

Shared Purchasing Services: Meeting BPS Requirements Together

BPS Supply Chain Secretariat
Treasury Board Office
MINISTRY OF FINANCE

Supply Chain Guideline (SCG)

Consultation Workshop

Winter 2009

Tasks / Timelines

Ontario Buys

Mandate Ministry of Finance – BPS Secretariat

BPS Supply Chain Guideline: Twelve Principles to be addressed as follows

- Implement two Principles Phase I - (Code of Ethics) & Policy and Procedure (PPP) - by March 2010
- Implement ten Principles Phase II – by March 2011
 - Phase II – Common Tendering and Contracting (practices)
 - Phase II – Segregated Approvals and Authorities
 - Phase II – Contracts Data Base
 - Phase II – Metrics (7)
 - See measurable metrics

Tasks/Timelines

- Reportable Measurable Metrics (March 2011)
 - % of Total Spend through Group Purchasing Initiative *
 - % of Total Spend under Contract *
 - % of Invoices Paid within Due Date *
 - Dollar Savings as a % of Total Spend *
 - Productivity Savings as a % of Operating Costs *
 - Cost Avoidance Savings as a % of Total Spend
 - Investment in education and Skills Development

* Areas of Opportunity?

Principles Guiding BPS Initiative

- From Ministry of Finance BPS Initiative
 - Standards are Policies and Procedures that enable consistent controlled business processes (commonality of methods beginning with Ministry)
 - Compliance with Policies and Procedures must be tracked
 - Standardized processes: Procurement Policies and Procedures should be accessible and useable across the organization.
 - Code of Ethics: Accountability and Transparency – Purchasing to be fair, transparent, and with a view to obtaining the best value for public money
- “As far as is feasible or practical, at least three bids shall be sought for any purchase” (Agreement on Interprovincial Trade (AIT)).
- Board Policy

Current Policy Meets the above initiative as written if the policy can be demonstrated to be followed by consistent procedures and practices

 - “Competitive bids or quotations shall be solicited in connection with all purchasing whenever practical” – Board Policy

How can “Consistent Demonstration” be easily achieved Together?

Minor Changes to Current Practices:

- > \$5,000 Three written quotes ***to be*** obtained (confirming note on Req)
- > \$1,000 Three written quotes ***should be*** obtained**
- < \$1,000 Verbal quotations acceptable *****at Buyer’s risk***
** inherent risk in verbal quotes

- The Supervisor of Purchasing may ask to see quotes at any time and may **“spot audit”** as needed (consistent compliance demonstration).
- Exceptions: Policy, Existing Tendered Contract, Match to Existing Systems Chosen by Tender, Sole Source, ***Emergency*** (see Purchasing - Confirmation Orders)

How can “Consistent Demonstration” be easily achieved Together?

- Consistent Methods and Document retention: (quotes, notes, etc. retained in purchase order file)
 - **Common RFQ form created by Purchasing and posted for general use**
 - **Common Document Checklist to be created by Purchasing / posted for general use**
 - **Common New Vendor Information collection form created by Purchasing/ to be posted for general use**
- Written Justification for Non - Competitive bidding (new)
 - **Draft form with Purchasing > \$5000 suggested initial step use.**
- Increased use of Ministry of Agreements/ Information (e.g. **Purolator, Tax Compliance, etc.**)
- Increased use of Ministry ‘Vendors of Record’
- Greater internal Purchasing communication/ help/ interaction (Website, Presentations, site visits)
- Increased use of shared information from other Boards and Government depts.

What do our Neighbours do presently?

- Thames Valley District: > \$1,000 three written quotes
- Waterloo Region District: > \$5000 three written quotes
- Niagara District > three \$3,000 written quotes

Present Strengths

- Board Policy:
 - As written the Board policy seems to have anticipated the Ministry directive.
 - Meets AIT intent
 - Flexible: can accommodate changes as written
- Shared Purchasing already in place
 - Is well situated to promote, assist, and achieve commonality of practice and to assist with further implementation
- Tools for Communication already in place
- People: We have the people able to make this work

Weaknesses

- Contracts Data Base – Purchasing can help
- In the RF details (25 points in BPS guideline – 10 weaknesses?)
 - Common bidding /contracting practices (all must be set in advance of issuing RFQ/P/T – with bidding vendors informed)
 - Formal Evaluation Criteria/Process
 - Formal Evaluation Matrix (Purchasing has used recently)
 - Formal Tie Score Process
 - Establishing the formal contract (with P/O where applicable)
 - Termination and Cancellation Clauses
 - Vendor debriefing notification/protocol
 - Documents/Records retention
 - Dispute resolution process/ compliance

What's Next?

- Education/ Implementation
 - Purchasing has already begun the process of moving 'painlessly' toward BPS goal of demonstrated business wide commonality and consistency of purchasing procedures and practices.

By working together with mutual support and assistance we can achieve this goal with a minimum of change.

Appendix A: Draft Common RFQ Form

- **Request for Quotation**
- **THIS IS NOT AN ORDER.**
- **IF your quotation is selected you will be notified by issuance of a formal Purchase Order**
- **Instructions:**
- 1) Please provide to the requestor below a quotation for the items requested herein.
- 2) Kindly note that prices quoted must include all shipping costs to the requesting site.
- 3) Your prices must include all taxes and duties indicating only GST and PST where requested.
- 4) If the item requested is not immediately available for shipment, please indicate a 'lead time' in the delivery date box.
- 5) Labour (e.g. Installation is intended to be quoted as an entire cost assuming quantity 1. Quoting an hourly rate with unknown exact hours should be avoided)
- 5) Any/all additional costs not included in your unit price must be clearly described and shown in the "Supplier Comments" area.
- 6) Prices must be firm for 90 days from Date of Quotation
- 7) Indicate warranty where noted. No indication will mean 1year warranty.
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- Item number - Vendor item number - Description - Qty - Unit Price - Sub Total - GST - PST - Total - Delivery Date
-
- Items quoted above are covered under warranty for 1year from date of purchase or: _____
- _____
- Supplier Comments: _____
- _____
- _____
- _____
- _____
- Supplier Name (please print): _____
- Address: _____ City: _____ Province: _____ Postal Code: _____
- Tel: _____ Fax: _____ E-Mail _____
- Person Completing this form: _____ Title: _____ Signature _____
- Quotation Date: _____
- _____
- Please return Quotation to: _____ Questions may be addressed to (if different):
- Name (print): _____ Name: _____
- Tel: _____ Tel: _____
- Location: _____ Location: _____
- Fax: _____ Fax: _____
- E-Mail _____ E-Mail: _____

Questions?