Supplier Rosters Protocol.

It is the responsibility of the Business Unit to determine if a Qualified Supplier Roster for the required deliverables has already been established before making a purchase. When a Qualified Supplier Roster has been established, the Business Unit must purchase the deliverables through a Roster Competition in accordance with the Qualified Supplier Rosters Protocol.

**6.2 Low Value Purchases**

If the required deliverables have a procurement value of less than \$10,000 and are not covered under an existing Standing Offer or Qualified Supplier Roster, the purchase may be made utilizing petty cash or a corporate purchasing card or the issuance of a purchase order.

The Business Unit Head may authorize specific individuals within the Business Unit to make Low Value Purchases and may assign specific spending authority limits. The Business Unit Head is responsible and accountable for Low Value Purchases.

For Low Value Purchases under \$10,000, Business Units are encouraged to obtain and document from the Procurement Services department, competitive quotes to ensure that they obtain best value.

For Low Value Purchases over \$10,000, Business Units are required to obtain from the Procurement Services department three written quotes. If three written quotes cannot or are not obtained, the Business Unit must document the reason why three written quotes were not obtained. Business Units are required to follow the Low Value Purchase Protocol when obtaining quotes.

If a Business Unit anticipates making multiple Low Value Purchases of the same deliverables and the total value of those purchases may exceed \$10,000, the Business Unit must contact Procurement Services to discuss the possibility of setting up a Standing Offer or Qualified Supplier Roster.

**6.3 Procurement Projects**

A Procurement Project is any procurement of deliverables with a value of \$75,000 or more, except where the procurement is made through an existing Standing Offer or Qualified Supplier Roster. The roles and responsibilities of those involved in the various stages of a Procurement Project are described in this section and the applicable protocols.

### **6.3.1 Stage 1 – Initial Planning and Approval to Proceed with Procurement Project**

#### **a) Procurement Project Planning – Overview**

Effective procurement planning is essential to ensuring an effective result and to limiting risk to CNC. Business Units are responsible for ensuring the development and approval of a plan for each Procurement Project. Procurement Services will act in an advisory capacity, where necessary, to assist the Business Unit in developing an initial Business Case and a detailed Procurement Project Plan.

The Business Unit must clearly identify what is to be procured. A concise initial mapping statement describing the Procurement Project will be used to develop clear business requirements and detailed specifications during the detailed planning stage.

Where the Business Unit is uncertain about the deliverables required for a Procurement Project or where there is insufficient internal knowledge about the market, the Business Unit must consult with Procurement Services about conducting a Request for Information (RFI) process. An RFI process must be openly posted in order to gather market research from prospective bidders. It must not be used as a prequalification tool.

If the deliverables will be required on a frequent or regularly recurring basis, the Business Unit must consult with Procurement Services about the possibility of establishing a Standing Offer or Qualified Supplier Roster.

Business Units must ensure that they leave sufficient time to plan for a Procurement Project, including time for:

- i. developing proper specifications and business requirements;
- ii. obtaining internal reviews;
- iii. providing the requirements to Procurement Services to permit solicitation document assembly; and
- iv. Obtaining necessary approvals.

A meeting should be set up with Procurement Services during the initial planning and budgeting stage to identify:

- i. major projects;
- ii. other resources or services required to complete the project; and
- iii. Similar procurement projects across the organization that may lead to bulk purchasing.

**b) Business Case**

An initial Business Case must be developed to obtain approval to initiate the Procurement Project. The Business Unit must complete Part 1 of the Procurement Project Plan to ensure that all components of the Business Case are addressed. This document is included in Appendix A of the Procurement Project Planning Protocol.

The Business Case must include the following minimum information:

- i. Initial Mapping Statement – A clear and concise description of the Procurement Project that identifies what deliverables are being procured;
- ii. Need for Procurement Project – An explanation of what gave rise to the need for the Procurement Project and confirmation that existing internal resources are not sufficient to deliver the project and that no Standing Offer or Qualified Supplier Roster is in place for the required deliverables;
- iii. Procurement Value – To ensure that Procurement Projects are appropriately streamed, it is important to accurately estimate the value of the Procurement Project and ensure that it is aligned with the budget process and the availability of funds. The value of a Procurement Project must include all costs to CNC, including acquisition, maintenance, replacement, disposal, training, delivery, installation and extension options; and
- iv. Funding Source – Procurement Projects must have an approved funding source confirmed by the Business Unit in order to obtain conditional approval to proceed. If a Procurement Project is multi-year, then current year and estimated future year funding must be approved.

The Business Case will be used as a starting point for the development of the detailed Procurement Project Plan.

**c) Major Projects**

A major project is a procurement project that is of a value, complexity, risk level or public profile that requires that it be given a significant allocation of attention and time from the Business Unit and Procurement Services, as well as the potential involvement of other stakeholders.

When conducting a major project, Business Units, in consultation with Procurement Services, must consider the following additional potential needs:

- i. The retention of external advisors where there are insufficient internal resources to assist in developing specifications or business requirements;
- ii. The appointment of an internal project lead to coordinate input from multiple Business Units or stakeholders;

- iii. The early involvement of Legal Services to ensure that all legal and risk considerations are appropriately addressed; and
- iv. The engagement of a fairness consultant where the major project is high-profile or controversial or involves a particularly complex supplier selection process.

#### **d) Approval to Proceed**

The Business Unit must submit the Business Case to the appropriate approval authority in order to obtain approval to initiate the Procurement Project. The initiation of a Procurement Project must be approved in accordance with CNC's Schedule of Delegated Procurement Approval and Signing Authorities.

### **6.3.2 Stage 2 – Procurement Streaming and Detailed Procurement Project Planning**

#### **a) Procurement Stream**

The Business Unit, in consultation with Procurement Services, must identify the appropriate procurement stream from the list set out below. If the deliverables will be required on a regular or an ongoing basis, the Business Unit should consult with Procurement Services with respect to the establishment of a Standing Offer or Qualified Supplier Roster.

<b>Circumstances</b>	<b>Procurement Stream</b>
Procurement of deliverables not exceeding the applicable Open Competition Thresholds set out in Schedule B.	Invitational Competition
Procurement of deliverables with a procurement value equal to or exceeding the applicable Open Competition Thresholds set out in Schedule B.	Open Competition
Establishment of a Standing Offer or Qualified Supplier Roster for any deliverables.	Open Competition
Non-Standard Procurement justified under specified circumstances set out in the Non- Standard Procurement Protocol.	Limited Competition or Non-Competitive Procurement



**b) Procurement Project Plan**

The Business Unit is responsible for developing a detailed Procurement Project Plan. The specific information required in the detailed Procurement Project Plan will depend on the applicable procurement stream. The Business Unit must complete Part 2 of the Procurement Project Plan form to ensure that all requirements of project planning are met. This document is included in the Procurement Project Planning Protocol and can be obtained from Procurement Services.

In addition to identifying the appropriate procurement stream, the following information is required in the Procurement Project Plan:

**i. Requirements and Specifications**

For all Procurement Projects, the Business Unit is responsible for drafting clear, detailed specifications and business requirements. Specifications cannot be written in a way that unduly restricts suppliers from bidding, and should encourage open, fair and transparent competition. Business Units should consult the Solicitation Document Drafting Protocol for additional guidance in developing appropriate requirements and specifications.

**ii. Pricing Structure**

For all Procurement Projects, the Business Unit is responsible for developing a clear pricing structure. Business Units should consult the Solicitation Document Drafting Protocol for a description of various pricing structures and the factors to consider in developing the appropriate pricing structure for the Procurement Project.

**iii. Evaluation Plan**

For all Competitive Processes, the Business Unit is responsible for developing an evaluation plan. Business Units should consult the Solicitation Document Drafting Protocol for a description of various evaluation methodologies and the factors to consider in developing the appropriate evaluation plan for the Procurement Project.

**iv. Solicitation Document Format Selection**

For all Competitive Processes, the Business Unit, in conjunction with Procurement Services, is responsible for selecting the most appropriate solicitation document format. Business Units should review the descriptions of the different formats that are set out in the Solicitation Document Format Selection Protocol and use the questionnaire and checklist included there to identify the appropriate solicitation document format for the Procurement Project.

**v. Non-Standard Procurement Justification**

For all Non-Standard Procurements, the Business Unit must refer to the Non-Standard Procurement Protocol and must provide full details to explain how the Procurement Project falls within the circumstances required to justify a Non-Standard Procurement.

**c) Procurement Project Plan Approval**

The Business Unit must submit the completed Procurement Plan to Procurement Services for review and approval. Business Units are encouraged to consult with and involve Procurement Services during the development of the Procurement Plan to avoid unnecessary delay in the review and approval process. Non-Standard Procurements must also be approved in accordance with CNC's Schedule of Delegated Procurement Approval and Signing Authorities.

**d) Proceeding with Approved Procurement Project****i. Competitive Process**

Where a Competitive Process will be conducted, including an approved Limited Competition, the solicitation document will be developed and assembled in accordance with Stage 3, as described below in section 6.3.3, and the competition and selection of the preferred bidder will be conducted in accordance with Stage 4, as described below in section 6.3.4.

**ii. Non-Competitive Procurement**

In the case of an approved Non-Competitive Procurement, Stages 3 and 4 will not apply and the Business Unit should proceed with the finalization of the contract in accordance with Stage 5, as described below in section 6.3.5.

**6.3.3 Stage 3 – Solicitation Document Assembly****a) Solicitation Document Requirements**

The information contained in the Procurement Project Plan and the template for the selected format will be used to assemble the solicitation document. The principles and guidelines in the Solicitation Document Drafting Protocol should be followed and the following must be confirmed before the solicitation document is finalized:

- i. The most up-to-date template is used;
- ii. All material information relevant to the Procurement Project has been disclosed;
- iii. All evaluation criteria that will be considered in the evaluation of bids are disclosed;
- iv. Where the terms and conditions of the procurement contract are included in the solicitation document, they are appropriately contained in the term sheet or form of agreement and have been approved by Legal Services;
- v. There is alignment between the technical requirements and specifications, the pricing structure and the contract terms and conditions;
- vi. Administrative matters such as procurement process dates, contact information and requirements for obtaining the solicitation document have been included, where appropriate; and
- vii. The Procurement Project schedule allows a reasonable timeframe for bidders to respond.

**b) Approval of Solicitation Document**

The Business Unit and Procurement Services are responsible for ensuring that the principles and guidelines in the Solicitation Document Drafting Protocol are followed, as applicable. Both the Business Unit and Procurement Services, in consultation with Legal Services, where appropriate, must review and approve the final solicitation document prior to issuance.

**6.3.4 Stage 4 – Competition and Selection****a) The Competitive Process**

All Invitational Competitions, Open Competitions and Limited Competitions must be conducted in accordance with the Competitive Process Protocol. A summary of responsibilities is set out below:

**i. Issuance of Solicitation Document**

Procurement Services is responsible for issuing the solicitation document. For an Open Competition, Procurement Services will post the solicitation document on BC Bid. For an Invitational Competition or a Limited Competition, Procurement Services will issue the solicitation document to the invited suppliers.

**ii. Communication with Bidders and Addenda Process**

Procurement Services is responsible for managing all communications with Bidders after issuance of the solicitation document. The contact person designated in the solicitation document must be a representative of Procurement Services. Any Business Unit employee or any other individual who receives inquiries from bidders must direct those bidders to the designated contact person in Procurement Services. Procurement Services is responsible for issuing addenda to communicate any changes to the solicitation document or to communicate responses to questions from bidders.

**iii. Receipt of Bids**

Procurement Services is responsible for receiving bids in the manner set out in the solicitation document. Procurement Services is responsible for opening the bids in accordance with the process established in the solicitation document and reviewing the bids to determine if all mandatory submission requirements have been met in accordance with the process set out in the solicitation document.

**iv. Evaluation of Bids**

The Business Unit is responsible for establishing the evaluation team and conducting the evaluation process in accordance with the evaluation methodology disclosed in the solicitation document. Where the evaluation is based only on price, the bids must be reviewed by at least one representative from the Business Unit and one representative from Procurement Services. For Open Competitions, a representative of Procurement Services will serve as an observer and advisor to the evaluation team.

**v. Selection of Preferred Bidder(s)**

The Business Unit is responsible for recommending the selection of the preferred bidder(s) based on the results of the evaluation process in accordance with the solicitation document. The Business Unit's recommendation to prequalify or award a contract to the preferred bidder(s) must be approved by Procurement Services.

**b) Cancellation of Competitive Process**

Where the deadline for submission of bids has passed and bids have been received, a Competitive Process must not be cancelled without the approval of Procurement Services, in consultation with Legal Services.

**6.3.5 Stage 5 – Contract Finalization**

Contracts must be finalized in accordance with the applicable sections below. Business Units are responsible for approving and entering into contracts with suppliers in accordance with CNC's Schedule of Delegated Procurement Approval and Signing Authorities. A contract must not be entered into unless all required procurement approvals have been obtained. The contract must be in place prior to the delivery or provision of the deliverables.

**a) Competitive Process without Negotiation**

In the case of a Competitive Process where the solicitation document does not provide for negotiation of the contract with the selected bidder(s), the selected bidder must enter into the form of contract included in the solicitation document. Procurement Services will notify the selected bidder(s) and arrange for the execution of the contract by the selected bidder in accordance with the process set out in the solicitation document.

**b) Competitive Process with Negotiation**

In the case of a Competitive Process where the solicitation document provides for the negotiation of the contract with the selected bidder(s), the Business Unit is responsible for negotiating the final contract with the supplier in accordance with the negotiation process set out in the solicitation document and in accordance with the Negotiation Protocol. In an Open Competition, negotiations must be conducted in consultation with Procurement Services. Business Units are responsible for ensuring that any proposed changes to CNC's standard contract terms and conditions have been reviewed by Legal Services prior to finalizing the contract.

**c) Non-Competitive Procurement**

In the case of a Non-Competitive Procurement, the Business Unit is responsible for negotiating the final contract with the supplier in consultation with Legal Services, as required. Business Units are responsible for ensuring that any proposed changes to CNC's standard contract terms and conditions have been reviewed by Legal Services prior to finalizing the contract.

### **6.3.6 Stage 6 – Post-Contract Award Process**

#### **a) Procurement Notification**

After a contract has been entered into pursuant to an Open Competition, Procurement Services will post the list of bidders, the identity of the successful bidder and the value of the awarded contract on BC Bid. For Open Competitions resulting in the establishment of Qualified Supplier Rosters, only the list of bidders and the identity of the successful bidder(s) will be published. After a contract has been entered into pursuant to an Invitational Competition, including a Limited Competition, Procurement Services will notify unsuccessful bidders of the outcome.

#### **b) Debriefings**

Unsuccessful bidders may request a debriefing. When requested, debriefings must be scheduled and conducted by Procurement Services and the appropriate Business Unit representative in accordance with the Debriefing Protocol.

#### **c) Procurement Protests**

Suppliers may formally protest the outcome of a procurement process. In the case of a Competitive Process, a bidder must request and receive a debriefing prior to submitting a formal protest. Procurement protests must be managed and responded to in accordance with the Procurement Protest Protocol.

### **6.3.7 Stage 7 – Contract Management and Supplier Performance Tracking**

#### **a) Contract Management**

Any contract entered into by a Business Unit must be managed by the Business Unit in accordance with the Contract Management Protocol. Qualified Supplier Rosters will be managed by Procurement Services in accordance with the Qualified Supplier Rosters Protocol.

#### **b) Contract Amendments and Extensions**

During the course of a contract additional work may arise that could not be anticipated during the project planning process. Contract amendments for adjustments to the scope of the contract may be approved if the adjustment is for work that is directly connected or incidental to the original contract scope. Contract amendments must not be used to expand a contract beyond what was contemplated under the terms of the contract and the original solicitation document, or to circumvent the need to procure additional deliverables through a Competitive Process in accordance with this Policy.

If a contract amendment results in a net increase to the contract value previously approved, the amendment must be approved in accordance with CNC's Schedule of Delegated Procurement Approval and Signing Authorities.

All amendments to an existing contract must be appropriately documented. Legal Services should be consulted regarding all matters pertaining to contract interpretation and

application, and for any changes, extensions, renewals or amendments required to be made to any executed contract.

### **c) Contract Disputes**

All potential contract disputes with suppliers must be managed in accordance with the dispute resolution mechanisms outlined in the contract. Where a contract is silent on dispute resolution, the Business Unit should ensure that potential disputes are proactively managed and appropriately escalated. Written copies of all communications and correspondence with suppliers concerning a contract dispute must be maintained by the Business Unit. A contract can only be terminated prior to its expiry date with the involvement of Legal Services.

