



**Home  
Construction  
Regulatory  
Authority**

# **Procurement and Delegation of Spending Policy**

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# Procurement and Delegation of Spending Policy

The Home Construction Regulatory Authority (HCRA) has established a Procurement and Delegation of Spending Policy to set out principles and approaches it and its personnel will follow for the acquisition of goods and services, and the approval of expenditures. This policy supports HCRA's transparent and responsible use of funds it receives under the *New Home Construction Licensing Act*.

The Administrative Authority's (AA's) Procurement and Delegation of Spending Policy applies to all staff, management, executives and Board personnel involved in the acquisition of goods and services.

[Click here to access HCRA's Procurement and Delegation of Spending Policy \(Link\)](#)

## I. Purpose and Scope

This Policy supports the transparent and responsible use by HCRA of funds received under the *New Home Construction Licensing Act*.

This Policy supports HCRA's acquisition and approval of goods and services to meet its needs in the most economical and efficient manner, through processes and procedures that are fair, open, transparent, consistent, geographically neutral, and accessible.

The Policy also applies to all HCRA staff, management, executives and Board personnel involved in the purchase and acquisition of goods and services, and in the approval of expenditures.

## II. Procurement Principles

HCRA and its personnel will adhere to the following procurement principles:

- Access for qualified vendors to compete for business shall be open. The procurement process shall be conducted in a fair and transparent manner, providing equal treatment to vendors. Access shall be geographically neutral with respect to other jurisdictions that practice reciprocal non-discrimination in Ontario.
- The procurement of goods and services shall be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures.
- Conflicts of interest, both real and perceived, shall be avoided during the procurement process and ensuing contract. Any real or perceived conflict of interest shall be declared prior to engaging in any procurement activity to the Chair of the Board. Relationships that create a perpetual reliance on a particular vendor for any particular kind of work should be avoided, or, if necessary reviewed on a regular basis.
- Goods and services shall be procured only after consideration of business requirements, alternatives, timing, and adherence to all documented procurement methods.
- This policy will be reviewed at least annually to ensure it remains appropriate for HCRA.

## III. Accountability Framework

All procurement transactions will be supported by appropriate methods and approvals.

Each procurement transaction will be conducted pursuant to the mandatory process. All required documentation will be developed and maintained for verification and audit purposes.

Approvals and processes are based on total procurement values (including taxes). Disaggregating (breaking out) a procurement or transaction to reduce or alter values or approvals is prohibited.

Any exceptions to this process must be approved in writing by the CEO.

## IV. Mandatory Requirements

Each procurement transaction must be conducted and documented pursuant to the following process:

### 1. Planning:

This is an integral part of the procurement process and sufficient time should be provided to develop a Business Case which:

- Describes the type of goods and services to be procured, and any possible alternatives considered;
- Justifies the need for the goods or services;
- Estimates the total procurement value (including taxes); and
- Identifies the appropriate procurement methodology and approval authority based on the type of service being procured and the value.

Each Business Case will be reviewed and approved by the person with the authority required to approve the procurement (see the approval authority)

### 2. Procurement Document:

A Template document (e.g. Request for Proposal) should be prepared and used to procure the goods and services. At minimum, this document will include:

- A description of the needed goods or services in functional terms specific to the business needs that the good or service will serve;
- The name, email address and location of the HCRA point of contact for the procurement document, as well as any time limit for vendors to submit questions of clarification prior to the bid response deadline;
- The email address, date and time limit for submitting a written proposal which responds to the documented procurement requirements; and
- Detailed information about the evaluation process that will be used to assess the written proposal (i.e., mandatory requirements, rated requirements, price / cost, and the weighting of each criterion).

### 3. Submission Timelines:

Bid response times must be provided to allow vendors sufficient time to prepare and submit bid responses. At minimum, seven (7) calendar days should be provided. During this time, vendors should only communicate questions of clarification in writing to the HCRA point of contact specified in the procurement document. Responses to the questions of clarification should be provided to all vendors who have identified themselves as intending to submit a proposal.

Any additional information, clarification or modification of the procurement document will be provided via an amendment or addendum to all bidders, and will be released in sufficient time

prior to the submission deadline to allow bidders sufficient time to submit a responsive bid. The submission deadline may be extended to ensure sufficient time is provided to bidders.

Bid responses submitted after the submission deadline set out in the procurement document will not be accepted.

#### **4. Evaluation:**

Evaluation of bid responses must be consistent and in accordance with documented evaluation criteria, rating and methodology as detailed in the Procurement Document.

The evaluation process should be comprised of three components: mandatory requirements, rated requirements and price / cost. The evaluation of price / cost should be undertaken after the completion of the evaluation of the mandatory requirements and any other rated criteria.

Price / cost is an important factor, but quality, quantity, delivery, servicing, experience, and any other criteria directly related to the procurement and stated in the Procurement Document's evaluation section must also be taken into account when evaluating submissions.

