



## Procurement Policy

Effective date: September 30, 2011

Revised September 20, 2023

### Relevant Legislation:

The Broader Public Sector Act, 2011

Ministry of Health and Long Term Care Guidelines and procedures

### Intent:

The purpose of this policy is to outline the procurement policies and procedures followed by LOFT Community Services to ensure consistency with the provincial Broader Public Sector Procurement Directive. This Directive defines acceptable standards for everyone involved with supply chain activities, such as planning, purchasing, contracting, logistics and payment.

This policy also defines the levels of financial signing authority delegated to the CEO, Vice President, Senior Directors, Program Director, Program Managers and other staff. Staff are expected to manage their areas of responsibility in an efficient, effective and economical manner within the limits of their approved operating and capital budgets. Signing authority limits are designed to assist in achieving this goal within the bounds of appropriate financial controls.

### Definitions:

The Broader Public Sector Directive is based on five key principles:

- **Accountability**  
Organizations must be accountable for the results of their procurement decisions and the appropriateness of the processes.
- **Transparency**  
Organizations must be transparent to all stakeholders. Wherever

possible, stakeholders must have equal access to information on procurement opportunities, processes and results.

- **Value for Money**

Organizations must maximize the value they receive from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total life-cycle cost.

- **Quality Service Delivery**

Front-line services provided by Organizations must receive the right product, at the right time and in the right place.

- **Process Standardization**

Standardized processes remove inefficiencies and create a level playing field.

## **Policy:**

### **1. MANDATORY REQUIREMENTS**

#### **General**

1. Before proceeding with signing or agreeing to any purchases, the claimant should read and understand LOFT's Policy and Procedures Relating to Expenses.
2. If a receipt is lost or misplaced, the claimant will take every step necessary to obtain a copy of the invoice. A photocopy is accepted only in unusual circumstances and a written explanation is required with the CEO's approval. If that is not possible, the CEO may approve the expense if the materiality of the invoice is not significant and the nature of the expense is typical of the program.
3. No employee of LOFT is authorized to directly order computer hardware, peripherals or software for purchase or rental. All requests must be directed to Information Technology Services. Purchases of computer hardware or software made without approval of Information Technology Services Department will not be reimbursed.
4. Good record keeping practices must be maintained for verification and audit purposes.

### **2. PURCHASING CONDUCT AND ETHICS**

#### **Unauthorized Purchases**

Employees shall not make purchases which they are not authorized to make.

Employees who make unauthorized purchases may be subject to disciplinary action. See section on violation of policy.

### **Employee-Vendor Relationship**

Purchases, lease of goods, or contracts for services shall not be made with a non arms-length organization/person. No contracts, regardless of their value, may be entered between LOFT and:

- An employee of LOFT;
- An immediate family member of a LOFT employee
- A business in which a employee (or an employee's immediate family member) has a financial interest

Specifically, purchases, lease of goods, or contracts for services shall not be made with any employee or near relative who has an employee-vendor relationship unless there has been a specific determination by both the CEO and Director of Finance that the goods or services are not available from other sources.

In carrying out their purchasing responsibilities, personnel shall:

- a) Know and observe fair, ethical, and legal trade practices and remain alert to the legal and audit ramification of purchasing decisions.
- b) Encourage competition through open, equitable and fair practices
- c) Conduct business with potential and current suppliers openly, fairly, equitably and in an atmosphere of good faith.
- d) Avoid restrictive specifications
- e) Avoid the intent and appearance of unethical or compromising practices
- f) Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.

### **Conflict of Interest**

No employee of LOFT shall make, participate in, or attempt to influence any decision if the employee knows or has reason to know that he/she, a spouse or someone in their family has a financial interest in the outcome of that decision.

All senior staff and Board members are required to sign a Conflict of Interest and Confidentiality declaration on an annual basis.

### **Personal Purchases**

Employees shall not use LOFT credit, purchasing power and facilities to make purchases of goods or services (credit card accounts, phone calls, professional services etc.) for their personal use.

### **Gratuities**

Employees and their near relatives shall refrain from accepting gifts, entertainment, favors or services from present or potential suppliers/vendors that might influence, or appear to influence, purchasing decisions.

### **3. APPROVAL AUTHORITY**

Only individuals who have direct financial responsibility for a cost centre and who are given authority pursuant to this policy shall authorize vendor invoices, purchase order requisitions, cheque requisition, transfers, Director or employee expense and petty cash vouchers incurred by that cost centre. An individual may have staff reporting to them and not have direct financial responsibility for a cost centre. Managers have the right to delegate their signing authority for specific types of supply purchases to staff who report to them. This delegation must be approved by the Director of Finance, be in writing and sample signatures must be on file with Finance.

The following is the organization's commitment approval authority schedule:

Board:	Above \$500,000
CEO:	up to \$500,000
Vice President and Senior Director:	up to CAD\$25,000
Program Director and Program Manager:	up to CAD\$10,000

Please see Department Expenses, to see exceptions to these limits.

Signing authority is cancelled upon termination of employment.

The Finance Department will maintain a register of signing authorities, showing the names of persons with signing authorities, together with sample signatures and initials. It is the responsibility of the Purchasing, Accounts Payable, Payroll and other departments to check that expenditures are appropriately authorized.

The Director of Finance is responsible for periodically reviewing and updating the authorization limits.