### **d) Supplier Performance**

The performance of a supplier under contract must be monitored and tracked in accordance with the Supplier Performance Evaluation Protocol.

### **e) Supplier Suspension**

Suppliers can be suspended from participating in future procurement processes in accordance with the Supplier Suspension Protocol.

## **Section 7: Procurement Record Keeping**

### **7.1 Procurement Record Keeping**

CNC must ensure that bidder and supplier information submitted in confidence as part of a procurement project is adequately protected. Procurement Services and the Business Units must ensure that all bids and contracts are kept in a secure location and only accessible by those individuals directly involved with the procurement project.

The maintenance, release and management of all procurement records must be in accordance with CNC's internal policies and procedures on document management.

Procurement Services is responsible for ensuring that all documentation relating to the procurement project is properly filed and maintained in the procurement project file. The following are the minimum requirements of what should be kept in each procurement project file:

- i. Internal drafts of all solicitation documents, including internal correspondence concerning same;
- ii. Original copies of all final solicitation documents;
- iii. Copies of the Procurement Project Plan, together with evidence of all necessary conditional approvals;
- iv. Records of any communications with bidders or potential bidders;
- v. Copies of all addenda;

- vi. Copies of all original bids received from bidders;
- vii. All records of evaluation processes, including evaluator notes and final scores;
- viii. Copy of the final recommendation memo together with all required approvals; and
- ix. Copies of debriefing or procurement protest procedure requests and outcomes.

## **Section 8: Compliance Monitoring and Reporting**

### **8.1 Compliance Monitoring**

Business Unit Heads are required to observe and address non-compliance with this Policy within their Business Units. Where instances of non-compliance are identified, the Business Unit Head is expected to notify the Director of Procurement Services and obtain advice with respect to mitigating potential risks to CNC arising from the non-compliance.

The Director of Procurement Services is responsible for monitoring compliance across the organization. Based on the results of compliance monitoring, reports outlining instances of non-compliance may be issued by the Director of Procurement Services to the relevant Business Unit Head. The Business Unit Head must address the identified compliance concerns and submit a written confirmation of actions taken to the Director of Procurement Services. Ongoing concerns with respect to compliance will be subject to internal audit.

### **8.2 Audit**

All procurement activities will be subject to audit by the Finance and Audit Committee.

**Schedule A – Exempt Purchases and Expenditures**

The Procurement Policy does not apply to the following purchases or expenditures:



**Schedule B – Open Competition Thresholds**

Goods	\$75,000
Services	\$75,000
Construction	\$250,000

### Schedule C – Schedule of Delegated Procurement Approval and Signing Authorities

<b>STANDARD PROCUREMENT</b>					
<b>Requirement</b>	<b>Procurement Value*</b>	<b>Procurement Process</b>	<b>Initiate Procurement</b>	<b>Approve Contract Award</b>	<b>Signing Authority**</b>
Low value deliverables	Up to \$10,000	Non-Competitive			Managers, Purchasing Analyst, Purchasing Agent, Junior Buyer
	Up to \$75,000	Three Quotes			Managers, Purchasing Analyst, Purchasing Agent, Junior Buyer
Goods, services or construction from Standing Offer	Below Open Competition Thresholds	Standing Offer Order			Purchasing Analyst/Agent, Directors, Operations Managers, Deans, Managers, Junior Buyer
Goods, services or construction from Qualified Supplier Roster	Any value	Roster Competition			Director of Procurement Services, Director of Facilities
Goods, services or construction	At or above Open Competition Thresholds, \$75,000 or more	Open Competition			President, Vice Presidents, Director of Procurement Services
Establish Standing Offer or Qualified Supplier Roster	Any value	Open Competition			Director of Procurement Services, Purchasing Analyst, Purchasing Agent

<b>NON-STANDARD PROCUREMENT</b>					
<b>Requirement</b>	<b>Procurement Value*</b>	<b>Procurement Process</b>	<b>Initiate Procurement</b>	<b>Approve Contract Award</b>	<b>Signing Authority**</b>
Goods, services or construction under the circumstances permitted in the Non-Standard Procurement Protocol	<i>\$75,000 or more</i>	Non-Competitive or Limited Competition			Associate VP Academic, Chief Information Officer, Director Facilities, Director Human Resources

<b>CONTRACT AMENDMENT</b>			
<b>Requirement</b>	<b>Amount of Increase</b>	<b>Approve Contract Amendment</b>	<b>Signing Authority**</b>
Amendment of existing contract for deliverables resulting in increase to the value of the contract.			

**\* The authority to initiate a procurement process is based on the estimated procurement value. The authority to approve a contract award and the authority to sign an agreement or issue a purchase order are based on the actual procurement value.**

**\*\* Signing authority includes the authority to execute the agreement or the amending agreement with the supplier and/or to issue the purchase order to the supplier, as applicable.**

## Procurement Project Planning Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to assist Business Units in planning for their Procurement Projects. A "Procurement Project" means any procurement of deliverables with a value of \$75,000 or more, except where the procurement is made through an existing Standing Offer or Qualified Supplier Roster.

This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Business Case

A Business Case must be developed to initiate a Procurement Project. The Business Unit must complete Part 1 of the Procurement Project Plan in Appendix A of this protocol.

### 3. Approval to Initiate Procurement Project

The Business Unit must obtain all necessary approvals to initiate the Procurement Project.

### 4. Detailed Procurement Project Plan

The Business Unit is responsible for developing a detailed Procurement Project Plan. The Business Unit must complete Part 2 of the Procurement Project Plan in Appendix A of this protocol.

### 5. Procurement Plan Approval

All Procurement Project Plans must be approved by the Director of Procurement Services and the Business Unit Head, or their designates. Procurement Project Plans for Non-Competitive Procurements must also be approved in accordance with the Schedule of Delegated Procurement Approval and Signing Authorities in Schedule C of the Procurement Policy. Business Units are strongly encouraged to consult with and involve Procurement Services during the development of the Procurement Plan to avoid unnecessary delay in the review and approval process.

**APPENDIX A – PROCUREMENT PROJECT****PLAN PART 1 – BUSINESS CASE****Business Unit**

Identify the Business Unit responsible for the Procurement Project.

**Business Unit Project Lead**

Identify the individual in the Business Unit that is primarily responsible for the Procurement Project.

**Initial Mapping Statement**

Describe the Procurement Project. What is being purchased?

**Background**

Describe any relevant background information, e.g. What gave rise to the need for the Procurement Project? Is the Procurement Project part of a larger project? What is the history of the project? What stage is the project at?

**Market Research**

Is further market research necessary to appropriately define the required deliverables?

☐ No

☐ Yes

*If yes, consult with Procurement Services about the issuance of a Request for Information (RFI) prior to proceeding with the Procurement Project Plan.*

### **Existing Standing Offer or Qualified Supplier Roster**

Is there an existing Standing Offer or Qualified Supplier Roster for the required deliverables?

☐ No

☐ Yes

*The Business Unit is responsible for checking with Procurement Services to determine if there is a Standing Offer or Qualified Supplier Roster already established for the deliverables it requires.*

*If there is Standing Offer or Qualified Supplier Roster for the deliverables, the Business Unit must follow the Qualified Supplier Rosters Protocol or the process set out in the Standing Offer.*

### **Repetitive Procurement**

Are the deliverables required on a frequent or regularly recurring basis?

☐ No

☐ Yes

*If yes, consult with Procurement Services about the possibility of establishing a Qualified Supplier Roster.*

### **Major Project**

Does the Business Unit consider this a major project?

*Consider whether the Procurement Project is of a value, complexity, risk level or profile that requires a significant allocation of attention and time from the Business Unit and Procurement Services, as well as potential involvement of other Business Units or stakeholders.*

☐ No

☐ Yes

☐ High

☐ Value

☐ High Risk

☐ Complex – multi-stage project or multiple stakeholders High level of public interest and/or scrutiny

*If yes, respond to the following:*

Will external advisors be needed to assist with the development of specifications or business requirements?

*Consider whether sufficient internal resources are available.*

☐ No

☐ Yes

If yes, please identify the type of external advisors needed:

Has Procurement Services and Legal Services been advised that the Business Unit is planning for a major project?

*Procurement Services and Legal Services must be consulted early in the planning process to ensure that procurement and legal issues and risks are addressed.*

☐ Yes

☐ No

Will a fairness consultant be retained to oversee the Procurement Project?

*Consider whether the major project is high-profile, controversial or involves a complex bidder selection process.*

☐ Yes

☐ No

### **Procurement Value**

State the estimated value of the Procurement Project.

**Funding Source**

Identify the approved funding source sufficient to cover the procurement value.

**Business Unit Approvals**

Do you have all necessary approvals to proceed with this procurement?

☐ Yes

☐ No

**PART 2 – DETAILED PROCUREMENT PROJECT PLAN****Procurement Stream**

Select the appropriate procurement process in accordance with the Procurement Policy and complete and attach the specified schedule(s).

☐ **Invitational Competition**  
*Complete and attach Schedule A*

☐ **Open Competition**  
*Complete and attach Schedule B*

☐ **Non-Standard Procurement**  
*Complete Schedule C*

**Approval of Procurement Project Plan**

All Procurement Project Plans must be approved by the Director of Procurement Services and the Business Unit Head, or their designates. All Procurement Project Plans involving a Non-Standard Procurement must also be approved in accordance with CNC's Schedule of Delegated Procurement Approval and Signing Authorities.

**Approved by Business Unit Head or Designate:**

Signature	Date



Title:

Name:

**Approval by Director of Procurement Services or Designate:**

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Signature

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Date

Title:

Name:

***For Non-Standard Procurement only:***

**Approved by Delegated Approval Authority:**

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Signature

---

Date

Title:

Name:

### Schedule A – Invitational Competition

#### Solicitation Document Format

Indicate the format of solicitation document to be used.

*The Invitational RFQ format is typically used for Invitational Competitions. If the Business Unit wishes to use a different format, please consult with Procurement Services.*

- ☐ Invitational Request for Quotations (RFQ)
- ☐ Other format: \_\_\_\_\_

#### Number of Suppliers

Indicate the number of suppliers that will be invited to submit bids.

*A minimum of 3 suppliers must be invited to submit bids. If fewer than 3 suppliers will be invited, it is a Non-Standard Procurement and Schedule C must be completed.*

- ☐ 3
- ☐ Other number: \_\_\_\_\_

#### Selection of Suppliers to Participate

Explain how/why the particular suppliers will be chosen to participate.

#### Preliminary Schedule

Fill in estimated dates or time periods for the events below.

Issue Solicitation Document	
Bid Submission Deadline	
Evaluation Period	
Contract Award	
Contract Start Date	

**Method of Submitting Bids**

Indicate the method by which suppliers will be instructed to submit their bids.

- ☐ Email
- ☐ Mail / Courier Delivery

**Evaluation Plan**

Select the method of evaluation that will be used to select the successful supplier. *Refer to the Solicitation Document Drafting Protocol for guidance.*

- ☐ Price only: selection of lowest compliant bidder
- ☐ Evaluated criteria: selection of highest scoring compliant bidder
- ☐ Other: \_\_\_\_\_

**Pricing Structure**

Select the appropriate pricing structure. *Refer to the Solicitation Document Drafting Protocol for guidance.*

- ☐ Lump Sum
  - ☐ With adjustments
  - ☐ Without adjustments
- ☐ Unit Prices
  - ☐ With adjustments
  - ☐ Without adjustments
- ☐ Time and
- ☐ Materials With upset limit
  - ☐ Without upset
- ☐ limit Budget-Based Set
- ☐ Price License Fees
- ☐ Life Cycle Costing
- ☐ Other: \_\_\_\_\_

**Requirements and Specifications**

Attach the detailed requirements and specifications for the required deliverables. *Refer to the Solicitation Document Drafting Protocol for guidance.*

### Schedule B – Open Competition

#### Solicitation Document Format

Indicate the format of solicitation document to be used. *Select the appropriate format using the Solicitation Document Format Selection Protocol.*

- ☐ ITT
- ☐ RFQ (Low Bid)
- ☐ RFQ (High Score)
- ☐ No-Negotiation (Contract A) RFP
- ☐ Consecutive Negotiation (Rank and Run) RFP
- ☐ Concurrent Negotiation (Dialogue/BAFO) RFP
- ☐ RFSQ (Prequalification) followed by ITT
- ☐ RFSQ (Prequalification) followed by RFQ
- ☐ RFSQ (Prequalification) followed by No-Negotiation (Contract A) RFP
- ☐ RFSQ (Prequalification) followed by Negotiated RFP
- ☐ RFSQ (Roster Framework) to establish a Qualified Supplier Roster for recurring purchases

#### Preliminary Schedule

Fill in estimated dates or time periods for the events below.

*Shaded rows are only completed if conducting a two-stage process (e.g. RFSQ followed by ITT, RFQ or RFP).*

Initial Planning Meeting with Procurement	
Development of Solicitation Document	
Posting of Solicitation Document	
Bid Submission Deadline	
Evaluation Period	
Selection of Prequalified Bidders	
Issuance of 2 <sup>nd</sup> Stage solicitation document	
2 <sup>nd</sup> Stage Evaluation Period	
Contract Negotiation (for Negotiated RFP only)	
Contract Award	
Contract Start Date	

**Evaluation Plan**

Select the method of evaluation that will be used to select the successful supplier. *Refer to the Solicitation Document Drafting Protocol for guidance.*

- ☐ Price only – selection of lowest compliant bidder
- ☐ Evaluated criteria – selection of highest scoring compliant bidder
- ☐ Other: \_\_\_\_\_

**Pricing Structure**

Select the appropriate pricing structure. *Refer to the Solicitation Document Drafting Protocol for guidance.*

- ☐ Lump Sum
  - ☐ With adjustments
  - ☐ Without adjustments
- ☐ Unit Prices
  - ☐ With adjustments
  - ☐ Without adjustments
- ☐ Time and
- ☐ Materials With upset limit
  - ☐ Without upset
- ☐ limit Budget-Based Set
- ☐ Price License Fees
- ☐ Life Cycle Costing
- ☐ Other: \_\_\_\_\_

**Requirements and Specifications**

Attach the detailed requirements and specifications for the required deliverables. *Refer to the Solicitation Document Drafting Protocol for guidance.*

### **Schedule C – Non-Standard Procurement**

Indicate the justification for proceeding with a Non-Standard Procurement in accordance with the Non-Standard Procurement Protocol and attach any supporting documentation.

#### **Non-Standard Procurement Justification(s):**

#### **Type of Non-Standard Procurement**

There are two types of Non-Standard Procurement processes:

“Limited Competition”, where bids are solicited from a limited number of suppliers when an Open Competition would normally be required.

“Non-Competitive Procurement”, where the deliverables are acquired directly from a particular supplier without conducting a competitive process when an Invitational Competition or an Open Competition would normally be required; and

A Non-Competitive Procurement should only be requested where the circumstances do not allow for any form of competitive process to be conducted. A Limited Competition should be used where the circumstances surrounding the procurement do not allow for an Open Competition, but the circumstances could allow for the solicitation of a limited number of competitive bids by invitation to more than one supplier.

Indicate the type of Non-Standard Procurement you intend to use:

☐ **Limited Competition: If you intend to invite one or more suppliers to submit bids, please complete and attach Schedule A – Invitational Competition**

☐ **Non-Competitive Process: If you intend to negotiate and enter into a contract directly with a single supplier, please consider the guidance on Pricing Structure Selection and Describing the Requirements and Specifications set out in the Solicitation Document Drafting Protocol.**

## Solicitation Document Format Selection Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to assist Business Units in selecting the appropriate solicitation document format for their Procurement Project. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Forms of Template Solicitation Documents

Procurement Services maintains a series of solicitation document templates. Forms of solicitation documents include the following:

- **Invitational Request for Quotation** – This format is for use in an Invitational Competition for the procurement of goods, services or construction where bids will be solicited from a limited number of suppliers and the evaluation and ranking of bidders will be based on either lowest price or the scoring of simple evaluation criteria.
- **Request for Quotation (RFQ) – Low Bid Version** – This format is for use in a simplified Open Competition for the procurement of standard goods, services or construction on the basis of lowest price and standardized contract terms that will not require negotiation.
- **Request for Quotation (RFQ) – High Score Version** – This format is for use in an Open Competition for the procurement of standard goods, services or construction on the basis of straightforward high-score evaluation criteria and standardized contract terms that will not require negotiation.
- **Invitation to Tender (ITT)** – This format is for use in an Open Competition for the procurement of goods or construction where there is a need for legally binding, irrevocable bids, typically supported by bid security, and price is the primary consideration. This format must include well-defined specifications, requirements and contract terms and conditions, as post-bid negotiations are typically not permitted.
- **No-Negotiation (Contract A) Request for Proposal (RFP)** – This format is for use in an Open Competition for the procurement of goods, services or construction where there is a need for legally binding, irrevocable bids and where factors other than price will be evaluated. This format must include well-defined specifications, requirements and contract terms and conditions, as post-bid negotiations are typically not permitted.
- **Consecutive Negotiation (Rank and Run) RFP** – This format is for use in an Open Competition for the procurement of goods, services or complex construction projects where proposals will be ranked on price and non-price factors and the top-ranked proponent will be invited to negotiate the final contract. The rules of the process provide that if the negotiations with the top-ranked proponent fail, CNC can proceed to negotiate with the next-ranked proponent. This format allows for a more flexible process to encourage innovative and creative proposals that may help inform the development of

final specifications or performance terms through the negotiation of the final contract with the selected proponent.