In responding to procurement documents, vendors may sometimes propose alternative strategies or solutions to the business needs or apply conditions to their responses.

Unless expressly requested in the procurement documents, alternative strategies or solutions proposed by a vendor will not be considered.

If so requested, the process used to assess submissions will be disclosed to vendors, and any bid dispute will be managed in a fair, transparent and consistent manner.

#### **5. Commitment:**

Following the evaluation process, the highest ranked submission(s) should be selected for interviews and/or references as appropriate. The outcome of these due diligence steps will also be factored into the final decision.

The final agreement, order, or contract which will commit HCRA should be signed by the individual with the authority to approve the procurement.

## V. Procurement Value, Method/Mean and Approval Authority

The following table outlines the approved method/means of procurement and approval authority for corresponding procurement values. A method/means of procurement set out in the table may be utilized for procurement of goods and services with lesser value, but may not be used for procurement of goods and services with a greater value.

Procurement Value	Method/Mean of Procurement	Approval Authority
\$0 up to \$99	Petty Cash or Credit Card	Employee of HCRA with authority expressly delegated by a Director
\$100 up to \$4,999	Credit Card or Cheque	Director with authority delegated by the CEO
\$5,000 up to \$24,999 (excluding Consulting Services)	Purchase order: acquired at competitive prices through advertised prices or negotiation	CEO
Consulting Services \$5,000 up to \$24,999	Contract: Invitational or Open Competitive Process	CEO
\$25,000 up to \$99,999	Contract: Invitational or Open Competitive Process	CEO, and Chair or delegated Board member
\$100,000 or more	Contract: Open Competitive Process	Board of Directors

All procurement transactions will be supported by appropriate methods and approvals. Each procurement transaction will be conducted pursuant to the mandatory process set out in **IV: Mandatory Requirements**.

All required documentation will be developed and maintained for verification and audit purposes. HCRA staff shall use the following procurement processes:

### Procurement of Goods and Services (except Consulting Services) with a value of \$5,000 to \$24,999

- Goods and services are to be acquired at competitive prices by referencing supplier's lists, advertised prices, or through negotiation where prices offered are fair and equitable.
- Before the provision of goods and services commences, a signed HCRA purchase order or contract must be completed.

## Procurement of Consulting Services with a value of \$5,000 to \$24,999

- Consulting Services valued between \$5,000 and \$24,999 are to be acquired through an invitational competitive procurement by inviting three or more qualified suppliers to submit written proposals.
- Where qualified suppliers are not known and to ensure value-for-money, consulting services valued up to \$24,999 may also be acquired using an open competitive procurement process, following the procedures outlined below.
- Before the provision of consulting services commences, a signed HCRA purchase order or contract must be completed.

## Procurement of Goods and Services (including Consulting Services) with a value of \$25,000 to \$99,999

- Goods and services are to be acquired through an invitational competitive procurement by inviting three or more qualified suppliers to submit written proposals.
- Where qualified suppliers are not known and to ensure value-for-money, goods and services valued up to \$99,999 may also be acquired using an open competitive procurement process, following the procedures outlined below.
- Before the provision of goods and services commences, a signed HCRA purchase order or contract must be completed.

## Procurement of Goods and Services with a value of \$100,000 or more

Goods and services with a value of \$100,000 and more are acquired through an open competitive procurement process using the practices below.

- Calls for open competitive procurements should be made through an electronic tendering system that is readily accessible to the public and /or posted on the AA web site.
- Board approval is required for the procurement of goods and services with a value of
- \$100,000 or more.
- Before the provision of goods and services commences, a signed AA purchase order or contract must be completed.



The following table outlines the recommended minimum number of suppliers to be invited to submit proposals based on the dollar value of procurement:

Means of Procurement	Procurement Value	Minimum Number of Suppliers Invited
Advertised Prices or Negotiation	\$5,000 up to \$24,999 (excluding Consulting Services)	1
Invitational	Consulting Services \$5,000 up to \$24,999	3 *
Invitational	\$25,000 up to \$99,999	3 *
Open Competitive Process	\$100,000 up	Open *

\* If three suppliers cannot be identified for an invitational process due to a limited pool of qualified bidders, or if a minimum of three submissions are not received in an open process, with the CEO's written approval the procurement may proceed from the available pool or through sole source negotiation where the price is fair and equitable. In such cases the CEO is required to report on such arrangements at the next meeting of the Board.

## VI. Dividing Transactions

Dividing a service, deliverable commitment, or transaction into two or more parts to circumvent the procurement process or methods is a violation of the policy.

## VII. Documentation

Employees managing procurement processes; developing procurement documents, purchase orders, and contracts; and authorizing transactions must ensure that all policies and procedures are followed, reviews and approvals required have been obtained, and appropriate documentation of these approvals is maintained. All procurement documents, purchase orders, and contracts shall be maintained with documentation of the appropriate approvals and the original or a copy filed according to HCRA's Information Management & Records Retention Policy.

