

POLICY

1. Context

The Canada Deposit Insurance Corporation ("CDIC") is required to procure Goods and Services and enter into Contracts in order to achieve its corporate requirements in support of its statutory mandate. As a federal Crown corporation, CDIC has authority to set its own procurement and contracting policy. However, CDIC is required to comply with the procurement provisions of certain domestic and international trade agreements ("Trade Agreements") between the Government of Canada and other governments.

2. Purpose and Objective

The purpose of this Policy is:

- a) to ensure that Goods and Services including construction, professional/consulting services and information technology are acquired by CDIC through a process that is fair, open, transparent, non-discriminatory, geographically neutral and accessible to qualified vendors, subject only to the permitted exceptions set out in this Policy;
- b) to ensure that the CDIC complies with its obligations under applicable Trade Agreements and other legislation and regulations; and
- c) to ensure efficiency and consistency in the administration of Procurement processes and purchasing decisions by CDIC and support value-for-money decision making.

3. Definitions

Whenever used in this Policy, the following terms will have the meanings specified below:

Advanced Contract Award Notice (ACAN)

means a public notice posted through a computer-based system (i.e., www.BuyandSell.gc.ca) indicating that CDIC intends to enter into a Sole Source or Non-Competitive Procurement for a contract that exceeds Trade Agreement limits and that is not covered by allowable Trade Agreement exceptions.

Competitive Procurement

means a Procurement method whereby interested Vendors may submit a proposal via a tendering process such as Request for Proposals, Request for Quotations or request for Standing Offers/Supply Arrangements.

Conflict of Interest

means a situation as defined in the CDIC [Conflicts of Interest Code](#). As a reference, situations where a personal or business interest of a Board member or a CDIC employee, including persons affiliated with the Board member or CDIC employee, is in conflict, or can be perceived to be in conflict, should be considered under the Code.

Contract

means any agreement between CDIC and other persons to provide Goods and/or perform Services for consideration.

Contract Amendment

means a written agreement whereby the parties to a Contract agree to make additions to, deletions from, corrections or modifications to such Contract (including contract extensions).

Electronic Tendering

means an online solicitation for competitive bids through a computer-based system (i.e. www.BuyandSell.gc.ca) that provides Vendors with access to information related to Open Competition Procurements.

Emergency

means an event or circumstance where the immediate purchase of Goods, Services or construction is necessary to prevent or alleviate a threat to health, safety or welfare; the disruption of essential services or damage to property; or any expenditure that is necessary to respond to any such event.

Funding Request

means a request for approval (submitted through CDIC's funding approval application) to release funds in respect of a procurement of Goods or Services.

Goods

mean tangible product such as equipment, materials, supplies or software licenses.

Invitational Competitive Procurement

means at least three Vendors receive a request for supply of Goods or Services based on CDIC's stated delivery requirements, performance specifications, terms and conditions or a Request for Quotation.

Non-competitive

means less than three quotations or proposals are requested.

Open Competition Procurement

means a formal public solicitation (for example RFP/RFQ) from the marketplace. The process includes predefined evaluation criteria in which price may not be the only factor.

Procedures

means the processes and guidelines relating to the administration of this Policy that are approved by the Procurement Group from time to time.

Procurement

means any contractual or commercial arrangement involving the acquisition of a Good or Service through purchase, rental, lease, license or conditional sale.

Procurement Approval Authority

means a delegated role/position authorized to approve Funding Requests and contingencies to release funds within an approved budget as payment for Goods and Services.

Procurement Value

means all costs associated with a potential contractual relationship with a third party. Where a requirement involves multiple related Procurements, the requirement's Procurement Value would be determined by the cumulative value of each related Procurement.

Procurement Value Increase

means costs associated with a Procurement initiative have increased following the Procurement approval.

Requestor

means the group, business lead or employee within CDIC that requires the Goods, Services or construction.