- **Concurrent Negotiation (Dialogue/BAFO) RFP** – This format is for use in an Open Competition for the procurement of goods, services or complex construction projects where proposals will be ranked on price and non-price factors to create a short-list of proponents that will be invited to engage in negotiation or discussions with CNC prior to submitting a best and final offer (BAFO) for further evaluation and final ranking. This format allows for a more flexible process to encourage innovative and creative proposals, and is particularly useful where the nature of the project may allow for a variety of potential approaches and solutions that CNC could consider and use to refine the requirements prior to the submission of BAFOs and final ranking and selection of bidders.
- **Request for Supplier Qualifications (RFSQ) – Prequalification Version** – This format is used to prequalify suppliers in the first stage of a two-stage Open Competition. Bidders who meet the requirements of the RFPQ are eligible to participate in the second stage procurement process and are invited to respond to a subsequent solicitation document.
- **Request for Supplier Qualifications (RFSQ) – Roster Framework Version** – This format is used to prequalify suppliers that will be invited to compete in multiple second stage procurement processes for the same type of deliverables. Those suppliers that qualify in the first stage of the process will be invited to enter into Master Framework Agreements that will govern any future work assignments awarded to them.

### 3. Selection Factors

Key factors to consider in choosing the appropriate solicitation document format include:

- Value and complexity of the purchase.
- Whether bid security is required. Irrevocable bids and bid security should only be required where there are legitimate business reasons for doing so.
- Whether bidder responses may inform the final specifications or performance terms, and whether the final contract will need to be negotiated with the top-ranked bidder.

The ITT and the No-Negotiation RFP formats require bidders to submit irrevocable bids and give rise to a legally binding procurement contract called "Contract A". Bids are considered irrevocable where the solicitation document requires that bidders be bound to their bid prices or that bids remain open for acceptance for a fixed period of time. All terms of the purchase contract (i.e. "Contract B") must be included in the ITT and the No-Negotiation RFP and cannot be negotiated or amended after the closing deadline. Where a procurement project is operating within Contract A, the risk to CNC is greatly increased and all employees involved in the procurement project should ensure that they fully understand CNC's legal obligations when utilizing these formats.

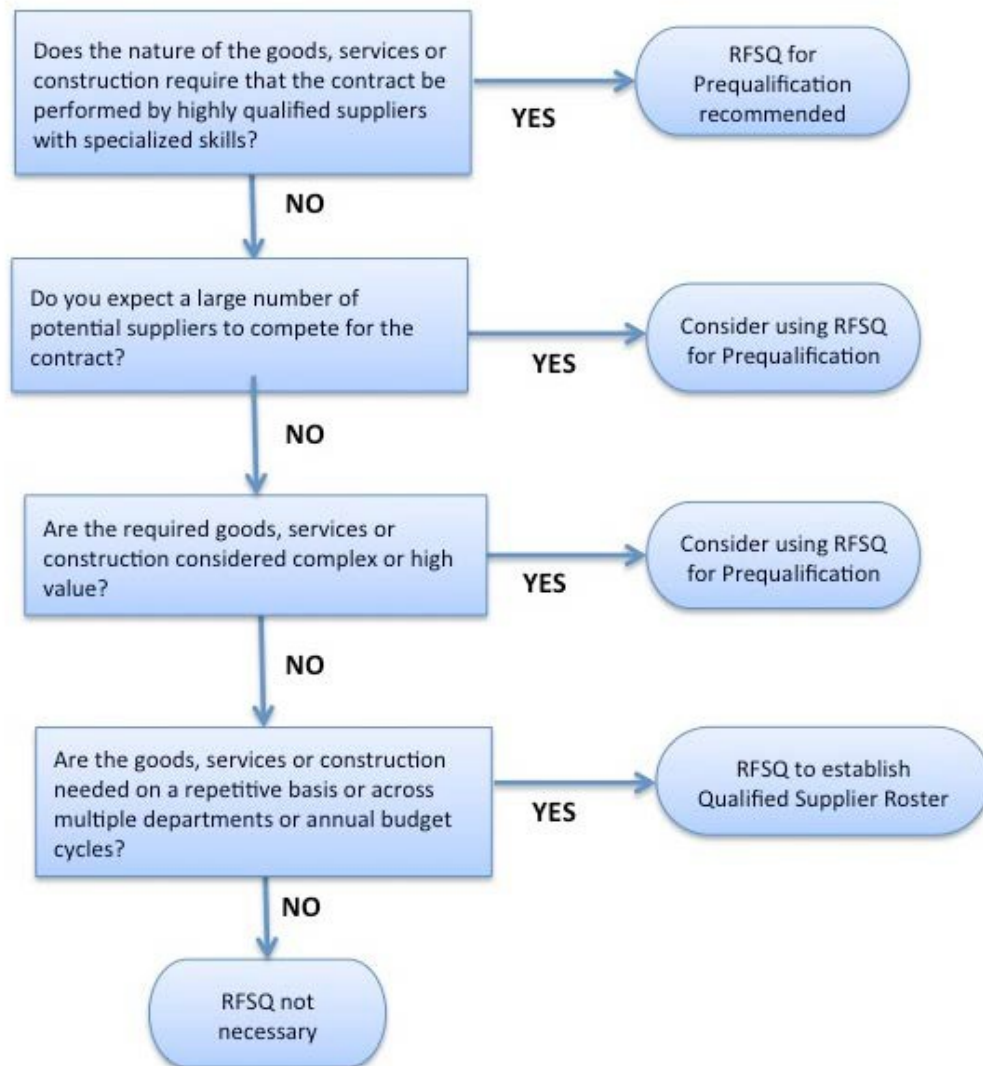


#### **4. Selection Tools**

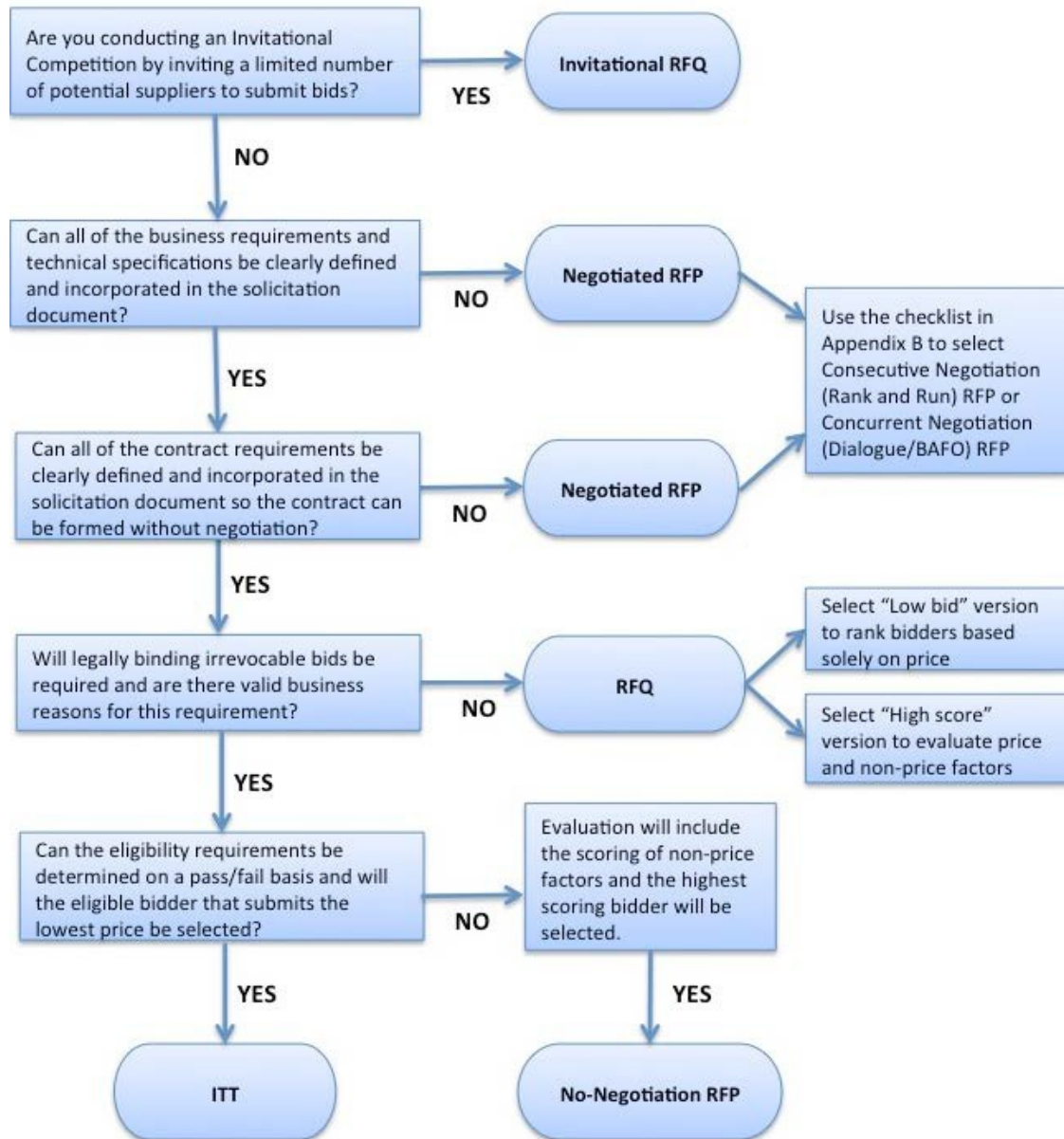
Use the questionnaire in Appendix A to assist with the selection of the appropriate format for the procurement project. Use the checklist in Appendix B to confirm that all requirements for the selected format apply to your procurement project. If you cannot check off all items listed below the selected format, consult with Procurement Services for additional guidance and assistance in selecting the appropriate format.

#### **5. Market Research Tool**

In addition to the various forms of solicitation documents used to conduct a procurement process, Procurement Services maintains a Request for Information (RFI) template for the purpose of soliciting information about deliverables and/or expressions of interest from suppliers. This format is used to conduct a structured and transparent market research and information gathering process to obtain information from potential suppliers regarding the types of good and services available to meet the Business Unit's needs and to assess the interest in the marketplace in providing the deliverables to the Business Unit. This format is not intended to result directly in the procurement of deliverables, but rather to inform a future procurement, and must not be used to pre-qualify bidders or restrict participation in a future competitive procurement process.

**APPENDIX A - FORMAT SELECTION QUESTIONNAIRE****Prequalification Process**

## Single Stage or Second Stage Process



## **APPENDIX B - PROCUREMENT FORMAT CHECKLIST**

### **Invitational RFQ**

- ☐ You are buying simple goods, services or construction with a value below the open competition thresholds.
- ☐ You will be conducting an Invitational Competition by inviting a limited number of potential suppliers to submit bids.
- ☐ Irrevocable bids are not required.
- ☐ The business requirements and technical specifications can be clearly defined in advance and incorporated into the solicitation document.
- ☐ The contract requirements and performance terms and conditions are relatively straightforward and can be incorporated into the solicitation document to permit the finalization of the contract with the successful bidder without, or with only minor, negotiations.
- ☐ You will select either the lowest bidder meeting mandatory requirements or the highest scoring bidder based on a relatively simple evaluation of price and non-price factors.

### **Open RFQ**

- ☐ You are buying simple goods, services or construction through an Open Competition.
- ☐ Irrevocable bids are not required.
- ☐ The business requirements and technical specifications can be clearly defined in advance and incorporated into the solicitation document.
- ☐ The contract requirements and performance terms and conditions are relatively straightforward and can be incorporated into the solicitation document to permit the finalization of the contract with the successful bidder without, or with only minor, negotiations.
- ☐ You will select either the lowest bidder meeting mandatory requirements (select the "Low Bid" version of the RFQ) or the highest scoring bidder based on a relatively simple evaluation of price and non-price factors (select the "High Score" version of the RFQ).

### **ITT**

- ☐ You are buying goods or construction through an Open Competition.
- ☐ There are valid business reasons for requiring legally binding irrevocable bids, with or without bid security.

- ☐ You have straightforward eligibility requirements that can be determined on a pass/fail basis and will select the bidder that meets the requirements and submits the lowest price.
- ☐ All of the business requirements and technical specifications can be clearly defined in advance and incorporated into the solicitation document.
- ☐ All of the contract requirements and performance terms and conditions can be clearly defined in advance and incorporated into the solicitation document to permit the finalization of the contract with the successful bidder without negotiations.

#### **No-Negotiation RFP**

- ☐ You are buying deliverables through an Open Competition.
- ☐ There are valid business reasons for requiring legally binding irrevocable bids, with or without bid security.
- ☐ You will evaluate both price and non-price factors and will select the highest scoring bidder.
- ☐ All of the business requirements and technical specifications can be clearly defined in advance and incorporated into the solicitation document.
- ☐ All of the contract requirements and performance terms and conditions can be clearly defined in advance and incorporated into the solicitation document to permit the finalization of the contract with the successful bidder without negotiations.

#### **Consecutive Negotiation (Rank and Run) RFP**

- ☐ You are buying goods, services or complex construction projects through an Open Competition.
- ☐ Irrevocable bids are not required.
- ☐ Detailed, innovative or creative proposals are desired.
- ☐ You will evaluate both price and non-price factors and will rank proposals based on highest score.
- ☐ You may need to adapt the final specifications and/or performance terms based on the successful proposal.
- ☐ There may be a need to negotiate some terms of the final contract to ensure that they are appropriately tailored to the proponent's proposed solution.
- ☐ You are able to include sufficiently detailed business requirements and technical specifications in the solicitation document to allow proponents to propose fully developed solutions and complete pricing proposals at the submission deadline.

- ☐ You prefer to engage in negotiation with only the top-ranked proponent.
- ☐ You will only engage in negotiation with the next-ranked proponent if negotiations with the top-ranked proponent are unsuccessful.

**Concurrent Negotiation (Dialogue/BAFO) RFP**

- ☐ You are buying goods, services or complex construction projects through an Open Competition.
- ☐ Irrevocable bids are not required.
- ☐ Detailed, innovative or creative proposals are desired.
- ☐ You will evaluate both price and non-price factors and will rank proposals based on highest score.
- ☐ You may need to adapt the final specifications and/or performance terms based on the successful proposal.
- ☐ There may be a need to negotiate some terms of the final contract to ensure that they are appropriately tailored to the proponent's proposed solution.
- ☐ A variety of different approaches and solutions could meet the project requirements and the detailed scope of work and specifications may vary depending on the proposed solution.
- ☐ You would like to have an opportunity to engage in discussions with a short-list of high-scoring proponents to consider and better understand the various approaches and solutions that they have proposed and to ensure that the proponents fully understand your needs and requirements.
- ☐ You want to allow the short-listed proponents to develop and refine their proposed solutions and pricing proposals after those discussions through the submission of a best and final offer (BAFO).
- ☐ Based on the evaluation of the BAFOs, you will invite the top-ranked proponent to negotiate and finalize the contract.

**Request for Supplier Qualifications (RFSQ) – Prequalification Version**

- ☐ You are buying goods, services or construction through a two-stage Open Competition.
- ☐ You want to ensure that potential bidders are sufficiently competent, qualified and experienced to undertake and successfully complete the project prior to inviting them to bid on the detailed requirements and specifications of the project.
- ☐ You expect that a large number of potential suppliers may want to compete for the contract and you want to narrow the field prior to soliciting bids.

- ☐ You will set a limit on the number of eligible bidders or a minimum threshold score that must be achieved before a potential supplier will be considered eligible to participate in the second stage competition.