## VIII. Multi-Year Procurement

There are occasions when HCRA will engage the same supplier over multiple years based on a need for continuity, efficiency, and/or the ability to provide a unique service. Examples may include the provision of information technology and data management services associated with HCRA, when a series of oversight audits are planned over multiple years, or provision of legal services based on expertise in HCRA's legislative history and framework.

The multi-year procurement should follow the procedures outlined in Section V: Procurement Methods. The payment of annual or periodic licensing fees arising from procurement of information technology software is to be taken into account in the procurement process.

The purchase order or contract should be based on a multi-year plan and executed for one year at a time. Following assessment and confirmation that key milestones and deliverables were achieved to the AA's satisfaction, and provided there is a continued need for the service, the purchase order or contract would be renewed or revised for the upcoming year. Any multi-year commitments must be reported to the Board.

## IX. Calculation of Costs

Where a product is purchased, the cost shall be the sum of all costs, including but not limited to, purchase price, delivery, installation, warranty, lifecycle cost, operating and disposal costs incurred which meets the specifications.

## X. Urgent or Confidential Situations

Emergency or time sensitive procurements, or ones where the public disclosure could reasonably be expected to compromise confidentiality, may support not following the above procedures. The rationale for the use of an alternate method and the steps taken to avoid, if possible, any further non-competitive transactions must be justified in the Business Case and approved in writing by the CEO. These transactions are to be reported by the CEO at the next meeting of the Board of Directors.

## XI. Segregation of Duties

Segregation of duties and delegation of authority are control mechanisms within the procurement process designed to ensure the integrity of the process and reduce exposure to inappropriate expenditures, or potential Conflicts of Interest.

The AA has segregated and delineated six key functions within the procurement process:

1. Budgeting;
2. Requisition;
3. Commitment;
4. Receipt and acceptance of deliverable(s);
5. Payment authorization; and
6. Payment disbursement.

Functional Role	Description	Accountability
Budgeting	Confirm that funding is available	Director of Operations
Requisition	Authorize the procurement process	Approval Authority set out in Section V
Commitment	Authorize release of the order/contract to the supplier under agreed contract terms	Approval Authority set out in Section V
Receipt and Acceptance of Deliverable(s)	Confirm that the order/service was received, correct and complete as the basis for invoice payment(s)	Director or Delegate
Payment Authorization	Authorize the processing of payment	Approval Authority set out in Section XII
Payment Disbursement	Authorize disbursement of the required payment/funds	CEO or Chair

## XII. Delegation of Spending and Payment Authority

Delegation of financial payment authorities constitutes a key internal control mechanism that plays an essential role in achieving the priorities and objectives of HCRA.

Persons to whom authorities are delegated may not sub-delegate such authority. Conflict of interest, both real and perceived, shall be avoided at all times in the delegation of spending and payment authorities of HCRA.

The person to whom each spending or payment authority is delegated shall:

- Verify that the goods or services for which payment is to be made have not been previously invoiced and/or paid.
- Verify that the goods or services for which payment is to be made have been received, and are to the satisfaction of HCRA.
- Verify that the proposed expenditure is in accordance with HCRA's policies, including in particular that the procurement has complied with the above-noted requirements of HCRA's Procurement and Delegation of Spending Policy; and
- Ensure that the invoice/request for payment is accurate.

HCRA's Board of Directors delegates the following spending and payment authorities to the following persons:

## Operating, General and Administrative Expenses

Amount	Authority Delegated to
\$250,000 or more	Board of Directors
\$100,000 to \$249,999	CEO & Chair or Delegated Board member
\$50,000 to \$99,999	CEO
Up to \$49,999	Director of Operations

## Capital Expenditures (construction, renovations, additions, etc)

Amount	Authority Delegated to
\$100,000 or more	Board of Directors
\$50,000 to \$99,999	CEO & Chair or Delegated Boardmember
Up to \$49,999	CEO

## XIII. Contracting for Services

Routinely, a purchase order will be used for expenditures up to \$24,999 and a contract will be executed for expenditures of \$25,000 or more. Occasionally, there may be situations where, given the nature of the work, it would be more appropriate to complete a contract for services under \$25,000, for example when HCRA wishes to include certain legal clauses.

Responsibility to contract for goods or services, using either a purchase order or a contract, lies solely with the CEO. Any modification to the goods and/or services requires an amendment to the purchase order or the contract.

The standard HCRA template contract is to be used for all contracts. The template includes payment requirements, payment against deliverable requirements and provisions for cancellation or termination. The standard HCRA purchase order is to be used for all purchase orders.

All contracts or commitments requiring the approval of the Board shall be signed by any two of the Chair, the Vice-Chair, and the Treasurer, and the CEO.

Contracts and commitments which do not require the approval of the Board may be signed by the CEO alone.