Request for Proposal

means a request seeking submissions from potential Vendors to obtain Goods or Services of a unique or complex nature. The requirements may not be precisely defined or described in the Request for Proposal. The responses are generally evaluated and scored based on predetermined criteria. This strategy is best when the evaluation of multiple factors is critical for decision-making.

Request for Quotation

means a request seeking submissions from potential Vendors to obtain Goods or Services with a limited maximum value. The requirements can be precisely defined and described in the Request for Quotation. The Goods and Services can be standard items that are available from multiple Vendors. This strategy is generally used when the primary criteria for decision-making is price.

Services

means the provision of intangible (non Goods) products by a third party to CDIC. Examples include consulting, cleaning, Software as a Service, repair etc.

Signing Authority

means the individual or individuals who approve proposed Procurements and Contracts at defined control points, as determined by the General Signing Authorities Resolution.

Sole Source

means the use of a Non-Competitive Procurement process to acquire Goods or Services from a specific Vendor even though there may be more than one Vendor capable of delivering the same Goods or Services.

Standing Offer

means an offer from a Vendor to CDIC that allows CDIC to purchase Goods or Services repeatedly, or a combination of Goods and Services at pre-arranged prices, under set terms and conditions, when required.

Supply Arrangement

means a method of supply used to procure Goods and Services. Supply arrangements allow CDIC to solicit bids from a pool of pre-qualified Vendors for specific requirements.

Total Contract Cost

means the total costs for specified Goods and/or Services as established in a contractual relationship with a third party (including renewal options).

Trade Agreement

means an agreement made between the Government of Canada and either a domestic or foreign government or governments relating to matters of trade which applies to CDIC.

Vendor

means an individual, business, organization, corporation or director or owner thereof who may supply Goods, Services or construction to CDIC.

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4. Policy Principles

Procurement will be conducted on a value-for-money basis to reduce total acquisition costs and maximize volume pricing opportunities. Efforts will include establishing centralized and standardized purchasing for common Goods and Services across the organization, and participating in Government of Canada Standing Offers and Supply Arrangements, when it is efficient to do so.

The procurement of Goods and Services will be subjected to an Open Competition Procurement process, where applicable, to secure the best value opportunity for CDIC in CDIC's discretion.

The Procurement process will be fair, open and transparent, geographically neutral, free from perceived or actual preferential treatment and able to withstand public scrutiny.

Green Procurement, in the form of environmental performance considerations, will be integrated into procurement decisions and processes to the best of CDIC's efforts.

5. Application

This Policy applies to the procurement of and contracting for Goods and Services on behalf of CDIC unless otherwise excluded.

This Policy does not apply to the following contracts or expenditures which may be dealt with by other means:

- employment Contracts;
- travel and hospitality expenses;
- training and development, except when designed for CDIC;
- utilities, telephone, cell phone and cable television expenses which are of non-capital nature;
- investment and cash management activities;
- no-cost Memoranda of Understanding; and
- contracts with the Government of Canada, government agencies or other Crown Corporations.

6. Trade Agreements

CDIC is subject to domestic and international Trade Agreements including requirements for contracting rules, exclusions and dispute resolution. The Procurement Group shall advise the Requestor on the application of Trade Agreement requirements, where applicable. The Procurement Group should consult with Legal Services if interpretation of the Trade Agreements is needed, or if there is uncertainty regarding the application of the agreements to a given procurement.

Trade Agreements provide that Procurements which are valued at or above a certain dollar amount must be conducted in accordance with the requirements of the Trade Agreements. Generally, Procurements that are subject to Trade Agreements must follow a Competitive Procurement process whereby the solicitation document (i.e., Request for Proposal) is posted publicly and open to any interested Vendor to submit a proposal for a certain period of time.

7. Conflict of Interest

It is the responsibility of all employees and Board members involved in a bid solicitation or evaluation to disclose any inherent or potential Conflict of Interest to the Procurement Group.

Any employees or Board members with an actual Conflict of Interest will be asked to remove themselves from the Procurement process associated with the conflict.