**Request for Supplier Qualifications (RFSQ) – Roster Framework Version**

- ☐ You require the same type of goods, services or construction on a regular and recurring basis over a period of time.
- ☐ You want to be able to quickly and efficiently obtain quotes from qualified suppliers that are able to provide the required goods, services or construction in accordance with established and agreed upon general contract terms and conditions.

## Solicitation Document Drafting Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to provide assistance, direction and suggestions for preparing Procurement Project Plans and solicitation documents, including guidelines for developing specifications and selecting the appropriate evaluation methodology and pricing structure. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. General Drafting Principles

These general principles should be considered in drafting the Procurement Project Plan and the solicitation document:

- a) Plain and clear language should be used and technical jargon and vague terms should be avoided.
- b) Where technical terms or specifications are required, they should be set out in a separate section or schedule to the document.
- c) Avoid creating too many defined terms. Defined terms should only be used where (a) the meaning is not clear from a plain reading and (b) the term is used throughout the document. Use defined terms consistently throughout the document. Do not capitalize terms that are not defined.
- d) Avoid repeating the same information in different sections of the document. If it is necessary to repeat information, ensure that it is repeated using the same language and terminology to avoid any inconsistencies or contradictions.
- e) Avoid using acronyms that may not be understood by everyone. If the use of acronyms is necessary, spell them out in full the first time they are used in the document.
- f) Ensure that contract performance and other contractual terms are not buried in the specifications or evaluation sections, but are appropriately included in the term sheet or form of agreement.
- g) Minimize the number of times that the document refers the reader to another part of the document.
- h) Ensure that the document is carefully proof-read, preferably by someone other than the drafter. Inconsistent terminology, vague wording, typographical errors, grammatical errors and incorrect spelling can all create uncertainty in the meaning and interpretation of terms and conditions in the document.



### 3. Initial Mapping Statement

Before beginning to draft any of the procurement project details, the Business Unit employee in charge of the project should draft an initial mapping statement that clearly describes what is being purchased. The initial mapping statement is essential in major projects with many stakeholders, and it is also very important in smaller, routine purchases in order to ensure a smooth and efficient drafting process.

### 4. Describing the Requirements and Specifications

It is essential that the business requirements and specifications in a solicitation document be clear and comprehensive as they represent the “blueprint” that bidders will use to develop proposals and determine pricing.

The format of the solicitation document will dictate the level of specificity that is required for requirements and specifications:

- If price is the only factor being evaluated, then the specifications and all requirements that inform price must be fully disclosed in detail in order to solicit responsive pricing; or
- If the requirements cannot be clearly defined before the solicitation document is issued (i.e. proponents will be proposing creative solutions or proponent specifications will be evaluated during the Competitive Process), and the selected format contemplates negotiation of the final contract, then the specifications can be drafted with less specificity.

The requirements should describe the tasks that the successful bidder will be expected to complete during the term of the contract. There are different approaches to describing the tasks and effort required, for example:

- A “performance-based” statement of work will describe the requirements in terms of the required results rather than the methods for performing the work. In this case, bidders will be invited to propose their own approach and methodology and make their own determination of what resources, roles and activities will be required to provide the deliverables and achieve the required results.
- A “level of effort” statement of work will identify all the tasks that must be performed and the hours to be spent on each task. The statement of work must identify if specific resources or categories of resources will be required to perform the identified tasks.
- A detailed or “prescriptive” statement of work will describe how the work must be accomplished, including precise measurements, tolerances, materials, quality control requirements, etc.

Irrespective of the approach, it is important that:

- the deliverables are clearly identified, including the timelines and location for delivery;

- reporting and communication requirements are identified, including any requirements for progress or status reports; and
- expectations with respect to the outcome of the project are clearly described, including performance standards or quality assurance requirements.

Business Units should review the need for contract performance security, if any, with Procurement Services.

Specifications for goods may include any or all of the following:

- physical characteristics;
- functional, performance or expected results characteristics;
- quality characteristics defined by recognized, third-party standards bodies; and/or
- intended use descriptors such as consumer grade, industrial grade, medical or laboratory grade, or suitable for use under extreme conditions.

Specifications must not be written in a way that unduly restricts suppliers from bidding, and should encourage open, fair and transparent competition. Unless established through a formal standard-setting exercise as prescribed by Procurement Services, all specifications must be generic and non-branded. Where there is no other way to describe a specification, trademarks or brands may be employed by way of reference, but cannot be used as the specification itself.

## **5. Material Disclosures**

In order to solicit competitive and responsive pricing during a Competitive Process, it is essential that bidders know all material information relating to the Procurement Project.

Only the Business Unit's subject area experts will be in a position to know what information should be disclosed in the material disclosures section of the solicitation document. The material disclosures section should be reviewed by the subject area experts for every Procurement Project since failure to do so could expose CNC to legal, financial and reputational risk.

Material disclosures include information such as:

- Reports relating to the Procurement Project, including engineering, consulting, environmental or site reports;
- Unusual conditions that may affect price (e.g. soil conditions, delivery restrictions, timing requirements or restrictions);
- Contractual performance terms;
- Indemnity, performance security and insurance requirements; and

- Specific processes or procedures expected of the successful bidder that are outside standard industry practice.

## **6. Evaluation Methodology Development**

### **a) General Principles**

In order to run a defensible Competitive Process, CNC must fully disclose in the solicitation document the evaluation methodology that will be used to determine the successful bidder. Failure to fully disclose the evaluation methodology, including all factors to be considered in determining the successful bidder, can constitute hidden criteria that could expose CNC to legal, financial and reputational risk.

All eligibility or threshold criteria (also referred to as “mandatory requirements”) must be fully disclosed and be capable of review upon submission of a bid. Mandatory requirements should be kept to a minimum and should only be used for those eligibility requirements that are absolutely essential to the Procurement Project. If a requirement is something that the successful supplier must do if awarded the contract, then that requirement should be included as a performance term in the requirements for deliverables section and should not be used as a mandatory requirement.

### **b) Basic Methodologies**

There are two basic evaluation methodologies:

- Low price; and
- Evaluated criteria where price and specified qualitative factors are allocated a certain weighting (also referred to as “high score”).

### **c) Low price evaluations**

When the bids are being evaluated only on price, this must be clearly set out in the solicitation document and no other factors can be used to determine the successful bidder. If a Business Unit wants to select the preferred bidder based on lowest price, while also considering other qualitative factors such as previous experience, then it should consult with Procurement Services about using a different format or issuing an RFSQ to prequalify bidders.

The method for determining the low price must be disclosed. Where the pricing structure is lump sum, then the lowest price may be obvious, but if multiple unit prices are being solicited, then the formula for determining the low price for the purposes of evaluation must be set out in the solicitation document.

### **d) Evaluated criteria (high score) evaluations**

When the evaluation criteria include price and non-price factors, the relative weighting for each category of evaluation (e.g. price, quality, delivery time, experience, etc.) must be disclosed in the solicitation document.

When an evaluation category includes several different factors that will be evaluated, the sub-weightings for each category should also be disclosed.

Details of the evaluation criteria that will be used to evaluate the different rated categories also need to be disclosed.

When interviews or presentations are requested, the weight, value and impact on the evaluation and selection process must be set out in the solicitation document. Interviews and presentations can either be given a pre-determined weight or can be used to confirm or adjust the scores assigned in the evaluation of the paper-based proposal.

When price and non-price factors are both being evaluated, the method for evaluating price must be disclosed. Generally, price is scored by dividing the price(s) submitted by each bidder into the lowest price submitted during the Competitive Process and then multiplying that value by the weighting allocated to price (lowest proposed price / bidder's proposed price X weighting). The scores for qualitative factors and the score for price are combined and bidders are ranked based on highest total score.

In addition to the most commonly used "high score" evaluation method described above, examples of other recognized methods include:

- Price per Point – In this method, all factors except price are considered and scored according to the established criteria. Once this is completed, the price evaluation is completed by dividing the proposed price by the total points awarded to the proposal (price / point). In this method, a value is presented in the form of a price per point. The bid with the lowest price per point represents the best value and is the successful bidder.
- Lowest Evaluated Price Meeting Evaluated Criteria Threshold – In this method, all qualitative factors are scored to get a total evaluated criteria score. Those bidders who obtain a score above the disclosed threshold are advanced to the second stage of the evaluation process where the bidder with the lowest price is successful.

#### **e) Evaluation in RFSQ for Prequalification Process**

When using an RFSQ as part of a two-stage Competitive Process, only qualitative factors should be evaluated at the RFSQ stage. The solicitation document must disclose the basis on which bidders will be considered eligible to proceed to the subsequent stage of the procurement process. Eligibility could be determined by obtaining a threshold score (e.g. bidders with a score of 65% or greater will be prequalified) or by being ranked within the specified number of top-scoring bidders (e.g. the top 3 bidders will be prequalified).

### **7. Pricing Structure Selection**

#### **a) General Principles**

It is essential that each solicitation document include a clear pricing structure, since the pricing structure will form the basis for the contract with the successful bidder. The pricing

structure must be clearly set out in the solicitation document so that bidders know exactly how to submit pricing and so that pricing can be evaluated fairly and defensibly.

Choosing an appropriate pricing structure will depend on what is being purchased; where applicable, ensure that the pricing structure aligns with industry standards.

Regardless of the pricing structure employed, the solicitation document must clearly state what is included or not included with respect to pricing (e.g. is the submitted pricing “all-in” or are certain expenses allowed to be charged in addition, such as delivery charges). The pricing structure must also clearly state whether taxes should be included in the total price or separately stated.

In addition to setting out the selected pricing structure clearly, the solicitation document must also include the payment structure. For example, will the entire amount owed be paid at the end of the contract or will the supplier be able to bill at regular intervals, upon completion of phases or at specific payment milestones? The payment terms that will apply to the payment of invoices should also be set out in the solicitation document.

## b) Choice of Pricing Structures

Below is a list of some of the most common pricing structures and the factors that should be considered when you are deciding which one is appropriate for your Procurement Project:

- i. **Lump Sum** (also referred to as “flat fee”, “firm price”, “total price”) – The bidder submits a total price to provide the deliverables, which is not subject to adjustment after the contract is awarded. This model is only appropriate where all specifications are known in advance, all conditions affecting price are known, the terms of the contract are clear and all of that information is disclosed in the solicitation document.
- ii. **Unit Prices** – The bidder submits a per item price for the deliverables and that unit price is then multiplied by the required quantity. Similar to the lump sum pricing structure, this pricing structure requires exact specifications for the deliverables required. In order to get the most competitive pricing and meet disclosure obligations, it is important to ensure that historical or accurately estimated volumes of the required deliverables are disclosed in the solicitation document. All unit prices must be set out with clear metrics in the solicitation document (e.g. hourly rates, price per unit or per kilogram).
- iii. **Lump Sum or Unit Prices with Price Adjustments** – Where an industry is subject to potential increases in pricing for products or labour, but a firm estimate on pricing is required, the lump sum or unit price model can be used in conjunction with a pre-determined price adjustment. In order to be defensible, the price adjustment should be tied to objective criteria in the marketplace or subject to an objective, predetermined formula.
- iv. **Time and Materials** – This pricing structure is used to solicit competitive pricing when it cannot be estimated in advance how much time or materials will be

- v. required to complete the project. This pricing structure allows some flexibility in pricing. However, in order to avoid costly budget overruns, this pricing model must include clearly described deliverables and requires careful project management to ensure efficient use of resources. The time and materials pricing components should each have clear metrics (e.g. hourly or per diem rates, set pricing for required materials). This pricing model can also be used for longer-term service contracts where a service or good is required on an as-needed basis. When a time and materials pricing structure is used for these types of contracts, the term of the contract must be set out in the solicitation document. If options to extend the contract are included, any price increase for the extension terms must either be set out clearly in the solicitation document or be subject to an agreed-upon formula (e.g. indexed to inflation).
- vi. **Time and Materials with Upset Limit** – A time and materials pricing structure, as described above, can be used in combination with a requirement that bidders set an “upset limit” that represents a total cost that will not be exceeded for the specified scope of work. For example, the pricing could be based on an hourly rate that will be charged for actual time spent with a total dollar value that will not be exceeded for the completion of the project.
- vii. **License Fees** – Common in the software industry, this pricing structure involves a set license fee tied to specific rights of use (e.g. number of users, number of computers on which software can be installed).
- viii. **Budget-Based Bidding** – A less common form of pricing structure for use when there is a set amount of money budgeted for a project and the Business Unit wishes to get the most value for that budget amount. The total budget is disclosed in the solicitation document and bidders propose solutions that provide the most deliverables they can within the set budget amount. The disclosure of budget may result in less competitive bids, but it can be a useful method where there is concern that the scope of the project may otherwise result in bids that exceed the available budget.
- ix. **Life Cycle Cost (“LCC”)** – This pricing structure is an analysis that considers the initial purchase price, warranty and duration of useful life, shipping, conversion, and installation and all reasonable operating costs such as fuel/energy use, water use, routine maintenance, consumable supplies, parts and repairs, etc. The solicitation document must describe the method that will be used to calculate the LCC and specify the information that must be submitted by the bidder for the purposes of the LCC analysis. Typical elements of a LCC analysis include:
  - Purchase price
  - Life span of products
  - Transportation and handling
  - Installation and associated costs
  - Staff training

- Operation and supplies (including any costs associated with disposal of waste/spent supplies)
- Energy and fuel costs
- Maintenance and repairs
- End of Life Disposal costs

The details of a particular Procurement Project may require another type of pricing structure. When the appropriate selection of pricing structure is not clear, employees should consult Procurement Services for guidance and other possible options.

## **8. Integration of Components**

All of the components of the solicitation document need to work together properly. This requires integration throughout the document. The evaluation criteria and the pricing structure must align with the requirements, and the legal agreement must be properly tailored to the requirements and align with the pricing structure.

## **9. Version Control – Reviewing and Revising**

When a solicitation document needs to be reviewed and edited by multiple stakeholders, the editing process must be well coordinated in order to maintain proper version control. Unless revisions are carefully tracked and integrated through an organized process, the final document is likely to include gaps and inconsistencies that can undermine the certainty of terms and create legal risk. The following steps should be taken to ensure version control:

- a) Determine who is responsible for incorporating all comments and revisions into the draft document and preparing the final version;
- b) Ensure stakeholders are clear on what sections of the document they are responsible for reviewing;
- c) Only the person responsible for the final document should assign new version names to the document. (e.g. "RFP v. 2.0");
- d) Others making electronic changes to the document should save the revised document under a new file name that retains the assigned version name and also includes their name and the date of the changes. (e.g. "RFP v. 2.0 – changes by AB Jan 14"); and
- e) Copies of all stakeholder comments/mark-ups should be retained in the Procurement Project file.

## Competitive Process Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to set out the steps and identify roles and responsibilities for conducting a competitive procurement process. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Issuance of solicitation document

For an Open Competition, Procurement Services is responsible for posting the solicitation document on BC Bid.

For an Invitational Competition or a Limited Competition, Procurement Services is responsible for issuing the solicitation document to the invited suppliers.

### 3. Time Period for Bid Submission

Suppliers should be given a minimum of 15 calendar days to respond to the solicitation document. A longer response time should be provided for procurements of high complexity, risk, and/or dollar value. In the case of an Invitational Competition or a Limited Competition, a shorter response time may be considered, where necessary and appropriate.

### 4. Communication with Potential Bidders and Addenda Process

- a) All communications with potential bidders after issuance of the solicitation document must be made in writing through a single contact person designated in the solicitation document. The designated contact person must be a representative of Procurement Services.
- b) Any Business Unit employee or any other individual who receives inquiries from potential bidders must direct those bidders to the designated contact person in Procurement Services and must not discuss the Procurement Project with any potential bidder or supplier.
- c) It is recognized that there may be instances where Business Unit employees have ongoing relationships with suppliers with respect to existing contracts and that those suppliers may be potential bidders in other Procurement Projects. In such instances, Business Unit employees are not prevented from speaking to such suppliers with respect to ongoing projects and contracts, but should refrain from discussing upcoming or active Procurement Projects.
- d) All bidder questions must be submitted in writing to the designated contact person. The designated contact person will forward all questions of a technical nature to the Business Unit. The Business Unit will provide the responses to Procurement Services and Procurement Services will consolidate all bidders' questions and the responses and issue



the consolidated “Q&A” document as an addendum. The Q&A document should not identify which bidder asked which question. Questions that are duplications may be consolidated, so long as all legitimate bidder questions and concerns are addressed.

