



## PLAN CANADA PROCUREMENT POLICY

Policy Category	Foundational Policy
Functional Area	Operations – Finance
Business Owner	Vice President Finance
Version	April 2019
Last Version	November 20, 2017 (Effective June 1, 2018)
Approval Body	Chief Operating Officer Executive Management Team Finance & Audit Committee Board
Approval Date	Chief Operating Officer – May 3, 2019 Executive Management Team – May 3, 2019 Finance & Audit Committee – April 10, 2019 Board – April 11, 2019
Effective Date	April 11, 2019
Review Date	This Policy shall be reviewed as deemed appropriate but no less frequently than 36 months following the last date of approval.

## **TABLE OF CONTENTS**

### **1. PURPOSE & PRINCIPLES**

### **2. SCOPE**

### **3. RESPONSIBILITIES**

### **4. POLICY**

Procurement selection & documentation  
Supplier review

### **5. AUTHORIZATIONS**

### **6. DEFINITIONS**

---

## 1. PURPOSE AND PRINCIPLES

---

### **Purpose:**

The purpose of this policy is to establish responsibility and accountability for consistent and standardized cost-effective measures and methods to be followed when committing Plan International Canada Inc. (“Plan Canada”) to procure products, services and assets. The policy clearly differentiates ‘entering into a commitment to purchase’ from ‘acknowledging receipt of a prior commitment’ and sets the procurement commitment approval limits.

### **Principles:**

The guiding principle for all procurement is a basis of best value for money and responsible spending of donor funds. Our procurement commitments should:

- Favour a competitive process of transparency and impartiality.
- Appropriately document procurement decisions including, where applicable, purchase requisitions, tender documents, tender evaluations, contracts, statements of work and invoices.
- Be undertaken in a professional manner as befitting an organization of Plan Canada’s size and without compensation for the purchase selection.
- Be periodically reviewed and reassessed for need, competitiveness and value for money.

## 2. SCOPE

---

### **Scope:**

This policy applies to all employees and Board members of Plan Canada for the purchase and acquisition of goods and services for the benefit of Plan Canada. It is supported by the Procurement Procedures Manual.

This policy applies to:

- Procurement commitment agreements with third party suppliers
- Acknowledgement of receipt of goods and services from third party suppliers
- Employee benefit providers

Out of scope of this policy:

- Offers of employment
- Expense reimbursement
- Related party transactions (including intercompany)
- Grant agreements
- Gift agreements including legal agreements with estates
- Long term lease agreements (over 12 months)

## 3. RESPONSIBILITIES

---

### **The Board of Directors is responsible for:**

- Setting a Procurement Policy for the organization
- Ensuring that the Executive Management Team is accountable for enforcing the policy and its controls

### **Management is responsible for:**

- Ensuring the requirements of the Procurement Policy are followed, including appropriate training of all staff
- Maintaining processes and procedures for procurement that align to the policy (i.e., the Procurement Procedures Manual)
- Following a competitive process for the procurement of goods, assets and services, resulting in best value and responsible spending for the organization
- Ensuring there is no conflict of interest in the selection of a supplier
- Ensuring all procurement terms are appropriately documented and evidenced by an approved contract, statement of work, quote or purchase order.

## 4. POLICY

---

### **Procurement Selection & Documentation**

Plan Canada's procurement decisions should be sufficiently documented to record why the procurement decision was made and how it complied with Plan Canada's policy and procedures. In particular, documentation will demonstrate the identification of a business need, the decision to purchase, the evaluation of risk, the supplier selection decision, purchase price for the good or service that can be delivered in the required timeframe and payment terms. Procurements made under donor-funded projects must be fully documented in accordance with the donor's requirements.

The appropriate procedures for procurement will be determined by the estimated annual value of the goods or services to be purchased from the supplier using the most relevant information available. It could reflect a series of purchases from a supplier, a single commitment to a supplier, or a defined project covering a number of suppliers (for example office relocation).

# Procurement Policy

Plan Canada has the following procurement categories:

Category of Procurement	Annual Expenditure	Supplier selection	Commitment Document
Small Purchase Procurement	<\$10,000	Purchaser must be confident that pricing is fair and reasonable.	Quote or Statement of work (SOW)
Simplified Procurement	>\$10,000 and <\$50,000	3 comparative quotations unless a pre-qualified supplier is contracted	SOW or contract
Standard Procurement	>\$50,000 and <\$500,000	3 comparative quotations unless a pre-qualified supplier is contracted	Contract
Major Procurement	>\$500,000	RFP & competitive bidding process	Contract

A Contract & Procurement Approval Form must also be completed for any commitments over \$10,000 that are not from a pre-qualified supplier.

All expenditures or commitments with a value greater than \$10,000 should have a minimum of 3 comparative price quotes except:

- Where items and commitment are covered by an existing contract
- Where there is only one acceptable source of supply
- Where there is a pre-qualified supplier (\$10,000 - \$500,000)
- Where an unforeseen situation of urgency or emergency exists, which does not allow time for bidding.

In such cases, the reason for the exception is to be documented on a Procurement Waiver and approved.

Realistic timeframes must be given to suppliers to complete quotes or bids before a Procurement Waiver is sought and approved.

## Anti-Terrorism

A sanction/terrorism check is required for all new suppliers before making a commitment or completing a contract. The check can be completed by following this link <http://www.osfi-bsif.gc.ca/Eng/fi-if/amlc-clrpc/atf-fat/Pages/default.aspx>. Confirmation of the successful check should be included in the New Supplier Form.

