

PROCUREMENT AND CONTRACTING POLICY

KEY INFORMATION	
Policy Owner	Chief Financial Officer and Head, Business Integration
Purpose of Policy	To establish the requirements, approval authorities and accountabilities for CDIC's Procurement and contracting.
Policy Monitor	Chief Financial Officer and Head, Business Integration
Approved by	Board of Directors
Approved date	2024-03-06
Applies to	Employees, Board Directors and Consultants
Creation Date	2018-04-01
Effective Date	2024-04-01
Version	v3
Review Cycle	3 years
Revision History	<p>v1: Replaced the former "Board Contracting Policy" and accounted for Trade Agreements/procurement best practices.</p> <p>v2: Increased the single source threshold and added more details to the Policy.</p> <p>v3: Increase the single source threshold, removal of five-year limit on contract term and removal of procedural information.</p>
Next Review Date	March 2027

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

The purpose of this Policy is:

- a) to establish the requirements, approval authorities and accountabilities for CDIC’s Procurement and contracting;
- b) to ensure efficiency and consistency in the administration of Procurement processes and support value-for-money decision making; and
- c) to ensure that CDIC complies with its obligations under the applicable Trade Agreement(s) and other applicable legislation or regulations.

3. Policy Principles

Procurement practices at CDIC are guided by the following principles:

- Goods and services are acquired through a Competitive Procurement process, unless subject to an allowable exception set out in this Policy;
- All Procurement processes are conducted in a manner that is fair, open, transparent, non-discriminatory, geographically neutral and able to withstand public scrutiny, while optimizing value for money;
- Economic, environmental, social and ethical factors are considered and integrated into Procurement processes and purchasing decisions to the best of CDIC’s efforts; and
- All Procurements subject to Trade Agreement(s) or legislation are conducted in compliance with such Trade Agreement(s) or legislation.

4. Application

This Policy applies to all CDIC employees, consultants and the Board in the Procurement of and contracting of all goods and services for CDIC unless otherwise excluded in this Policy. Signing

Authority approval levels are governed by the General Signing Authorities Resolution.

This Policy does not apply to the following contracts or expenditures (“Non-Procurement Contracts”) which may be dealt with by other means involving appropriate stakeholders where necessary:

- 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;
- Contracts for the lease or rent of real property; and
- Contracts with the Government of Canada, government agencies, government authorities (federal or provincial) or other Crown Corporations.

5. Definitions

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

Competitive Procurement

means a Procurement method whereby CDIC seeks proposals from multiple suppliers via a tendering process such as a Request for Proposals (“RFP”), Request for Quotations (“RFQ”) or Request for Standing Offers/Supply Arrangements (“RFSO” / “RFSA”).

Conflict of Interest

means any situation occurring or being seen to exist between the private interests of individuals and their roles and responsibilities with CDIC, whether real, potential or apparent.

Contract

means any agreement between CDIC and a third-party to provide goods and/or perform services for consideration which falls within the scope of this Policy.

Contract Amendment

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

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 submitted for funds in respect of a Procurement.

Invitational Competitive Procurement

means a Competitive Procurement process where at least three suppliers are invited to submit a proposal in response to a tendering process such as an RFP or RFQ.

Non-competitive Procurement

means a Procurement process where less than three suppliers are invited to submit a quotation or proposal.

Non-Procurement Contract

means a contract or expenditure excluded from the scope of this Policy, a list of which is identified under Section 4 herein.

Open Competition Procurement

means a formal public Procurement process (for example RFP/RFQ/RFSO/RFSA) that is open to any interested supplier in the marketplace, and for which a tender notice is posted on a tendering system designated by the Government of Canada.

Procedures

means the processes and guidelines supporting 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 services through purchase, rental, lease, license or conditional sale, exclusive of a Non-Procurement Contract.

Procurement Value

means all estimated costs associated with a requirement for approval purposes in advance of a Procurement.

Signing Authority

means the position(s) with delegated authority to approve Funding Requests, commit funds and sign Contracts and endorse payments, as determined by the General Signing Authorities Resolution.

Single Source or Limited Tendering

means the use of a Non-competitive Procurement process to acquire goods or services from a supplier of CDIC's choice even though there may be more than one supplier capable of supplying the same goods or performing the same type of services.

Sole Source

means the use of a Non-competitive Procurement process to acquire goods or services from a supplier who is the only supplier capable of supplying the goods or performing the services.

Total Contract Cost

means the actual total of all costs specified in a Contract for the Procurement, including goods and/or services, renewal options, all overhead, administration, profit, disbursements, travel, accommodation and living expenses and all applicable taxes.

Trade Agreement

means a Trade Agreement that applies to CDIC.

6. Accountabilities

6.1 The President and Chief Executive Officer (CEO) is:

- Accountable for ensuring appropriate controls are implemented which ensure goods and services are procured in accordance with this Policy and ensuring effective oversight and due diligence are exercised in the structuring, approving, and awarding of Contracts; and
- Accountable for ensuring that risks identified relating to Procurement and contracting are appropriately reported.