8. Responsibilities

8.1 The Chief Operating Officer (COO)

The COO is accountable for:

- ensuring an appropriate control framework is implemented for Procurement and contracting at CDIC and that risks identified are reported. The purpose of the control framework is to ensure that:
 - a. Goods and Services are procured in accordance with this Policy; and
 - b. effective oversight and due diligence is exercised in the structuring, approving and awarding of Contracts.

8.2 Chief Financial Officer (CFO)

The CFO is the owner of this Policy and is accountable for:

- ensuring the efficient and effective administration of this Policy and its Procedures and any other related guidelines, forms, templates and documents;
- approving the Procedures and any other related guidelines, forms, templates and documents;
- implementing an appropriate control framework; and
- ensuring training of employees on the Policy and Procedures is conducted from time to time.

8.3 General Counsel

The General Counsel is accountable for:

- provision of legal advice to the Procurement Group in respect of this Policy, the Procedures and to the application of Trade Agreements;
- review and legal advice with respect to procurement templates;
- identifying access to information and privacy requirements and considerations with respect to on-going procurements;
- identifying legal risks arising from Procurement matters;
- development of Contract and retainer agreement templates and standard terms and conditions; and
- legal drafting and review of Contracts >\$75k and as required under this Policy (see section 11.5).

8.4 Procurement Group

The Procurement Group is responsible for:

- ensuring this Policy and supporting Procedures are current;
- obtaining and processing all required signatures to ensure all signing and approval authorities are aligned with CDIC's General Signing Authorities Resolution;
- developing appropriate Procurement strategies for CDIC;
- assisting employees/Requestors in sourcing Vendors to meet CDIC's business and operational needs;
- providing advice and assistance to the Requestor throughout the Procurement process to ensure Policy compliance;

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- developing and delivering training on Procurement policy, procedures and templates;
 - drafting all corporate Procurement template documents including Requests for Proposal, Requests for Quotation, requests for information, Contracts under \$75k (excl. taxes) and purchase orders;
 - advising on the development of statements of work;
 - providing oversight on all competitive bidding activity including reviewing the solicitation documents, ensuring appropriate approvals have been secured, issuing tenders, coordinating responses and liaising with all potential Vendors, facilitating analysis and assisting with Contract negotiations and Contract development;
 - ensuring all Procurement decisions and processes are documented and records retained in accordance with retention schedules;
 - participating in Vendor selection decisions to ensure a fair, open and transparent process;
 - establishing and maintaining centralized Procurement vehicles such as Standing Offers and Supply Arrangements;
 - ensuring that the Signing Authority is based on the total value of the business case and anticipated Procurement;
 - determining the applicability of Trade Agreements in respect of a proposed Procurement, in consultation with Legal Services if necessary;
 - ensuring compliance with Trade Agreement requirements;
 - acting as CDIC's primary contact to Vendors for Procurement and contracting matters;
 - report Vendor spending as required;
 - ensuring contractual commitments are reviewed every three (3) years and total Contract length does not exceed five (5) years; and
 - consulting with Legal Services, as required.

8.5 Requestors

Requestors are responsible for:

- familiarizing themselves with and following the provisions of this Policy and supporting Procedures;
- considering the risk to the organization and establishing the appropriate contractual relationship, consistent with this Policy, when engaging in any business transaction;
- conducting, with support from the Procurement Group and Legal Services, a risk assessment that includes a privacy impact assessment and a threat risk assessment prior to undertaking any procurement of Goods or Services that may result in the release of personal or Protected B information. Any information that is to be released must comply with applicable privacy legislation;
- considering any other security implications or controls that need to be considered during the procurement phase;
- considering any accessibility requirements, if applicable;
- engaging the Procurement Group with sufficient lead time to plan and execute the Procurement process effectively;
- documenting requirements including the nature of Goods and/or extent of Services required, conditions such as delivery timelines and location, potential Vendors and the Statement of Work;
- securing appropriate authorizations in accordance with this Policy before making commitments;
- ensuring sufficient funds are budgeted and expenditures are appropriately coded;
- administering Contracts for Goods and Services including reviewing the quality of Goods/Services received, monitoring performance and ensuring compliance with Statements of Work; and

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- requesting amendments to existing Contracts, purchase orders and securing appropriate approvals prior to making a commitment.

