

## INNOVATORS' PROCUREMENT GUIDE

This Procurement Guide ("Guide") is a resource for Innovators working on Grand Challenges Canada- ("GCC") funded projects to ensure compliance with GCC's Procurement Policy. Before entering into a contract for goods or services ("Services Agreement") with a third party ("Contractor"), please review GCC's Procurement Policy and this Guide.

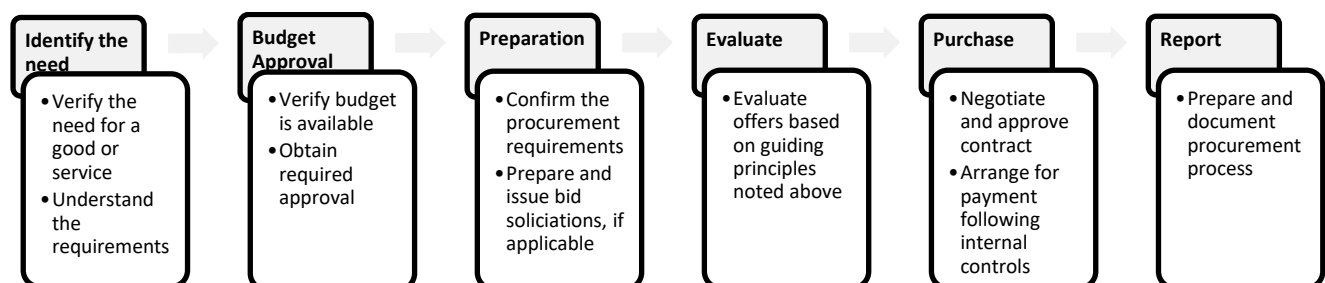
GCC reviews Innovators' procurement policies and provides guidance on the procurement of any goods and services for the project, as part of GCC's pre-funding due diligence and support procedures. If Innovators do not have a procurement policy for the purchase of goods and services for project activities, a milestone will be included in the Innovator's funding agreement, as part of the financial reporting requirements. Innovators should feel welcome to ask for support in preparing their policy, if needed.

GCC's Procurement Policy, as well as this Guide, take precedence over any other procurement documentation used by Innovators in the procurement of goods and services. Innovators are not required to use GCC templates if their procurement policies and procedures, as well as supporting templates, meet or exceed GCC's procurement policy, as determined during pre-funding due diligence procedures.

### Guiding Principles behind Procurement Best Practices

- *Best value, acting in good faith and best practices* – All Services Agreements negotiated must reflect best value for money, acting in good faith and adopting best practices, which consider and balance factors such as access, competition, fairness, quality, performance, transparency, integrity, durability, suitability, time and cost. This means researching comparable goods and/or services and their respective prices, and exercising judgment to choose the best value for GCC funds.
- *Conflict of Interest* – One of the basic principles of contract negotiation is to avoid any situation where there is an actual or, as much as possible, a perceived conflict of interest. Any actual or perceived conflict of interest identified in a procurement process must be investigated, resolved and documented in accordance with GCC's Conflict of Interest Policy.

### Recommended Steps in a Procurement Process



#### 1. Identify the need

Innovators should document the requirements for acquiring goods and services, such as, the type of goods or services (what), timing (when), geographical area (where), estimated

cost (budget) and so on. Innovators should also consider whether the goods and services are already available elsewhere within the Innovator's organization.

## **2. Budget Approval**

Innovators should establish strong internal controls to ensure that any purchases of goods or services are authorized, that goods and services are received on time, and that adequate funds are available to cover the expenditure. Assigning responsibilities and establishing your own internal approval authority thresholds are important internal controls that promote the integrity of the procurement process. The types and complexity of internal controls that are required can vary depending on the size and complexity of your organization and, as such, should be tailored to your specific situation and requirements.

## **3. Preparation**

Different procurement methods are required depending upon the risk and value of the good or service being purchased. The procurement methods include:

- *Informal Process*: Appropriate for low-dollar, low-risk purchases of less than \$2,000; sole source or RFP process is not required. Payments can be made based on vendor invoices.
- *Sole Source*: Services Agreements for goods under \$25,000, and services under \$40,000 (before applicable taxes) can be sole sourced. The Sole Source Form must explain why the selected contractor represents the best value for GCC funds. It must be shown that the service provider's fee is reasonable in comparison to market value. The details of the vendor's eligibility determination must be documented in a Sole Source Form. All Sole Source Forms must be reviewed and approved by someone within your organization, ideally an individual who is different from the requestor/decision-maker.
- *Competitive Bidding – Request for Proposal (RFP)*: Services Agreements for goods over \$25,000 and services over \$40,000 (before applicable taxes) must be tendered competitively.

## **4. Evaluate**

The method of evaluating contractors is at the discretion of the Innovator; however, the following principles should be followed to ensure a fair process is applied:

- Evaluation criteria should be documented, clearly understood, and objectively rated before the competitive process begins.
- A clear concise method for ranking each bid should be established.
- Only the terms, conditions and specifications outlined in the RFP should be used as evaluation criteria.
- The evaluation team should understand the purpose of the RFP and the bid evaluation procedures, and should have expertise in the type of good or service being acquired.
- Only the information contained in the bid will be evaluated.

## **5. Purchase**

The bid that is deemed to offer the best value based on the pre-determined evaluation criteria is recommended for contract award. According to the Innovator's approval authority thresholds, a written decision or recommendation for contract award, complete with supporting documentation, should be sent to the appropriate person for approval. Once the contract has been approved, it can be negotiated and executed, and the successful contractor can begin work.

## 6. Report

Innovators should keep records of procurement for reporting and auditing purposes, as outlined in their funding agreement with GCC, which extends beyond the fund period. There should be a document retention written policy in place. Some examples of records that should be retained, include:

- Copy of the RFP (if applicable)
- Copies of posted announcements for RFPs
- Procurement documents used to evaluate contractors' bids, including the rationale for selecting the contractor(s) awarded the contract
- Approvals of the contractor(s) by the authorized individual(s)
- Copies of agreements or contracts
- Changes in contract terms
- Contractor performance or receipt of deliverables
- Other documents related to the procurement process.

### **Additional Contracting Resources** (available if needed)

- GCC's Procurement Policy
- GCC's Sole Source Form Template
- GCC's RFP Procurement Form and Scoring Template

GCC is here to support Innovators and their team(s) in achieving these guidelines for the acquisition of goods or services for their projects. Please reach out to your primary contact if you need support!

Last updated: March 9, 2022