- e) All changes to the solicitation document must be communicated to all bidders through a written addendum issued by Procurement Services. If the Business Unit needs to make changes to a solicitation document after it has been issued or posted, all such changes (including changes to the scope, to the evaluation criteria or to the schedule) must be provided to Procurement Services. Procurement Services will prepare the addendum and provide it to the Business Unit for review and approval. Once approved, the addendum will be issued by Procurement Services in the manner set out in the solicitation document.
- f) If an addendum containing significant new information is released close to the submission deadline, Procurement Services should consider extending the submission deadline to allow bidders a reasonable period of time to review and respond to the addendum.

## **5. Receipt of Bids**

- a) Bids must be received by Procurement Services in the manner set out in the solicitation document. Physically submitted bids must be time- and date-stamped and initialed upon receipt, even if received after the submission deadline. Bids received prior to the submission deadline must be kept confidential until the submission deadline has passed.
- b) Procurement Services is responsible for opening the bids in accordance with the process established in the solicitation document.

## **6. Review of Mandatory Submission Requirements**

- a) Once the bids have been opened, Procurement Services must review all bids to ensure compliance with the mandatory submission requirements set out in the solicitation document. Where no rectification period has been allowed for in the solicitation document, those bids that do not meet the mandatory submission requirements are disqualified and must not be evaluated further.
- b) If the solicitation document provides for a rectification period, Procurement Services will send any bidder that did not meet a mandatory submission requirement a rectification notification informing them that it will have the opportunity to meet the mandatory submission requirement within the specified rectification period. After the expiration of the rectification period, any bidders that have failed to meet all mandatory submission requirements are disqualified and must not be evaluated further. The bids that have satisfied the mandatory submission requirements will be provided to the Business Unit for evaluation. Note that a “rectification period” is only applicable if provided for in the solicitation document and may never be included in a legally binding, “Contract A” solicitation document.

## **7. Evaluation of Bids**

The evaluation process must be fair, defensible and transparent and must comply with the evaluation methodology disclosed in the solicitation document. Business Units are responsible for establishing the evaluation team and conducting the evaluation process in accordance with the Evaluation Process Protocol. In the case of major projects, or upon request by the Business Unit, a representative of Procurement Services may serve as an observer and advisor to the evaluation team.

### **A. Assessment of Mandatory Technical Requirements**

- a) The Business Unit will assess whether the bids satisfy any mandatory technical requirements set out in the solicitation document. Bids that do not satisfy the mandatory technical requirements will be disqualified and must not be evaluated further.
- b) Where there is any uncertainty with respect to whether or not a bid satisfies a mandatory technical requirement, the Business Unit must consult with Procurement Services to determine the appropriate course of action.
- c) Where it is clear that a bid fails to satisfy any mandatory technical requirement, the Business Unit must notify Procurement Services.
- d) Procurement Services is responsible for notifying a bidder that their bid has been disqualified. Under no circumstances is the Business Unit to communicate directly with bidders regarding the evaluation process.

### **B. Low Bid Evaluation**

- a) In a low bid evaluation process, the contract is awarded to the bidder that submitted the compliant bid with the lowest price.
- b) Once the mandatory requirements have been reviewed, the Business Unit and Procurement Services will review the compliant bids and determine the lowest submitted price. The bids must be reviewed by at least one representative from the Business Unit and at least one representative from Procurement Services.

### **C. Evaluated Criteria (High Score) Evaluation**

- a) Where the Competitive Process involves the evaluation of price and other evaluated criteria, the contract is awarded to the highest scoring bidder.
- b) The evaluation team must be selected and approved by Procurement Services before the deadline for the submission of bids. In the case of an Open Competition, a minimum of three evaluators must participate in the evaluation process and a representative of Procurement Services will serve as a facilitator and advisor to the evaluation team. More than three evaluators may be required

depending on the type of Procurement Project being evaluated and based on its size and complexity. The evaluation team must ensure that the evaluation plan as indicated in the solicitation document is followed, and scoring of the bids is defensible.

- c) All evaluation team members must sign a declaration stating that they have no conflicts of interest in respect of the procurement process and agreeing to keep the content of bids and the evaluation confidential.
- d) Once the mandatory requirements have been reviewed, the evaluation team should evaluate the compliant bids in accordance with the following steps:
  - i. Each individual evaluator should review each bid individually. Bids should not be compared to one another during the evaluation process, but each should be evaluated on its own merits. During this preliminary evaluation process, individual evaluators should make notes, including their scores and any comments supporting their scores based on the established evaluation criteria. Evaluators must remember that all evaluation notes are potentially subject to public release under access to information legislation and therefore all written comments must be fair, defensible and transparent. Evaluators must evaluate using the pre-established evaluation criteria and weightings as set out in the solicitation document and must only evaluate the materials included in the bidder's bid.
  - ii. If an evaluator believes clarification is needed in respect of information contained in a bid, they should make a note of it for discussion with the evaluation team. Under no circumstances should an evaluator attempt to contact or communicate directly with a bidder.
  - iii. Once all evaluators have conducted their individual evaluations, the entire evaluation team should meet to finalize their scores. In the case of major projects, or upon request by the Business Unit, a representative of Procurement Services may serve as an observer and advisor to the evaluation team.
  - iv. If the evaluation team wishes to seek clarification from a bidder in respect of information contained in its bid, the evaluation team must consult with Procurement Services. The evaluation team should prepare a draft of the clarification questions it proposes to ask the bidder for review by Procurement Services. If determined to be appropriate, Procurement Services will send the clarification request to the bidder. The bidder's response will be provided to Procurement Services. Procurement Services will review the response from the bidder and, if it is determined to be appropriate, will provide it to the evaluation team.
  - v. During the meeting for the finalization of scores, any discrepancies in scoring between the individual evaluators should be discussed. Evaluators should

explain how they arrived at the particular score they assigned and point out the relevant information in the bid that supports the score. Evaluators may adjust their scores based on these discussions, but should not feel compelled to do so if they feel the score they have assigned is fair and supported by the content of the bid. Where there is no consensus among the evaluators, the bidder's score for each of the criteria should be determined by averaging the scores assigned by each individual evaluator.

- vi. Once the evaluation of non-price factors has been completed and the scores for the non-price factors have been totaled, the evaluation team should factor in the evaluation of price in accordance with the method set out in the solicitation document.

#### **D. Evaluation Guide**

For major projects, the Business Unit, in consultation with Procurement Services, should consider developing an evaluation guide setting out further details on the evaluation process for use by the evaluation team, which may include governance and negotiation protocols and must be consistent with the evaluation and selection process set out in the solicitation document. The evaluation guide must be developed and be approved by Procurement Services prior to the bid submission deadline.

#### **E. Interviews and Presentations**

Where expressly set out in the solicitation document, interviews and presentations may be utilized during an evaluation process. Interviews and presentations should be scheduled in advance to allow bidders the opportunity to prepare properly. All bidders should be provided with the same amount of time for the interview and presentation and be provided with the same level of review. The evaluation of interviews and presentations must be consistent with the process set out in the solicitation document.

#### **F. Best and Final Offer Process**

Where expressly set out in the solicitation document, the evaluation process may include a process for engaging in negotiations or discussions with a short-list of bidders followed by the submission of "best and final offers". In such cases, the evaluation team will evaluate the original bid submissions in accordance with this protocol and will create a short-list based on the results of those evaluations and the process set out in the solicitation document. The bidders that are included on the short-list will be invited to engage in discussions and negotiation of their bids before submitting a best and final offer. The best and final offers must then be evaluated in accordance with this protocol and the process set out in the solicitation document. Business Units involved in this type of evaluation process must consult with Procurement Services and develop an evaluation and negotiation guide prior to the bid submission deadline.

## **8. Selection of Preferred Bidder(s)**

- a) The Business Unit will select the preferred bidder(s) based on the results of the evaluation process in accordance with the solicitation document.
- b) Where the competition is intended to result in the award of a contract to the selected bidder, the Business Unit is responsible for submitting a recommendation to award the contract to the preferred bidder to Procurement Services for approval, and must obtain such approval prior to proceeding with the finalization of the contract in accordance with the Procurement Policy. All individual evaluator score sheets, the summary score sheet and any applicable notes in support of the scores must accompany the recommendation to award.
- c) Where the competition is intended to result in the prequalification of bidders that will be eligible to participate in a second stage Competitive Process, the Business Unit is responsible for submitting a recommendation to prequalify the preferred bidders to Procurement Services for approval, and must obtain such approval prior to notifying the bidders of the outcome of the pre-qualification process and proceeding with the second stage of the Competitive Process.
- d) Where the competition is intended to result in a Qualified Supplier Roster, Procurement Services is responsible for establishing the Roster.

## **9. Negotiation of Contract Process**

Where the solicitation document provides for contract negotiations with the preferred bidder, the Business Unit is responsible for conducting the negotiations in consultation with Procurement Services and, where appropriate, Legal Services.

## **10. Cancellation of Competitive Process**

Where the deadline for submission of bids has passed and bids have been received, a Competitive Process must not be cancelled without the approval of Procurement Services, in consultation with Legal Services where necessary.

## Non-Standard Procurements Protocol

### 1. Purpose

The purpose of this protocol is to set out the procedures and requirements for acquiring deliverables through a non-standard procurement process. This protocol should be read in conjunction with CNC's Procurement Policy.

### 2. Interpretation

Defined terms used in this protocol have the meaning assigned in the Glossary of Terms. For ease of reference, the following defined terms are repeated here:

**"Non-Standard Procurement"** means the acquisition of deliverables through a process or method other than the process or method normally required for the type and value of the deliverables. Non-standard procurement processes include:

- a) A **"Non-Competitive Procurement"**, where the deliverables are acquired directly from a particular supplier without conducting a Competitive Process when an Invitational Competition or an Open Competition would normally be required; or
- b) A **"Limited Competition"**, where bids are solicited from a limited number of suppliers when an Open Competition would normally be required.

### 3. Authorization and Approval of a Non-Standard Procurement Process

To obtain authority for a non-standard procurement of deliverables with a procurement value over \$75,000, the Business Unit must complete a Procurement Project Plan in accordance with the Procurement Project Planning Protocol. The completed Procurement Project Plan must be approved and signed in accordance with CNC's Schedule of Delegated Procurement Approval and Signing Authorities prior to engaging in a non-standard procurement process.

### 4. Limited Competitions

A Limited Competition involves the solicitation of bids from a limited number of suppliers instead of an Open Competition where the value of the procurement would normally require an Open Competition. A Limited Competition should be used where the circumstances surrounding the procurement do not allow for an Open Competition, in accordance with one or more of the justifications set out below, but where the circumstances could allow for the solicitation of bids by invitation to more than one supplier.

When a Limited Competition is authorized through the approval of a Procurement Project Plan, Procurement Services will conduct the Limited Competition in accordance with the Competitive Process Protocol and the contract with the selected bidder will be finalized in accordance with the Procurement Policy.

## 5. Non-Competitive Procurements

When a Non-Competitive Procurement is authorized through the approval of a Procurement Project Plan, the Business Unit is responsible for negotiating and finalizing the contract for the deliverables in accordance with the Procurement Policy.

## 6. Non-Standard Procurement Justifications

Deliverables may only be acquired through a non-standard procurement process under the following circumstances:

- a) Where the purchase is of a confidential or privileged nature 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.
- b) Where a standard procurement process conducted in accordance with the Procurement Policy and applicable procedures and protocols has not resulted in the receipt of any bids.
- c) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licenses, copyright and patent rights or to maintain specialized products that must be maintained by the manufacturer or its representative.
- d) Where there is an absence of competition for technical reasons and the deliverables can only be supplied by one particular supplier and no alternative or substitute exists.
- e) For the procurement of deliverables the supply of which is controlled by a supplier that is a statutory monopoly.
- f) For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor.
- g) For work to be performed on a property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work.
- h) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.
- i) For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract of research, experiment, study or original development, but not for any subsequent purchases.

## Low Value Purchase Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to set out the steps and identify roles and responsibilities for making Low Value Purchases. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Responsibility for Low Value Purchases

Business Units may make Low Value Purchases without the involvement of Procurement Services where the required deliverables have a procurement value of less than \$10,000 and they are not covered by an existing Standing Offer or Qualified Supplier Roster.

It is the responsibility of the Business Unit to determine if there is an existing Standing Offer or Qualified Supplier Roster for the required deliverables before making a purchase. When available, the deliverables must be purchased in accordance with the terms of the Standing Offer or in accordance with the Qualified Supplier Roster Protocol.

If a Business Unit anticipates making multiple Low Value Purchases of the same deliverables and the total value of those purchases may exceed \$10,000, the Business Unit must contact Procurement Services to discuss the possibility of setting up a Standing Offer or Qualified Supplier Roster.

The Business Unit Head is responsible and accountable for Low Value Purchases and must ensure that they are made in accordance with this protocol. The Business Unit Head may authorize specific individuals within the Business Unit to make Low Value Purchases and may assign specific spending authority limits.

Procurement Services is available to assist Business Units with Low Value Purchases and Business Units are encouraged to consult with Procurement Services if there are any questions or concerns about the process and requirements described in this protocol.

### 3. Process for Low Value Purchases under \$10,000

For Low Value Purchases under \$10,000, the Business Unit is only required to obtain one quote for the deliverables. However, Business Units are encouraged to contact Procurement Services to obtain multiple competitive quotes to ensure they are obtaining best value. Quotes for Low Value Purchases under \$10,000 may be solicited by contacting the potential supplier(s) by telephone or email, but the supplier(s) must provide the quote in writing by email or fax. Alternatively, Business Units may solicit quotes for any Low Value Purchase by using the Invitational RFQ template in accordance with the process set out below for purchases over \$10,000.



Low Value Purchases under \$10,000 may be made using petty cash, a corporate purchasing card or the issuance of a purchase order. For purchases made with a corporate purchasing card, CNC's Commercial Card (C-Card) Procedures must be followed.

#### **4. Process for Low Value Purchases over \$10,000**

For Low Value Purchases between \$10,000 and \$75,000, Business Units must obtain competitive quotes from a minimum of three suppliers. The Business Unit is encouraged to invite more than three qualified suppliers, where available. If the lowest quote that meets the Business Unit's requirements exceeds \$75,000, the Business Unit must consult with Procurement Services to obtain authorization to proceed with the purchase. The following steps must be followed for obtaining quotes between \$10,000 and \$75,000:

##### **a) Inviting Suppliers**

The Invitational RFQ template must be used to solicit quotes unless a different format has been approved by the Director of Procurement Services. Invited suppliers must be given a reasonable period of time to submit their quotes.

##### **b) Communication with Invited Suppliers**

All communications with invited suppliers must be made in writing through a single contact person designated in the RFQ document. Any other individual who receives inquiries from invited suppliers must direct those suppliers to the designated contact person.

##### **c) Responding to Supplier Questions**

If questions are received from any invited supplier during the RFQ process, the questions and their corresponding answers should be consolidated into a "Q&A" document that is issued to all of the invited suppliers. The Q&A document should not identify which supplier asked which question.

##### **d) Issuing Addenda**

Any changes to the RFQ document must be communicated to all invited suppliers through a written addendum issued in the same manner as the RFQ document. If an addendum containing significant new information is released close to the submission deadline, the Business Unit must consider extending the submission deadline to allow the invited suppliers a reasonable period of time to review and respond to the addendum.

##### **e) Receipt of Quotes**

Quotes may be submitted by electronic mail or other electronic submission method specified in the RFQ document. Quotes must be in writing. Quotes may not be solicited or obtained by telephone. Quotes received prior to the submission deadline must be kept confidential until the submission deadline has passed.

##### **f) Review of Quotes**

All quotes must be reviewed and evaluated in a fair, defensible and transparent manner and must comply with the evaluation process described in the RFQ document. Quotes must be reviewed and evaluated by at least two representatives of the Business Unit.

**g) Selection of Preferred Supplier**

The Business Unit will select the preferred supplier based on the results of the evaluation process in accordance with the RFQ document.

**h) Contract Finalization**

A contract must not be entered into unless all required procurement approvals have been obtained. A purchase order must be created and issued to the supplier prior to the delivery of the goods or the commencement of the services.

**i) Notification of Unsuccessful Suppliers**

After the contract with the selected supplier has been finalized, the Business Unit must notify the unsuccessful suppliers of the outcome.

**j) Communication with Suppliers regarding Outcome**

Formal debriefings are not generally offered to suppliers in a Low Value Purchase process. When communicating with suppliers, the Business Unit must not discuss or disclose any information about quotes submitted by other suppliers or the evaluation of quotes. If suppliers are questioning or raising complaints about the process or its outcome, the Business Unit should consult with Procurement Services about how to respond.