8.6 Signing Authorities

Each Signing Authority is responsible for ensuring, within their area of responsibility, that all Procurements approved and Contracts signed are in compliance with the General Signing Authorities Resolution.

8.7 Employees

Employees are accountable for ensuring that they are familiar with, and comply with, this Policy and the Procedures in their areas of responsibility.

9. Procurement Value

Requestors must estimate the Procurement Value to determine the appropriate Procurement Approval Authority and Procurement method. To determine the Procurement Value, Requestors must consider all costs and benefits associated with the transaction.

9.1 Contract Splitting

Requestors must not take any actions to reduce the Procurement Value in order to avoid any Procurement methodology or approval level requirements. Such actions could include subdividing projects, Procurements or Contracts; splitting costs between budgets or departments; and awarding multiple consecutive Contracts to the same Vendor. For greater certainty, contract splitting includes but is not limited to the arrangement, or division of, a Contract to avoid conducting a Competitive Procurement.

9.2 Procurement Value Increases

When a Requestor determines that an increase to a Procurement Value is required, the Requestor must seek prior approval in accordance with the General Signing Authorities Resolution. If the increase causes the total Procurement Value to exceed the original Procurement approval, approval must be sought from the new appropriate Procurement Approval Authority.

10. Sourcing/Procurement Methods

Prior to conducting a Procurement, the Requestor, with the assistance of the Procurement Group, will determine the appropriate Procurement method for the required Goods or Services. The Requestor must first consider the availability of internal resources, including existing Vendor Contracts for similar Goods and Services. Where internal resources are not available, the following Procurement methods should be used for Goods and Services, in the order indicated below:

10.1 Standing Offers and Supply Arrangements

- i. The acquisition of Goods and Services may be procured directly from an internally established CDIC-specific Standing Offer or Supply Arrangement, or through Government of Canada Standing Offers and Supply Arrangements where it is determined to be beneficial.

10.2 Competitive Procurements

i. **Invitational Competitive Procurement:**

Goods and Services with a Procurement Value greater than \$75,000 CAD (excl. taxes) for which a Trade Agreement does not apply must be procured through an Invitational Competitive Procurement process (i.e. Request for Proposal, Request for Quotation).

ii. **Open Competition Procurement:**

Goods and Services for which a Trade Agreement applies must be acquired in accordance with the relevant Trade Agreement(s) (for example, a formal public solicitation process (RFP/RFQ/etc.) by Electronic Tendering).

10.3 Non-competitive Procurements

i. **Sole Source up to \$75,000 CAD (excl. taxes):**

The acquisition of Goods and Services with a Procurement Value up to \$75,000 CAD (excl. taxes) may be procured directly from a Vendor provided that at least one (1) documented quote is obtained from a qualified Vendor.

ii. **Sole Source over \$75,000 CAD (excl. taxes):**

For Goods and Services with a Procurement Value of greater than \$75,000 CAD (excl. taxes), the Requestor must consult with the Procurement Group prior to engaging a Vendor, and must provide the applicable justification based on the allowable exceptions listed in Appendix "A" of this Policy. Trade Agreement application must be considered for all Goods and Services with a Procurement Value meeting the thresholds of the Trade Agreements.

iii. **Advance Contract Award Notice (ACAN):**

An ACAN for Non-competitive Procurements may be conducted under exceptional circumstances where the Procurement Value for Goods or Services or construction is equal to or greater than the applicable Trade Agreement Threshold and is not covered under allowable exceptions.

11. Contract Management

The term of agreement/Contract with the same Vendor must not exceed five (5) years, including renewals, without conducting a marketplace solicitation or receiving CEO approval (leases are exempt from this requirement).