## Anti-Fraud, Anti Bribery and Corruption

Plan Canada Procurement must adhere to the requirements of the Plan Canada Anti-Fraud, Anti Bribery and Corruption Policy.

Plan Canada has a policy of zero tolerance of fraud and corruption. We require Employees and Board Members to act honestly and with integrity at all times, and to safeguard the assets for which they are responsible. Fraud and corruption are ever present threats to our assets and reputation, and so must be a concern of all Employees and Associates.

## Supplier Review

A formal review of a supplier relationship should be undertaken every 3 years<sup>\*1</sup>; as such, if the annual expenditure with a supplier is over \$50,000, a competitive bidding process is to be undertaken before re-contracting with that supplier. The review should be documented and approved in accordance with the approval matrix set out in this policy.

**Note** that in instances where Plan Canada is already engaging for similar services from similar suppliers as part of a risk diversification strategy, then it may be appropriate to document findings and obtain approval to continue with the existing supplier

<sup>\*1</sup> A formal review is required every 3 years. By exception the review can be delayed by twelve months on a maximum of two occasions where the business situation warrants, and the rationale is documented and approved by the CEO.

## 5. AUTHORIZATIONS

All procurement commitments and approvals to pay suppliers for goods and services received must be made in accordance with the approval matrix below.

The approval matrix differentiates between authority to enter into a purchase commitment and acknowledgement that an invoice or claim is approved for payment processing. The latter is recognition that the service or good has been received in accordance with the terms of the purchase commitment or contract (i.e. Plan Canada policy has been followed) and acknowledges that payment processing can commence.

### Authorized Approval Matrix

Estimated annual expenditure less than or equal to.... <sup>1</sup>	Authority to enter a purchase agreement	Authority to approve invoices for payment
\$10K	Director	Director
\$50K	Vice President	Director
\$100K	Chief	Vice President
\$500K	Chief & VP Finance	Chief
Exceeds \$500K	VP Finance & CEO & Board	Chief & CEO or VP Finance

<sup>1</sup> Where an incremental spend is required in year after the initial annual commitment is approved the Procurement Approval must be re-completed for the new total and re-approved for the new annual expenditure according to the matrix above.

## 6. DEFINITIONS

---

**Best Value:** “Best value” is defined as the optimal combination of quality, service, time and cost.

**Conflict of Interest:** Arises whenever the interests of Plan come into conflict with a competing financial, business, political, or personal interest or duty of an employee, Board Member, or Related Party (Please refer to Plan’s Conflict of Interest Policy), or whenever the personal or financial interest of the employee, Board Member, or Related Party could be viewed as compromising their loyalty, objectivity, or independence in fulfilling their duties to Plan Canada.

**Contract:** A legally binding agreement between two parties. To be legally binding certain conditions must be met: there must be an offer and acceptance by persons with legal capacity to act for each party and intention between the parties to create binding relations. The contract must include the terms and conditions of the relationship, including but not limited to the duration, deliverables and pricing.

**Fair and Reasonable:** The price that a prudent business person would pay for an item or service under competitive market conditions, given a reasonable knowledge of the marketplace. Plan Canada (Purchaser and/or Budget Holder) must conduct a suitable level of cost/price analysis to validate whether an offered cost/price is fair and reasonable.

**Major Procurement:** Occurs when the annual purchases of goods or services from a supplier are expected to be over \$500,000. The policy requires a competitive bidding and tender process to be completed before a supplier contract can be given.

**Pre-qualified Supplier:** A supplier that has been selected and contracted following a competitive bidding process. The selection must be duly documented in alignment with this policy. Where a supplier has been pre-qualified, individual purchases of up to \$500,000 from the supplier do not require comparative quotes.

**Procurement:** Involves the process of identifying a need to purchase a good or service, selecting suppliers, establishing payment terms, strategic vetting, supplier selection, the negotiation of contracts, actual purchasing of goods or services, receipt and acceptance of the good or service and processing the invoice for payment. Procurement is concerned with acquiring (procuring) all of the goods, services and work that the organization requires to deliver its purpose.

**Purchase Order:** A commercial document issued by a buyer to a seller, indicating types, quantities, and prices for products or services the seller will provide to the buyer. There is a standard purchase order template in the Procurement folder.

**Quote:** A commercial document issued by a seller to a buyer, indicating types, quantities, and prices for products or services the seller is offering to provide to the buyer.

**Responsible Spending:** “Responsible spending” of donor funds recognizes that for every dollar spent at Plan Canada, a dollar less goes to the communities in the field.

# Procurement Policy

**Simplified Procurement:** Occurs when the annual purchase of goods or services from a supplier is expected to be greater than \$10,000, but less than \$50,000. A full legal contract is not required, and commitments can be made by statements of work or similar simplified documentation; however, comparative quotes must be sought and documented as required by Section IV of this Policy.

**Small Purchase Procurement:** Occurs when the annual purchase of goods or services from a supplier is expected to be below \$10,000. Simplified commitment documentation, such as a quote or statement of work, can be utilized and there is a reduced requirement to undertake and document comparative quotes for a purchase.

**Standard Procurement:** Occurs when the annual purchase of goods or services from a supplier is expected to be over \$50,000 but less than \$500,000. A full supplier contract is required, and comparative quotes must be sought and documented.

**Statement of Work (SOW):** A document that details project-specific activities, deliverables and timelines for a supplier providing services to the buyer. An SOW can be incorporated in a contract indirectly by reference or directly as an attachment.

**Supplier:** A corporation, partnership or individual with which a procurement commitment is made for specific goods or services.