**k) Documentation**

The Business Unit is responsible for creating and maintaining a procurement file containing copies of the following documents:

- the final version of the Invitational RFQ document that was issued to suppliers;
- records of any communications with invited suppliers;
- copies of all addenda that were issued to suppliers;
- all quotes received from suppliers;
- any notes with respect to the review and evaluation of quotes;
- documented approval for the contract award; and
- the purchase order and any other contract documents.

Upon request, the procurement file must be provided to Procurement Services for review.

## Qualified Supplier Rosters Protocol

### 1. Purpose

The purpose of this protocol is to provide procedures and guidance for establishing and managing Qualified Supplier Rosters. This protocol should be read in conjunction with CNC's Procurement Policy.

### 2. Interpretation

Defined terms used in this protocol have the meaning assigned in the Glossary of

Terms. For ease of reference, the following defined terms are repeated here:

**"Qualified Supplier Roster"** means a list of suppliers that have participated in and successfully met the requirements of a Request for Supplier Qualifications (RFSQ), and have therefore been pre-qualified to perform discrete work assignments involving the delivery of a particular type of deliverables.

**"Roster Competition"** means an expedited, invitational competition between suppliers that have been included on a Qualified Supplier Roster for the selection of a supplier to perform a discrete work assignment during the term of the roster.

**"Master Framework Agreement"** means a master agreement entered into between CNC and the pre-qualified suppliers that have been included on a Qualified Supplier Roster.

In this protocol, the following additional term has the meaning set out below:

**"RFSQ"** means a Request for Supplier Qualifications.

### 3. Establishing a Qualified Supplier Roster

In situations where a Business Unit or multiple Business Units require the same type of good or service on a regular or recurring basis, it may not be efficient or cost effective to initiate a new open procurement process each time that particular good or service is required. In such cases, a Qualified Supplier Roster of pre-qualified suppliers should be established.

Procurement Services is responsible for establishing Qualified Supplier Rosters in cooperation with Business Units. A qualification process is conducted through the public issuance of an RFSQ, and suppliers are pre-screened based on the qualification criteria and evaluation process set out in the RFSQ.

The evaluation process must specify the minimum threshold or ranking and conditions that must be met in order for a supplier to be considered qualified. Due to the variability of requirements, Qualified Supplier Rosters do not generally include firm pricing for all items in scope. In some cases the RFSQ may include a requirement to provide "ceiling prices", maximum hourly rates or unit prices which the supplier agrees not to exceed when submitting a bid in response to a Roster

Competition during the term of the Qualified Supplier Roster or for a shorter specified period of time.

The qualified suppliers meeting all of the requirements and conditions in the RFSQ process will be invited to enter into a Master Framework Agreement. Procurement Services is responsible for entering into and managing Master Framework Agreements on behalf of CNC.

The Master Framework Agreement will set out the process for Roster Competitions and the general terms and conditions that will govern any future work assignments. Upon execution of the Master Framework Agreement, the qualified supplier will be included on the Qualified Supplier Roster. As the need for the deliverables arises, CNC will select one or more of the suppliers on the Roster to perform the work assignment through a Roster Competition.

A Qualified Supplier Roster does not result in any commitment by CNC to purchase deliverables from the supplier. The supplier may be selected, in accordance with the Roster Competition, to provide the deliverables on a non-exclusive basis.

#### **4. Preparing the RFSQ**

The solicitation document for the qualification process to establish a Qualified Supplier Roster should be prepared using the RFSQ (Roster Framework) template. The following information must be addressed in the RFSQ:

- The qualification criteria and evaluation process;
- The threshold evaluation score or ranking needed in order to be included on the Roster; and
- The term of the Qualified Supplier Roster and Master Framework Agreement.

The Master Framework Agreement must be attached to the RFSQ and should include details regarding the management of the Qualified Supplier Roster, including:

- The process by which new suppliers will be given the opportunity to qualify for inclusion on the Roster;
- The process by which suppliers may be removed from the Roster; and
- The process for conducting Roster Competitions.

#### **5. Conducting the RFSQ Process**

The RFSQ process is an Open Competition and should be conducted in accordance with the relevant provisions of the Procurement Policy and the Competitive Process Protocol.

## **6. Adding Suppliers to the Roster**

During the term of a multi-year Qualified Supplier Roster, the RFSQ should be publicly re-issued on an annual basis to allow new suppliers an opportunity to qualify for inclusion on the Qualified Supplier Roster. Where this process is employed, interested suppliers will be able to submit responses to the RFSQ in order to qualify for inclusion on the Qualified Supplier Roster. Suppliers already included on the Qualified Supplier Roster will remain on the Qualified Supplier Roster and will not need to resubmit a response. In addition to the annual reissuance of the RFSQ, suppliers may be permitted to apply for qualification and inclusion on the Qualified Supplier Roster at any time during the term of the Qualified Supplier Roster. Both the annual reissuance of the RFSQ and any ongoing application process must be explained in the initial RFSQ. The same qualification requirements, evaluation process and Master Framework Agreement that were included in the original RFSQ should apply in any subsequent process for the purpose of qualifying new suppliers for inclusion on the Roster.

## **7. Removal of Suppliers from a Roster**

Suppliers that fail to perform contracts awarded through a Roster Competition in a satisfactory manner, as determined in accordance with the Supplier Performance Evaluation Protocol and Supplier Suspension Protocol, will be removed from the Roster, will no longer be eligible to participate in Roster Competitions and will not be eligible to re-qualify during the term of the Qualified Supplier Roster.

## **8. Roster Competitions**

The suppliers on the Qualified Supplier Roster should be invited to compete for discrete work assignments during the term of the Qualified Supplier Roster. The Invitational RFQ template will be used to create the solicitation document for the Roster Competition, unless specific details of the solicitation document warrant the use of an alternate template. Use of an alternate template must be approved in advance by Procurement Services. The solicitation document may allow for the submission of bids by e-mail or mail.

The number of suppliers that will be invited to participate in a Roster Competition must be in accordance with CNC's Procurement Policy:

- Where the value of the procurement allows for an Invitational Competition, a Business Unit may conduct a Roster Competition by inviting at least three (3) suppliers on the Qualified Supplier Roster to submit bids in the manner provided for under the Master Framework Agreement. To increase competition, the Business Unit may elect to invite all of the suppliers on the Qualified Supplier Roster.
- Where the value of the procurement requires an Open Competition, Procurement Services will conduct a Roster Competition by inviting all of the suppliers on the Roster to submit bids in the manner provided for under the Master Framework Agreement.

The successful supplier selected from a Roster Competition will provide the required deliverables for the price quoted in their bid in accordance with the general terms and conditions contained in the Master Framework Agreement and any specific terms and conditions included in the solicitation document used for the Roster Competition.

## **9. Mandatory use of Qualified Supplier Rosters**

It is the responsibility of the Business Unit to check if a Qualified Supplier Roster is already established before making a purchase. When a Qualified Supplier Roster is available, its use is mandatory for all Business Units.

In some exceptional cases, the Business Units may purchase the deliverables outside an established Qualified Supplier Roster. If the Business Unit's requirement for deliverables is not satisfied by the standard specifications available on the Qualified Supplier Roster, the Business Unit must obtain the approval of Procurement Services to proceed with a purchase outside of the Qualified Supplier Roster.

## Negotiation Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to establish guidelines and procedures for negotiating with bidders or suppliers. This protocol should be read in conjunction with CNC's Purchasing Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Negotiation with Supplier in a Non-Competitive Process

If deliverables are being acquired from a particular supplier without conducting a Competitive Process, the contract for the purchase of the deliverables will be negotiated directly with the supplier. Although no solicitation document is issued, it is important that clearly drafted and detailed requirements and specifications be prepared during the procurement planning stages to ensure that the deliverables being acquired meet the needs of the organization and are suitable for their intended purpose. The requirements and specifications, along with the appropriate standard form of agreement will serve as a starting point for the negotiations with the supplier. In some cases, it may be appropriate to provide the requirements and specifications to the supplier and seek a written proposal or quotation for the deliverables prior to commencing negotiations. In such cases, the supplier's proposal will also provide a starting point for the negotiations.

### 3. Negotiation with Bidders in a Competitive Process

#### a) The Solicitation Document

Negotiation with bidders will only be part of a competitive procurement process if the deliverables are procured through the issuance of Negotiated RFP solicitation document. There are two different types of Negotiated RFP processes: the consecutive negotiation (Rank and Run) process and the concurrent negotiations (BAFO/Dialogue) process. General descriptions of these processes are set out below, but it is critical that the negotiation process for a particular procurement project be conducted in accordance with the process described in the Negotiated RFP document that is issued for that procurement project.

#### b) Consecutive Negotiation (Rank and Run) Process

In the consecutive negotiation process, the top-ranked proponent is invited to enter into negotiations to finalize the agreement. The time period for the negotiations is specified in the RFP. If the time period expires and negotiations have been unsuccessful (i.e. an agreement has not been reached with the top-ranked proponent), the negotiations can be terminated and the next ranked proponent can be invited to enter into negotiations. Note that the right to terminate negotiations should only be exercised when it is clear that the parties are not able to come to a satisfactory agreement. If positive progress is being made at the time the negotiation period expires, you should extend the negotiation period and attempt to finalize the agreement with the top-ranked proponent. However, if at any time following the expiration of the negotiation period the negotiations break down and it is clear that a

satisfactory agreement cannot be reached, the right to terminate negotiations and move on to the next ranked proponent can be exercised.

#### **c) Concurrent Negotiations (BAFO/Dialogue) Process**

In the concurrent negotiations and BAFO process, a short-list of top-ranked proponents are invited to enter into concurrent negotiations. This means that separate negotiations are held with each of the short-listed proponents during the same period of time. The time period for the concurrent negotiations can be set at the time of inviting the short-listed proponents to enter into negotiations, and can be extended as required. However, it is important to give all short-listed proponents equal time and opportunity to engage in negotiations. At the completion of the concurrent negotiations sessions, each of the short-listed proponents must be invited to submit their best and final offer ("BAFO"). These offers should be submitted by a set date and time and evaluated based on set criteria. Normally they are evaluated on the same criteria as the initial proposals. If additional criteria will be considered in the evaluation of BAFOs, those criteria must be set out in the RFP. Undisclosed criteria cannot be considered in evaluating the BAFOs. Based on the results of the evaluation of BAFOs, the top-ranked proponent should be selected and invited to enter into negotiations to finalize the agreement. In most cases, this final round of negotiations should proceed quickly, as most details will have been sorted out during the concurrent negotiations and reflected in the BAFO. However, this is an opportunity to confirm and clarify any details in the BAFO and ensure all details are clearly included in the finalized agreement.

#### **d) Purpose and Scope of Negotiations in a Competitive Process**

A Negotiated RFP contemplates a transparent negotiation phase with the top-ranked proponent(s). Negotiations are an opportunity to clarify requirements and proposal details to ensure the proponent understands the project and the project team understands what the proponent is proposing. You may seek improvements to the proposal, including improvements to performance terms and proposal pricing.

It is expected that the terms and conditions in the standard form of agreement included in the RFP will be a starting point for the negotiations. However, the negotiation process is intended to enable commercially reasonable adjustments and clarifications to the legal terms and conditions contained in the standard form of agreement, so that the awarded contract is better tailored to fit the nature of the deliverables and the circumstances of the project. Substantive changes to your standard terms and conditions should only be made in consultation with Legal Services.

The scope of the negotiation phase can vary greatly depending on the nature and complexity of the project. Not all negotiated procurement processes require extensive formal negotiations. In some cases, "negotiation" can be as simple as a teleconference with the selected proponent to confirm the details of their proposal and discuss any minor changes to the standard form of agreement. In such cases, some of the procedures set out in this protocol may not be applicable.



#### **4. Planning for Negotiations**

Advanced planning is required for an effective and efficient negotiation process. Prior to entering into negotiations, the Business Unit should:

- a) Establish the negotiation team and roles and responsibilities of the team members;
- b) Ensure the negotiation team has the authority to negotiate and understand any limits on that authority;
- c) Confirm the availability of expert advisors, including legal, financial and technical, as necessary;
- d) Ensure all team members have a clear understanding of the project requirements and objectives and, in the case of a Competitive Process, have thoroughly reviewed the RFP document and the proponent's proposal;
- e) Compile a list of all issues that need to be addressed in the negotiations, including any questions or concerns about the proposal;
- f) Identify and prioritize the objectives of the negotiations;
- g) Identify any non-negotiable items; and
- h) Prepare a "bargaining binder" that consolidates all of the documents you will need to refer to during the negotiations (RFP, proposal, issues list, etc.)

#### **5. Initiating Negotiations**

When inviting bidders or suppliers to enter into negotiations, it should be clearly communicated that entering into negotiations does not create any obligations to proceed with an agreement. It may be helpful to have the bidder(s) or supplier submit a list of the issues they want to address in the negotiations prior to the first meeting.

#### **6. Conducting Negotiations**

When conducting negotiations, it is important to:

- a) Identify key issues at the outset of the negotiation process;
- b) Ensure that everyone involved in the negotiations is aware that any agreements that are reached are subject to approval and no legally binding commitments are made until the final agreement is signed;
- c) Ensure that information given in confidence by bidders or suppliers is not revealed to others;
- d) Take a collaborative approach and avoid being defensive or aggressive;

- e) Take time to consider all information presented and verify and confirm information as necessary; and
- f) Clearly document areas of agreement as the negotiations progress to avoid revisiting issues multiple times.

## **7. Record Keeping**

It is critical that a record of all negotiations be kept for audit purposes. If negotiations are conducted through written correspondence, copies of all such correspondence must be kept in the file. Clear and concise minutes of any in-person or telephone meetings, including date, time, persons present, topics discussed and outcomes, must be kept.

## **8. Finalizing the Agreement**

Whatever is agreed upon between the parties in the negotiations must be included in the contract in clear language. The final agreement must address all details of the agreed upon deliverables and all of the contractual rights and obligations of the parties. If modifications are to be made to the terms and conditions of CNC's standard form of agreement, the negotiation team must engage Legal Services to provide advice and assist in drafting new and/or amended terms and conditions.

## **Bidder Debriefing Protocol**

### **1. Purpose and Interpretation**

The purpose of this protocol is to provide assistance and direction to individuals involved in conducting debriefings requested by bidders in respect of a Procurement Project. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### **2. Purpose of a Bidder Debriefing**

The purpose of a debriefing is to provide constructive feedback in respect of the bidder's bid. The debriefing process is not a complaint process and should not be treated as such. Information about bids submitted by other bidders must not be discussed or disclosed in the debriefing.

Debriefings are an important component of a Competitive Process and provide an opportunity to:

- a) Recognize the efforts bidders make in responding to solicitation documents issued by CNC;
- b) Provide constructive criticism and suggestions for improvements so that unsuccessful bidders have a better opportunity at winning future bids and CNC has access to more qualified bidders that are better able to compete for CNC's business; and
- c) Address questions and concerns in a non-confrontational manner, which may assist in mitigating the risk of unsuccessful bidders pursuing litigation or initiating procurement protests.

### **3. Responsibility for Conducting Debriefing**

Debriefings in connection with an Open Competition must be conducted by representatives of both Procurement Services and the Business Unit responsible for the Procurement Project. The Business Unit representative should be a member of the evaluation team and be knowledgeable in all aspects of the bid and the evaluation process. Where the Procurement Project involves more than one Business Unit, additional representatives may attend, but attendance should generally be limited to two or three individuals.

Debriefings in connection with an Invitational Competition that was managed by the Business Unit must be conducted by the Business Unit and should be attended by two representatives of the Business Unit who are familiar with all aspects of the bid and the evaluation process. A representative of Procurement Services will attend the debriefing upon request by the Business Unit.

#### **4. Initiation and Scheduling of a Debriefing**

A debriefing is only initiated at the request of a bidder. Requests for a debriefing should be directed to the contact person identified in the solicitation document (the “contact person”). Bidders are expected to make their request within thirty (30) days of the notification of the outcome of the procurement process. Requests for a debriefing that are made after this time period may be considered by CNC on a case by case basis.

The contact person is responsible for communicating and scheduling the debriefing with the bidder’s representative. Debriefings may occur in person at CNC’s offices or by way of teleconference, depending on the location of the requesting bidder. Procurement Services and Business Units should be as flexible as possible, within reason, with respect to scheduling bidder debriefings.

When scheduling the debriefing, the following should be addressed with the bidder’s representative:

- a) Confirm the time and location of the debriefing or dial-in information if the debriefing is being conducted by way of teleconference; and
- b) Explain the purpose of the debriefing;
- c) Explain that the debriefing is intended to be an informal meeting and that the bidder should not bring Legal Services to the briefing; and
- d) Confirm who will be attending the debriefing to represent the bidder.