Requestors must ensure that:

- all Contracts are reviewed by the Procurement Group (<\$75k excl taxes when using a standard template or PO) or by Legal Services (>\$75k excl taxes or when required by the criteria set out in 11.5);
- any contractual approved transportation and hotel accommodation reimbursements must be compliant with the [CDIC Travel, Hospitality, Conference and Events Policy](#);
- all payments are made in accordance with the provisions of the Contract;
- overpayments are recovered;
- vendor performance is monitored and documented, including the completion/submission of a Vendor performance scorecard to the Procurement Group prior to the execution of any Contract renewal options, and performance issues are resolved; and
- approval values are calculated on a project-by-project basis.

11.1 **Contract Requirements**

The procurement of Goods and Services, and the resulting Contract, must be responsibly and effectively managed. Following the Procurement process, the responsibilities of CDIC and the successful Vendor must be formally defined and mutually understood in a signed written Contract before the provision of the Goods or Services commences.

All Contracts where the Total Contract Cost exceeds \$5,000¹ are to be in writing and include:

- a. The description and the terms and conditions of the supply of the Goods and/or Services.
- b. The Procurement Value of the Contract, except where such cost cannot be reasonably determined at the time of execution of the Contract because it will be a function of CDIC's future requirements. If there is no Procurement Value, the basis for the calculation of the costs relating to the Contract, such as a formula or other pre-set unit cost, should be specified whenever possible.
- c. The designated CDIC employee assigned to administer the Contract.
- d. All the appropriate confidentiality and Conflict of Interest clauses, including the relevant CDIC policies to be adhered to.

The term of the Contract and any options to extend the Contract must be set out in the Contract. As changes to the term of the Contract may change the Procurement Value, prior written approval (or BOARD approval through a Funding Request) by the appropriate Procurement Approval Authority, as identified in the General Signing Authorities Resolution, is necessary before changing Contract start and end dates.

11.2 **Total Contract Cost**

A Total Contract Cost must be established in the Contract with a Vendor. The Total Contract Cost must reflect the total value of the Contract, including the fee for the provision of Services (fixed or formula-based) or purchase price, all overhead, administration, profit, disbursements, travel, accommodation and living expenses and all applicable taxes relating to the Contract. For greater clarity, if the Contract includes any options to extend or renew, the Total Contract Cost shall include the estimated value of those option periods. The Total Contract Cost cannot exceed the Procurement Value identified in the procurement approval.

11.3 **Contract Amendments**

No Contract Amendments may be used to circumvent the requirements of a Trade Agreement.

No Contract Amendments are to be entered into where the effect of the amendment will result in a change in the description of Goods and/or Services such that they are no longer the same or substantially similar to those described in the original Contract.

¹ Note: A purchase under \$5,000 will be considered a "direct purchase" and must be made using one of the following methods and in accordance with the policies associated with each: a corporate credit card or a pre-arranged method whereby the supplier has agreed to invoice CDIC. Direct purchases require approval before payment.

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11.4 Increases in the Total Contract Cost are subject to the following limits:a. **Competitive Process**

For Contracts that were subject to a Competitive Process but were not awarded under a Trade Agreement, the cumulative cost of all Contract Amendments is not to exceed 50% of the original Total Contract Cost.

For Contracts that were awarded under a Trade Agreement, all Contract Amendments should be contemplated in the original solicitation documents and Contract, and details should be determined on a case by case basis.

b. **Non Competitive Process**

For Contracts that were not subject to a Competitive Process (i.e. Sole Source), the Contract Amendment cannot result in a Total Contract Cost that exceeds \$75,000 (excl taxes).

c. **Trade Agreements**

For Contracts where the original Procurement Value was not subject to a Trade Agreement, the increase in the Total Contract Cost cannot be such that the new Procurement Value and Total Contract Cost of the Contract would be subject to a Trade Agreement. In this case, the relevant Trade Agreement must be consulted by the Procurement Group, in consultation with the Legal Group, to ensure compliance prior to the Contract Amendment being entered into.