#### **4. RECORD RETENTION**

All procurement documents, as well as any other pertinent information for reporting and auditing purposes will be maintained for a period of seven years.

#### **5. DEPARTMENTAL EXPENSES**

Only individuals who have direct financial responsibility for a cost centre and are given authority pursuant to this policy shall authorize vendor invoices, purchase order requisitions, cheque requisition, transfers, employee expense and petty cash vouchers incurred by that cost centre. An individual may have staff reporting to them and not have direct financial responsibility for a cost centre.

Signing authority is cancelled upon termination of employment.

Notes:

- Any capital purchases must be approved either in the annual capital budget process or by the CEO.
- authorizer cannot authorize disbursement to which he/she is the recipient (e.g. Travel Expense Reports). Such disbursements must be authorized by his/her superior.
- Temporary signing authority may be designated to an individual at the same level or above for a specified period of time. A written memo authorizing the designation must be sent to Finance in advance of the planned absence.
- certain staffs are specifically empowered to authorize routine budgeted expenditures which would otherwise exceed their signing authority level.

These specific authorizations are applicable only to the positions and items identified below:

Position	Type of Purchase	Up to Limit of
<b>CEO, Vice President of Operations or Senior Director of Finance</b>	Remittance of payroll and payroll deductions	CAD\$3,000,000 per pay period
<b>Vice President of Operations or Senior Director of Finance</b>	Remittance of benefit contributions	CAD\$350,000 a month
<b>Vice President of Operations or Senior Director of Finance</b>	Utilities	CAD\$100,000 any one bill
<b>Vice President of Operations</b>	Repairs and Maintenance	CAD\$100,000

### **Purchases over \$3,000**

Purchases over \$3,000 require a purchase order ticket.

### **Purchases over \$5,000**

Purchases that are over \$5,000 but under \$30,000 require competitive prices from three sources through written quotations, tenders or proposals.

Purchases over \$30,000 but under \$100,000 require competitive prices from three sources through written quotations, tenders or proposals. For construction work [see note c), below] public or invitational tender from at least three contractors/trades.

Expenditures of \$100,000 or more require public tender for construction work in all cases, or competitive bids from at least six sources.

- a) Generally accepted public and invitational tendering practices must be followed and documented on file.
- b) In the context of replacing a capital item, “construction work” means work where the complexity of the work and the need for modifications to existing building components or structures would normally require specialized trades. In these circumstances, a tender package with specifications and detailed descriptions of the work involved would be required to ensure trades tender bids on the same basis.
- c) In circumstances where six bids cannot be obtained, a minimum of three bids will be obtained. If three bids cannot be obtained, approval is required from the CEO (and/or the respective government official for government grants/funding).
- d) The purchaser will document which quote has been accepted and the reasons that quote was successful. All documentation should be kept for audit purposes.

## **6. CREDIT CARD PURCHASES**

For ease and convenience, LOFT will provide credit cards to Senior Directors and Program Directors. The CEO and Director of Finance can approve exceptions to this rule.

Employees should:

- a) Not make any personal purchase with the company credit card.
- b) All receipts will be submitted with the monthly credit card bill.
- c) Include a brief description and business purpose for the expenditure (i.e. description of W5 – who, what, where, when and why).
- d) If appropriate, include a brief description with the receipt (the purchase was made for which program or property, grant, meeting with...for..., etc...)
- e) Obtain their supervisors approval for these expenses.
- f) Submit all receipts within 10 days of receiving the monthly credit card bill.

Employees, who do not submit their receipts in a timely manner, make personal purchases or do not submit all their receipts will be asked to return their credit card and it will be cancelled.

## **7. VIOLATION OF POLICY**

Employees who violate this policy may be subject to disciplinary actions.

## **8. CHEQUE SIGNING POLICY**

All cheques and electronic transfers require two signatures:

Cheques or Electronic Transfers less than CAD\$10,000 can be signed by any two of the following:

- CEO
- Vice President of Operations
- Senior Director, Finance
- Accounting Manager
- Finance Manager

Cheques or Electronic Transfers greater than CAD\$10,000 requires one of the following signatures:

- CEO
- Vice President of Operations
- Senior Director, Finance

The other signatures may be:

- Accounting Manager
- Finance Manager

## **9. CONTRACT AND AGREEMENTS**

Often services are acquired under terms of a contract or written agreement. A contract is a written agreement between LOFT and a supplier, person or corporation that creates an obligation to purchase or supply specified goods or services for an agreed upon monetary sum for a specified term. It may



include, but is not limited to, contracts, agreements, licenses, permits, and legal and financial transactions. Where possible contracts:

- should include a clause that outlines the time and notice requirements to end the contract early,
- and should avoid automatic renewal without specific notice.

Any employee with signing authority outlined below shall not sign any contract or agreement, whereby doing so, that person is placed in a conflict of interest position or gives the appearance of being so.

All contracts, with or without financial withdrawal penalty, must be reviewed by the CEO or Senior Director and any contracts that exceed a value of \$100,000 (dollars per year x contract years) must be reviewed internally by two persons at the Senior Director level or above. All contracts must be signed by the CEO.

All original contracts must be forwarded to the Finance Department for filing. In addition, a copy of the contracts should be kept in a permanent departmental file of the originating department for reference.

**Procedures:**

See program manual.