#### **5. Preparation for the Debriefing**

Prior to the debriefing, the Business Unit should prepare the necessary materials, including obtaining a copy of the bidder’s bid for reference purposes and preparing discussion points based on the suggestions for conducting a debriefing set out below. The materials for the meeting must be distributed in advance to all Business Unit and Procurement Services representatives who will be attending the debriefing.

For major projects or where there is reason to believe that the bidder requesting the debriefing may be considering legal recourse against CNC in connection with a Competitive Process, Procurement Services and the Business Unit should consult with Legal Services to discuss any additional considerations.

#### **6. Conducting the Debriefing**

- a) The following is a suggested structure for conducting a debriefing:
  - Introductions and reiteration of the purpose of the debriefing;

- Overview of the bidder's bid, including where the bidder lost significant points in CNC's evaluation process;
- Discussion of suggestions on how the bidder could improve their bid for future opportunities; and
- Questions and answers.

b) The following may be discussed in a debriefing:

- General overview of the evaluation process;
- The name, address, and total price of the successful bidder;
- Specific evaluation information related to the criteria used to evaluate the bids;
- The bidder's evaluation score and strengths and weaknesses of the bidder's bid in relation to the evaluation criteria;
- The bidder's evaluation ranking (e.g., 3rd out of 5);
- Suggestions on how the bidder could improve a future response to a Competitive Process issued by CNC;
- Specific questions and issues raised by the bidder in relation to the above topics;
- Feedback from the bidder on CNC's procurement processes and practices; and
- Any information that was shared publicly as part of the Competitive Process.

c) The following **must not** be discussed in a debriefing:

- Information concerning other bidders and bids must not be provided during a debriefing as it may relate to confidential, third-party proprietary information that is subject to general common law confidentiality duties and protection under access to information legislation.
- Challenges to the procurement process should not be discussed or debated during the debriefing. If a bidder is dissatisfied with the outcome of Competitive Process, Procurement Services should inform them that the next step is to formally challenge the Procurement Project, in accordance with the steps outlined in CNC's Procurement Protest Protocol.

## 7. Debriefing Follow-up

Following the conclusion of a debriefing, an internal memo outlining the outcome of the debriefing, including all questions raised by the bidder and any comments or feedback that the bidder might have had about CNC's processes, should be prepared and reviewed by the Business

Unit and Procurement Services representatives involved and included in the Procurement Project file.

If, following the debriefing, there are concerns that a bidder is contemplating legal action in respect to the procurement process, Procurement Services and the Business Unit should consult with Legal Services.

## Procurement Protest Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to set out the process for suppliers to make a formal complaint about a particular procurement process. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Scope of the Procurement Protest Process

The procurement protest process set out in this protocol is meant to provide an opportunity for suppliers to voice complaints and to assist CNC in identifying any gaps or shortcomings in its procurement policies and practices. The procurement protest process is intended to help resolve issues that involve no significant factual or interpretive disagreement between the parties. It is not intended to resolve fundamental disputes over facts or legal rights and obligations or to establish a mechanism to adjudicate such disputes.

### 3. Restrictions

A supplier may follow the procurement protest process to challenge either a Competitive Process or a Non-Competitive Procurement. Where the supplier is a bidder that is challenging a Competitive Process, the supplier must request and attend a debriefing prior to engaging in the procurement protest process.

The procurement protest process set out in this protocol shall not be used to challenge a procurement process in respect of which the supplier has commenced legal proceedings against CNC.

### 4. Dispute Resolution under Trade Agreements

The process provided for in this protocol is separate and distinct from any dispute resolution processes that may be provided for under applicable trade agreements. If a supplier wishes to dispute a matter or bring a complaint under an applicable trade agreement, the supplier must follow the process set out in the trade agreement, which may differ significantly from the process set out in this protocol.

### 5. Procurement Protest Process

- a) A supplier that wishes to challenge a procurement process must do so by submitting a request for review in writing within sixty (60) days from notification of the outcome of the procurement process. Requests for review will not be addressed under this protocol until after CNC has publicly posted or otherwise provided formal notification of the outcome of the procurement process.

- b) A request for review of a procurement process must be directed to Procurement Services and must contain the following:
  - A clear statement as to which procurement the supplier wishes to challenge;
  - A clear explanation of the supplier's concerns with the procurement, including specifics as to why it disagrees with the procurement process or its outcome; and
  - The supplier's contact details, including name, telephone number and email address.
- c) Once a supplier's request for a review has been received by Procurement Services, it should be initially reviewed by the Business Unit responsible for the procurement.
- d) The Business Unit must coordinate with Procurement Services to send an acknowledgement of receipt of the supplier's concerns within five (5) business days of receipt of the supplier's request for review. This correspondence must also set out a date by which CNC anticipates contacting the supplier with a response to its procurement protest. This date must be within twenty (20) business days of receipt of the supplier's request for review.
- e) The Business Unit should prepare an internal memo outlining the background and history of the procurement at issue.
- f) Once finalized, the memo, together with the supplier's correspondence, must be submitted to the Procurement Review Committee (the "PRC"). The PRC is established in accordance with the Procurement Policy.
- g) The PRC must convene a meeting and, as a group, review the correspondence outlining the supplier's concerns, together with the internal memo setting out details of the procurement. The PRC should consult with Legal Services, as required.
- h) Upon review of the materials, the PRC has two options:
  - If the PRC is satisfied that the supplier's rationale for requesting a review of the procurement process does not have merit and that CNC proceeded in accordance with its Procurement Policy and acted in an open, fair and transparent manner that reflects its values as a public institution, then the PRC will instruct Procurement Services to write to the supplier and indicate that the PRC has reviewed its concerns and that the PRC is of the opinion that the procurement process was conducted properly; or
  - If the PRC finds that the supplier's concerns in respect of the procurement process have merit, then it will instruct Procurement Services to write to the supplier setting out the PRC's response, including any changes that will be made to CNC's policies and practices to help prevent similar issues arising in future procurement



processes. In this case, Legal Services should be consulted in the preparation of the response and the response should be provided on a “without prejudice” basis.

- i) If the supplier is not satisfied with the response of the PRC, the supplier may consider its other options, including challenges under the applicable trade agreements and/or governing laws.

## Supplier Suspension Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to set out the process for suspending suppliers from participation in CNC's procurement processes. This protocol should be read in conjunction with CNC's Procurement Policy. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Overview

In order to ensure that CNC is receiving quality deliverables and value for public money and is dealing with suppliers that conduct business in an ethical manner, CNC may suspend suppliers from participating in its procurement processes for prescribed time periods for any of the following reasons:

- a) The supplier was convicted of bid-rigging, price-fixing or collusion or other statutory offenses;
- b) The supplier engaged in unethical bidding practices;
- c) The supplier failed to honour a bid submitted in response to a procurement process;
- d) The supplier failed to disclose conflicts of interest in connection with a procurement process or contract;
- e) The supplier brought previous litigation proceedings against CNC; or The supplier demonstrated significant performance issues on a contract with CNC.

A decision to suspend a supplier must be made in accordance with this protocol, must be supported by evidence and must be based on the reasons and factors set out below. A decision to suspend a supplier is discretionary; however, such discretion must be exercised consistently and fairly.

### 3. Reasons for Suspension

#### a) Illegal Bidding Practices

If CNC has reasonable grounds to suspect that a supplier or suppliers are engaged in bid-rigging, price-fixing, bribery or collusion or other behaviours or practices prohibited by federal or provincial statutes in connection with a procurement process, the Director of Procurement Services must contact the appropriate authorities and provide such assistance as is required to support a subsequent investigation and, if applicable, prosecution. If a supplier is convicted of bid-rigging, price-fixing or collusion in connection with a procurement process, the supplier should be suspended for the maximum suspension period.

**b) Unethical Bidding Practices**

Unethical bidding practices that do not amount to a criminal or statutory offense may still warrant the suspension of a supplier. Examples of such unethical bidding practices include inappropriate offers of gifts to government employees, misrepresentations in bids and inappropriate in-process lobbying of or prohibited communications during a procurement process. CNC must conduct a full review of the unethical practice in question and perform a contextual analysis to determine whether the supplier in question should be suspended, including whether the unethical bidding practice compromised CNC's ability to run a fair procurement process.

**c) Failure to Honour a Bid**

If a supplier submits a bid in response to a procurement process and that supplier subsequently refuses to honour its bid, CNC may consider suspending that supplier from participating in future procurement processes. However, a supplier should not be suspended if their failure to honour a bid was a legitimate withdrawal of that bid.

For example, if CNC and a selected bidder in a negotiated procurement process attempt to negotiate an agreement in good faith and for valid business reasons are unable to come to an agreement, that supplier should not be suspended. In situations where CNC's acceptance of the bid took significantly longer than anticipated, the impact of the delay on the supplier's willingness to honour its submitted pricing should be taken into account.

Other reasons why a supplier did not honour its bid must be analyzed and considered contextually and fairly in making a decision to suspend that supplier.

**d) Failure to Disclose a Conflict of Interest**

If a supplier fails to disclose a conflict of interest in connection with a procurement process or during the performance of a contract with CNC and CNC subsequently discovers that such a conflict of interest exists, CNC may suspend that supplier from participating in future procurement processes. The following non-exclusive factors should weigh in favour of suspension:

- The supplier knowingly failed to disclose the conflict of interest.
- The conflict of interest resulted in the supplier having an unfair advantage or otherwise compromised the integrity of CNC's procurement process.
- The supplier's failure to disclose the conflict of interest has had or may have a negative effect on CNC's reputation.

**e) Litigation**

If a supplier engages in litigation against CNC, CNC may consider whether or not such litigation warrants suspension of that supplier from participation in future procurement processes.

A supplier should only be suspended in connection with litigation proceedings if there are valid commercial or business reasons for doing so. Suspension should not be used to “punish” the supplier for bringing a lawsuit. Litigation against CNC in respect of matters unrelated to a procurement process or to a contract for the provision of deliverables should not be considered under this protocol.

In considering whether a litigious supplier should be suspended, the following non-exclusive factors should weigh in favour of suspension:

- The litigation relates to a procurement process or a contract for the provision of deliverables.
- The supplier has a history of litigious conduct that has resulted in increased costs to CNC.
- The previous litigation was found to be frivolous or vexatious.
- The litigation calls into question the supplier’s ability to provide work or services to CNC under future contracts.

**f) Poor Performance**

If a supplier performs inadequately under a contract with CNC, CNC may consider suspending that supplier in any of the following circumstances:

- The contract was terminated for performance issues prior to expiry.
- There were unrectified performance issues on a contract that resulted in extra costs to CNC.
- The deliverables provided were defective or deficient and either were not replaced or repaired, or required multiple repairs.
- CNC brought a litigation proceeding against the supplier in connection with performance or non-performance of the supplier’s contractual obligations.
- The suspension of the supplier has been recommended in accordance with CNC’s Supplier Performance Evaluation Protocol.

**4. Process for Suspension**

- a) Any decision to suspend a supplier must be supported by a written Suspension Recommendation Report that contains all details connected with the analysis of factors set out above.
- b) The Suspension Recommendation Report must also include the recommended length of the suspension. The maximum suspension period is three (3) years.

- c) The length of the suspension period should be proportional to the reasons for the suspension and the full three-year suspension should only be applied in the most serious of cases. A suspension can be either a blanket suspension for all procurement processes or a suspension limited to procurement processes for specific deliverables. The Suspension Recommendation Report must clearly set out the scope of the suspension.
- d) All decisions to suspend a supplier must be approved by the Procurement Review Committee. The Procurement Review Committee is established in accordance with the Procurement Policy.
- e) If the Suspension Recommendation Report is approved, a notification must be provided to the supplier in question informing that supplier that it is suspended from participation in CNC's procurement processes for the prescribed time period. The notification letter must contain:
  - Full details as to the reasons for the suspension, including copies of any documents or correspondence to support such a suspension;
  - The length of the suspension period and the scope, if applicable; and
  - The supplier's right to re-apply for eligibility within the prescribed time period and the process for requesting such a reinstatement.

## **5. Review of Suspension**

- a) A suspended supplier may apply for reinstatement upon the completion of half of the original suspension period. For example, if the original suspension period was two years, the supplier may apply for reinstatement after one year. In order to be re-eligible for participation in CNC's procurement processes, the supplier must submit a written case for reinstatement, including supporting documentation if necessary, that provides reasons why the original reason for the suspension would no longer prove a risk for CNC.
- b) Applications for reinstatement are to be reviewed by the Procurement Review Committee. If the Procurement Review Committee determines that allowing the supplier the opportunity to participate in CNC's procurement processes would no longer expose CNC to risk, then the application for reinstatement may be approved.
- c) The supplier must be notified, in writing, of the final decision for reinstatement made by the Procurement Review Committee.

## **6. Suspended Suppliers List**

Procurement Services must maintain an up-to-date and current list of all suspended suppliers. Any supplier that is owned or controlled by the same individual(s) that owned or controlled a suspended supplier at the time it was suspended is also considered suspended.

The list should contain, at a minimum:

- the full name of the supplier;
- the names of the directors and officers of the supplier;
- the reasons for the suspension;
- the file number where the Suspension Recommendation Report is filed; and
- the length of the suspension period and the date of the expiry of the suspension period.

For any Competitive Process, Procurement Services must check the suspended suppliers list to ensure that bids are not accepted from suspended suppliers.

## Contract Management Protocol

### 1. Purpose

The purpose of this protocol is to provide guidelines and set out the roles and responsibilities for the management of all contracts with suppliers for the provision of deliverables procured by CNC. This protocol should be read in conjunction with CNC's Procurement Policy and the Supplier Performance Evaluation Protocol.

### 2. Interpretation

Defined terms used in this protocol have the meaning assigned in the Glossary of Terms. For ease of reference, the following defined term is repeated here:

**"Contract Administrator"** means an employee assigned to the management of a contract.

### 3. General Principles

Contract management begins with the awarding of a contract, and should continue throughout the life of a contract until all the obligations under the contract have been satisfactorily completed, final payment has been made and warranties have expired.

#### a) Scope Management

The scope of each contract must be appropriately managed to ensure that all deliverables are properly received, payments are appropriately made, all timelines are met and any extension options are appropriately exercised.

#### b) Contract Amendments and Scope Changes

If a contract change results in a net increase to the contract value previously approved, the change must be approved in accordance with the Business Unit's contracting approval and signing authorities.

#### c) Contract Disputes

All potential contract disputes with suppliers must be managed in accordance with the dispute resolution mechanisms outlined in the contract. Where a contract is silent on dispute resolution, Business Units must ensure that potential disputes are proactively managed and appropriately escalated. Written copies of all communications and correspondence with suppliers concerning a contract dispute must be maintained by the Business Unit.

#### d) Early Termination

A contract can only be terminated prior to its expiry date with the involvement of Legal Services and in accordance with the terms and conditions outlined in the contract.

**e) Risk of Legal Action**

Legal Services must be promptly advised if a supplier initiates or threatens legal action against CNC at any time throughout the life of the contract or if there are signs that a supplier is experiencing financial difficulty (for example, the supplier fails to pay its employees, suppliers or subcontractors).

**4. Roles and Responsibilities****a) Role of Business Unit Heads and their Designates**

It is the role and responsibility of the Business Unit Head or designate to:

- assign a Contract Administrator to each contract for deliverables procured by the Business Unit;
- provide support and advice to the Contract Administrator as required;
- ensure that all Contract Administrators in the Business Unit are appropriately trained, have knowledge and understanding of applicable policies and protocols and are able to fulfill the role of Contract Administrators as set out in this protocol; and
- monitor and ensure compliance with this protocol and the Supplier Performance Evaluation Protocol.

**b) Role of Contract Administrator**

It is the role and responsibility of the Contract Administrator to:

- be familiar with and understand all of the terms and conditions of the contract;
- create a file for the retention of all documentation related to the contract, as further described in Section 4 of this protocol;
- facilitate and maintain a professional working relationship with the supplier;
- ensure all contracts are complete and accurate and executed prior to the commencement of any work or deliveries;
- ensure all invoices are complete and accurate prior to approving payment;
- review invoices in a timely manner and ensure approved payments are made in accordance with the payment terms in the contract;
- track renewal or extension dates and appropriately exercise discretion in respect of options to renew or extend contracts;



- anticipate and respond to changes in circumstances that may impact contract performance, such as: unseasonable weather; labour disruptions; unforeseen site conditions; indications of changes in the supplier's financial stability, etc.;
- meet with the supplier at appropriate intervals to discuss any performance issues or concerns;
- formally evaluate the supplier's performance in accordance with the Supplier Performance Evaluation Protocol;
- document all communications related to the supplier's performance of the contract;
- consult with Legal Services, as necessary, with respect to interpretation of the terms and conditions of the contract; and
- seek advice from Legal Services, as necessary, with respect to compliance issues and contract disputes.