11.5 **Legal Services Review**

Legal Services review of proposed terms and conditions for contractual arrangements governing procurement of Goods and Services is required under any of the following conditions:

- a. the Total Cost of the Contract on an annual basis, including all amendments and renewal periods, is above \$75,000 CAD (excl. taxes).
- b. the Contract Amendment increases the Total Cost of the Contract on an annual basis above \$75,000 CAD (excl. taxes).
- c. the proposed Contract:
 - i. involves the collection, use, disclosure or disposal of personal information;
 - ii. is with a Vendor who will not perform work or carry on business in Canada, who is not based in Canada and/or is not incorporated in Canada, including subcontractors, affiliates or others providing services; or
 - iii. deviates from standard templates or CDIC policy, or standard terms and conditions vary.

12. Exceptions

Any Procurements and/or Contracts that do not comply in whole or in part with the provisions of this Policy or which are outside of this approved Policy must be approved by the President and CEO before they are executed. Approval of exceptions may be delegated to the COO or CFO at the discretion of the President and CEO.

On rare occasion, when such an exception is approved, it must be in accordance with the process

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outlined in the procedures related to this Policy. No exceptions can be approved that would contravene the terms of a Trade Agreement or other legislation.

13. Reporting

The Procurement Group shall report to the Audit Committee at its next regularly scheduled meeting:

- a. any exceptions to this Policy during the reporting period including those approved by the President and CEO or their delegate; and
- b. any significant issues respecting the administration of this Policy and of the steps taken or underway to deal with the matter.

Annually, the Procurement Group will report to the Audit Committee:

- a. all Contracts covered by this Policy and entered into by CDIC during the reporting period that have a Total Cost of the Contract on an annual basis equal to or greater than \$75,000 CAD (excl. taxes).

14. Cross References

| Document |
|---|
| <i>Internal</i> |
| <ul style="list-style-type: none">General Signing Authorities ResolutionProcurement and Contracting Procedures <i>[to follow]</i> |
| <i>External</i> |
| <ul style="list-style-type: none">Canadian Free Trade Agreement (CFTA)Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) |

Appendix “A”—Allowable Exceptions

Non-competitive Procurement of Goods and Services is only allowed in the following circumstances, subject to appropriate procurement approvals:

- a. Where Goods and Services are regarding intervention-related activities;
- b. Where an unforeseen situation of emergency or urgency exists and the Goods and Services or construction cannot be obtained by means of a Competitive Procurement process. It is not considered an unforeseen situation of urgency if the Requestor failed to allow sufficient time to conduct a Competitive Procurement process;
- c. Where Goods and Services regarding matters of confidential or privileged nature are to be purchased, 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;
- d. Where a competitive process could interfere with CDIC’s ability to maintain the safety, health or confidentiality of employees;
- e. Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the supply base;
- f. Where there is an absence of any bids in response to a Competitive Procurement process that has been conducted in compliance with this Policy;
- g. For the purchase of media space related to advertising ;
- h. For insurance purchased through a broker;
- i. For temporary staffing and recruitment activities;
- j. For subscriptions to research resources, newspapers, magazines or other periodicals;
- k. For memberships and association fees;
- l. For event participation costs or other event-related costs where Vendor selection is limited by the venue or host organization;
- m. Where only one (1) Vendor is considered suitable to meet the requirements of a Procurement in the following circumstances:
 - i. To ensure compatibility with existing products. Compatibility with existing products may not be allowable if the reason for compatibility is the result of one or more previous Non-competitive Procurements;
 - ii. To recognize exclusive rights, such as exclusive licenses, copyright and patent rights, or to maintain specialized products (including software) that must be maintained by the manufacturer or its representatives;
 - iii. For the procurement of Goods and Services where the supply of which is controlled by a Vendor that has a statutory monopoly;
 - iv. For the purchase of Goods on a commodity market;
 - v. For the purchase, lease or rent of real property;
 - vi. For work to be performed on or about a leased building, or portions thereof, that may be performed only by the lessor; and
 - vii. For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect to the property or original work.
- n. Where the Procurement Value does not exceed, or is reasonably estimated not to exceed \$75,000 CAD (excl. taxes).