#### **c) Role of Legal Services**

It is the role and responsibility of Legal Services to:

- respond to requests for assistance from the Contract Administrator with respect to:
  - inadequate supplier performance, non-compliance with contract terms and conditions or contract disputes that may have a negative impact and/or potentially lead to legal action;
  - contract amendments or requests from the supplier for the assignment of a contract;
  - interpretation of terms and conditions under the contract and the remedies for breach of contract provided for in the contract and/or at law;
- provide advice in a timely manner once advised that a supplier has initiated or threatened legal action against CNC at any time throughout the life of the contract; and
- provide advice in a timely manner once advised that the supplier may be, or is about to be, declared bankrupt or insolvent.

#### **d) Role of Procurement Services**

Contract management is the responsibility of the Business Unit that is receiving the deliverables under the contract. With the exception of contracts managed by Procurement Services on its own behalf, Procurement Services is not responsible for and should not be involved in the day-to-day management of a Business Unit's contracts. Procurement Services should be advised of serious performance issues or contract disputes that may result in early

termination of a contract and must be provided with copies of all Performance Evaluation Reports in accordance with the Supplier Performance Evaluation Protocol.

It is the role and responsibility of Procurement Services to:

- provide assistance to Business Units and Legal Services in connection with the possibility of early termination of a contract;
- advise on options and strategies for maintaining stability and supply of the deliverables in the event of early termination of a contract;
- maintain detailed documentation of all communications related to supplier performance; and
- retain copies of all Performance Evaluation Reports, in accordance with the Supplier Performance Evaluation Protocol.

## **5. Document Retention and Procurement Project File**

Documentation should be up-to-date and organized in a way that clearly allows for tracking of the receipt of the expected quantity and quality of the deliverables under the contract, timelines for delivery dates, performance milestones and performance evaluation dates.

Contract Administrators must retain originals or copies of the following documents and records:

- Authorization of the award of the contract to the supplier;
- Contracts and all related documentation, including, but not limited to, solicitation documents, the supplier's bid, customized agreements, related drawings, plans, purchase orders, schedules, specifications, etc.;
- Warranties and/or documented certifications, such as ISO ratings, fitness certificates, compliance with electrical safety standards, etc.;
- Insurance certificates, as required by the contract;
- Surety bonds or other forms of performance guarantees, if required by the contract;
- Relevant dates, such as delivery dates (this notation may be as simple as a checkmark beside an expected receipt of goods date, and should be initialled and dated by the person doing the review);
- Details of any extenuating circumstances that had an impact on contract compliance (e.g. extreme weather, labour disputes, power outages, accidents, etc.);
- The date, nature, and outcome (positive or otherwise) of informal performance reviews;

- Bills of lading, work orders, service records, invoices, cheque requisitions, etc.;
- Change orders detailing new terms that have been negotiated into the contract, if applicable;
- Notes of all verbal discussions regarding contract compliance;
- Written communications, Performance Evaluation Reports completed in accordance with the Supplier Performance Evaluation Protocol and notices to and from the supplier;
- Notes or minutes of any face-to-face and/or site meetings;
- Records of any dispute resolution performance issues and actions taken; and
- Any other relevant communications or documents related to the contract and/or the supplier's performance under the contract.

## Supplier Performance Evaluation Protocol

### 1. Purpose and Interpretation

The purpose of this protocol is to establish a performance evaluation process in order to evaluate supplier performance in a transparent and consistent manner. This protocol should be read in conjunction with CNC's Procurement Policy and the Contract Management Protocol. Defined terms used in this protocol have the meaning assigned in the Glossary of Terms.

### 2. Performance Evaluation

Supplier performance is critical to the success of procurement projects. Poor workmanship, unnecessary contract delays and unsafe work practices will not be tolerated.

At the outset of the contract, the Contract Administrator will provide the supplier with copies of the Interim and Final Performance Evaluation Reports that will be used to rate the supplier's performance in accordance with the Performance Evaluation Process.

#### a) Interim Evaluation

The Contract Administrator will formally evaluate the supplier's performance and complete an Interim Performance Evaluation Report prior to the renewal or extension of the contract, if applicable, and may formally evaluate the supplier's performance and complete an Interim Performance Evaluation Report at any time during the term of the contract, as determined by the Contract Administrator taking into account the nature, complexity, value and length of the contract.

#### b) Final Evaluation

The Contract Administrator will formally evaluate the supplier's performance and complete a Final Performance Evaluation Report upon completion, expiration or termination of the contract.

### 3. Interim Performance Evaluation Report

#### a) Notification of Supplier

The Contract Administrator will notify the supplier of its overall performance rating and provide the supplier with a copy of the completed and signed Interim Performance Evaluation Report.

#### b) Performance Issues

If the supplier receives a "Below Standard" rating on any of the rated criteria in the Interim Performance Evaluation Report, the Contract Administrator will meet with the supplier to clearly identify and discuss the performance issues, determine the corrective action that will

be taken to rectify and avoid recurrence of the performance issues and obtain the supplier's agreement to take the corrective action within a specified time period. Following the meeting, the Contract Administrator will confirm the details and outcome of the discussion in writing to the supplier, and will attach a copy of the written record of the meeting to the Interim Performance Evaluation Report. The Contract Administrator will inform his or her Business Unit Head of the performance issues. If the performance issues are not rectified or there is a recurrence of the performance issues, the Contract Administrator will consult with his or her Business Unit Head, Procurement Services and Legal Services to determine next steps.

#### **4. Final Performance Evaluation Report**

##### **a) Performance Issues**

If the supplier receives a "Below Standard" rating on any of the rated criteria in the Final Performance Evaluation Report, the Contract Administrator will meet with the supplier to discuss the performance issues, and will consider any comments or explanations provided by the supplier in the finalization of the Final Performance Evaluation Report.

##### **b) Recommendation Based on Performance**

Based on the final rating of the criteria in the Final Performance Evaluation Report, the Contract Administrator will make a recommendation to either:

- allow the supplier to continue participating in future procurement processes; or
- suspend the supplier from participating in future procurement processes for a period of up to three (3) years in accordance with the Supplier Suspension Protocol.

##### **c) Recommendation for Continued Participation**

If the evaluation results in a recommendation to allow the supplier to continue participating in procurement processes, the Contract Administrator will notify the supplier of its final rating and the resulting recommendation and provide the supplier with a copy of the completed and signed Final Performance Evaluation Report.

##### **d) Recommendation to Suspend**

If the evaluation results in a recommendation to suspend the supplier from participating in future procurement processes in accordance with the Supplier Suspension Protocol, the following steps must be taken:

###### **i. Review by Business Unit Head**

The Contract Administrator will submit the Final Performance Evaluation Report to his or her Business Unit Head for review. The Business Unit Head will ensure that the Final Performance Evaluation Report is complete, will discuss the ratings with the

Contract Administrator, and will ask the Contract Administrator to confirm that the Final Performance Evaluation Report accurately reflects the supplier's performance.

**ii. Notification of Procurement Services**

The Contract Administrator will inform Procurement Services of the recommendation and provide the Director of Procurement Services with a copy of the Final Performance Evaluation Report.

**iii. Notification of Supplier and Supplier's Right to Dispute**

The Contract Administrator and the Director of Procurement Services will jointly notify the supplier of its final rating and the resulting recommendation, provide the supplier with a copy of the completed and signed Final Performance Evaluation Report and advise the supplier that any dispute in respect of the recommendation must be set out in a written statement of dispute and submitted to the Director of Procurement Services within 10 business days.

**e) Decision to Suspend and Consideration of Statement of Dispute**

The decision with respect to suspension of the supplier will be made in accordance with the Supplier Suspension Protocol. The completed Performance Evaluation Report will fulfill the requirement for a written Suspension Recommendation Report under the Supplier Suspension Protocol. The Procurement Review Committee will consider the supplier's statement of dispute, if any, in making a decision under the Supplier Suspension Protocol. A decision under the Supplier Suspension Protocol is final.

**5. Retention of Evaluation Reports**

The Contract Administrator will retain all original Performance Evaluation Reports and will provide Procurement Services with a copy of each Performance Evaluation Report. Procurement Services will retain copies of all Performance Evaluation Reports.

**6. Disclosure of Results to Others**

The results of any Performance Evaluation Process are intended to be disclosed internally across Business Units and may be disclosed to other government bodies upon request, and to any entity for which it can be demonstrated that the supplier has listed CNC as a reference.

**7. Consideration of Performance in Evaluation of Bids**

CNC may consider past performance evaluation results in the evaluation of future bids from the supplier, whether or not the past performance resulted in suspension in accordance with the Supplier Suspension Protocol.

INTERIM PERFORMANCE EVALUATION REPORT				
<b>SECTION 1 CONTRACT AND SUPPLIER INFORMATION</b>				
<b>Contract #</b>	<b>ITT/RFQ/RFP # (if applicable)</b>	<b>Start Date</b>	<b>Length of Term</b>	<b>Contract Amount</b>
<b>Brief Description of Work</b>				
<b>Contract Administrator's Name</b>		<b>Contract Administrator's Business Unit</b>		
<b>Supplier's Legal Name</b>		<b>Primary Supplier Contact</b>		
<b>Address</b>		<b>Phone</b>	<b>Email</b>	
<b>SECTION 2 PERFORMANCE CRITERIA AND RATING</b>				
[Performance criteria and the rating system that will be used to rate the supplier's performance in respect of each of the criteria must be developed and set out below. Different categories and performance criteria will likely need to be developed for different types of contracts.]				
<b>The Rating</b>				
Describe the system that will be used to rate the supplier's performance in respect of each of the criteria and result in an overall rating of "Below Standard", "Standard" and "Above Standard" performance.]				
<b>Category A:</b>			<b>Rating</b>	
1.				
2.				
3.				

4.	
<b>Category A Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>Category B:</b>	<b>Rating</b>
1.	
2.	
3.	
4.	
<b>Category B Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>Category C:</b>	<b>Rating</b>
1.	
2.	
3.	
4.	
<b>Category C Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>Overall Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	



<b>SECTION 3 COMMENTS AND EXPLANATIONS</b>
<p><b>General Comments</b> - Describe the supplier's overall performance to date:</p>          
<p><b>Below Standard Ratings - Comments</b> must be provided to explain and substantiate any "Below Standard" rating on any of the criteria:</p>          
<p><b>Above Standard Ratings</b> - Comments must be provided to explain and substantiate any "Above Standard" rating on any of the criteria:</p>          
<b>SECTION 4 CONTRACT ADMINISTRATOR'S CONFIRMATION</b>
<p>I _____</p> <p>have evaluated the supplier's performance in accordance with the Supplier Performance Evaluation Protocol and have assigned a fair and objective rating to each of the criteria in Section 2 of this Performance Evaluation Report.</p> <p>_____</p> <p>Contract Administrator                      Date</p>
<b>SECTION 5 NOTIFICATION OF SUPPLIER</b>
<p>I _____</p> <p>notified the supplier of the overall performance rating and provided the supplier with a copy of this Performance Evaluation Report on _____.</p>

Contract Administrator	Date
<p><b><i>THIS SECTION IS TO BE COMPLETED IF THE SUPPLIER RECEIVED A "BELOW STANDARD" RATING ON ANY OF THE CRITERIA IN SECTION 2</i></b></p> <p><b>SECTION 6 MEETING WITH SUPPLIER</b></p>	
<p>I met with the supplier on _____ to discuss the performance issues that resulted in the "below standard" rating, determined the corrective action that will be taken by the supplier to rectify and avoid recurrence of the performance issues and obtained the supplier's agreement to take the corrective action in a specified time period.</p> <p>I provided the supplier with a written record of the above-noted meeting dated _____, which I have attached to this Performance Evaluation Report.</p>	
Contract Administrator	Date

FINAL PERFORMANCE EVALUATION REPORT				
<b>SECTION 1 CONTRACT AND SUPPLIER INFORMATION</b>				
<b>Contract #</b>	<b>ITT/RFQ/RFP # (if applicable)</b>	<b>Start Date</b>	<b>Length of Term</b>	<b>Contract Amount</b>
<b>Brief Description of Work</b>				
<b>Contract Administrator's Name</b>		<b>Contract Administrator's Business Unit</b>		
<b>Supplier's Legal Name</b>		<b>Primary Supplier Contact</b>		
<b>Address</b>		<b>Phone</b>	<b>Email</b>	
<b>SECTION 2 PERFORMANCE CRITERIA AND RATING</b>				
[Performance criteria and the rating system that will be used to rate the supplier's performance in respect of each of the criteria must be developed and set out below. Different categories and performance criteria will likely need to be developed for different types of contracts.]				
<b>The Rating System</b>				
[Describe the system that will be used to rate the supplier's performance in respect of each of the criteria and result in an overall rating of "Below Standard", "Standard" and "Above Standard" performance.]				
<b>Category A:</b>			<b>Rating</b>	
1.				
2.				
3.				
4.				

<b>Category A Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>Category B:</b>	<b>Rating</b>
1.	
2.	
3.	
4.	
<b>Category B Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>Category C:</b>	<b>Rating</b>
1.	
2.	
3.	
4.	
<b>Category C Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>Overall Performance Rating:</b> <input type="checkbox"/> Below <input type="checkbox"/> Standard <input type="checkbox"/> Standard Above Standard	
<b>SECTION 3   COMMENTS AND EXPLANATIONS</b>	

<p><b>General Comments</b> - Describe the supplier's overall performance under the contract:</p>          
<p><b>Below Standard Ratings</b> - Comments must be provided to explain and substantiate any "Below Standard" rating on any of the criteria:</p>          
<p><b>Above Standard Ratings</b> - Comments must be provided to explain and substantiate any "Above Standard" rating on any of the criteria:</p>          
<p><b>SECTION 4 MEETING WITH SUPPLIER</b></p> <p><i>This section to be completed if the supplier received a "below standard" rating on any of the criteria in section 2.</i></p>
<p>I met with the supplier on _____ to discuss the performance issues that resulted in the "below standard" rating, and I have considered the supplier's comments in finalizing this Performance Evaluation Report.</p>
<p><b>SECTION 5 CONTRACT ADMINISTRATOR'S CONFIRMATION AND RECOMMENDATION</b></p>
<p>I have evaluated the supplier's performance in accordance with the Evaluation Process and have assigned a fair and objective rating to each of the criteria in Section 2 of this Performance Evaluation Report.</p> <p>Based on my evaluation of the supplier's performance, I make the following recommendation:</p>

<input type="checkbox"/>	I recommend that the supplier be permitted to continue participating in CNC's procurement processes.
<input type="checkbox"/>	I recommend that the supplier be suspended from participating in CNC's procurement processes for a period of ____ [enter period of 1 to 3 years] years in accordance with CNC's Supplier Suspension Protocol.
_____ Contract Administrator	_____ Date

#### **SECTION 6 NOTIFICATION OF SUPPLIER**

***If the recommendation is that the supplier be permitted to continue participating in CNC's procurement processes, the Final Performance Evaluation Report is complete and a copy must be provided to the supplier.***

The supplier was provided with a copy of this Performance Evaluation Report on \_\_\_\_\_.

***If the recommendation is that the supplier be suspended from participating in CNC's procurement processes, the following sections must be completed.***

#### **SECTION 7 BUSINESS UNIT HEAD REVIEW**

I reviewed this Performance Evaluation Report and discussed the ratings and the recommendation with the Contract Administrator. I obtained the Contract Administrator's confirmation that this Performance Evaluation Report accurately reflects the supplier's performance.

_____ Business Unit Head	_____ Date
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#### **SECTION 8 NOTIFICATION OF PROCUREMENT SERVICES**

The Director of Procurement Services was notified of the recommendation to suspend the supplier and was provided with a copy of this Performance Evaluation Report on \_\_\_\_\_.

#### **SECTION 9 NOTIFICATION OF SUPPLIER**

The supplier was notified of the recommendation, was provided with a copy of this Performance Evaluation Report and was advised that any statement of dispute in respect of the recommendation

writing to the Director of Procurement Services within 10 business days of the notification. Notification was given on\_\_\_\_\_.

\_\_\_\_\_  
Director of Procurement Services

\_\_\_\_\_  
Date