6.2 Chief Financial Officer (CFO) is the owner of this Policy and is accountable for:

- The interpretation and application of this Policy;
- Developing and implementing appropriate controls for the efficient and effective administration of this Policy and its Procedures;
- Ensuring that proper stakeholders are consulted, including Legal Services, in the ongoing execution of this Policy; and
- Reviewing and updating, as required, this Policy and the Procedures.

6.3 Legal Services are accountable for:

- Providing legal advisory services as set out in Section 9.3 below.

6.4 Signing Authorities are accountable for:

- Ensuring they comply with the General Signing Authorities Resolution.

6.5 Employees are accountable for:

- Ensuring they are familiar with, and comply with, this Policy and the Procedures.

7. Policy Requirements

7.1 Procurement Value

The Procurement Value must consider all costs and benefits associated with a purchase, including other purchases of the same nature, and will be used to determine the appropriate

Signing Authority level and inform the Procurement method. Approval for the Procurement Value must be obtained through a Funding Request in advance of a Procurement.

7.2 Procurement Value Increase

Any increase in the Procurement Value must be approved based on the new Procurement Value through a revised Funding Request.

7.3 Approval of Contracts and Amendments

In addition to any other reviews and approvals required by this Policy and the Procedures, all Contracts and Contract Amendments must comply with the General Signing Authorities Resolution.

7.4 Trade Agreements

All Procurements subject to a Trade Agreement(s) must comply with the applicable obligations of such Trade Agreement(s).

7.5 Conflict of Interest

It is the responsibility of all employees, consultants and Board members to disclose any Conflict of Interest to the Procurement Manager in respect of any Procurements or Contracts for which the employee, consultant or Board member is involved with. Any employee or Board member with an actual Conflict of Interest will be asked to remove themselves from the Procurement process associated with the conflict.

8. Procurement Methods

The Procurement Group must be consulted prior to engaging with supplier(s) for any Procurements.

A Competitive Procurement process must always be conducted unless a Procurement is subject to an allowable exception listed in Appendix "A" to this Policy. The availability of internal resources, including existing Contracts must be considered prior to selecting a Procurement strategy and submitting a Funding Request.

8.1 Competitive Procurements

i. Standing Offers and Supply Arrangements:

Goods and services may be procured through a CDIC Standing Offer or Supply Arrangement, or through Government of Canada Standing Offers and Supply Arrangements where it is determined to be beneficial and where the Standing Offer or Supply Arrangement Procurement process meets CDIC's obligations under applicable Trade Agreement(s).

ii. **Invitational Competitive Procurement:**

Goods and services with a Procurement Value greater than \$150,000 CAD (incl.

taxes) and up to the lowest applicable Trade Agreement threshold in effect at the time, must be procured through an Invitational Competitive Procurement process at a minimum, unless subject to an allowable exception to this Policy.

iii. **Open Competition Procurement:**

Goods and services with a Procurement Value equal or greater than the lowest applicable Trade Agreement threshold in effect at the time, and for which a Trade Agreement(s) applies, must be procured through an Open Competition Procurement process and in a manner that complies with the obligations set out in such Trade Agreement(s).

8.2 Non-competitive Procurements

i. **Single Source up to \$150,000 CAD (incl. taxes):**

Goods and services with a Procurement Value of up to \$150,000 CAD (incl. taxes) may be procured directly from a supplier of CDIC's choice.

ii. **Non-competitive Procurement over \$150,000 CAD (incl. taxes):**

Goods and services with a Procurement Value greater than \$150,000 CAD (incl. taxes) for which an allowable exception listed in Appendix "A" of this Policy applies, may be procured through a Non-competitive Procurement process following the approval of a Funding Request and justification.

9. Contracting

9.1 Contracts

All Contracts with a Total Contract Cost of \$5,000 (excl. taxes) or more are to be in writing and must be reviewed by the Procurement Group prior to signature.

Any changes to the term of the Contract must be dealt with through a Contract Amendment.

A Contract with a Total Contract Cost under \$5,000 (excl. taxes) will be considered a direct purchase and should be made, to the extent possible, using one of the following methods: a corporate credit card or a pre-arranged method whereby the supplier has agreed to invoice CDIC. All Direct purchases must be made in accordance with the policies associated with each category of purchase. Direct purchases require approval before payment.

9.2 Contract Amendments

No Contract Amendment may be used to circumvent the obligations of a Trade Agreement.

No Contract Amendment can 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.

9.3 Legal Services Review

Legal Services review is required under any of the following conditions:

- a) the Total Contract Cost, including all Contract Amendments and renewal periods, is greater than \$150,000 CAD (incl. taxes);
- b) the Contract Amendment increases the Total Contract Cost such that it is now greater than \$150,000 CAD (incl. taxes); or
- c) the proposed Contract:
 - i. involves the collection, use, disclosure or disposal of personal information;
 - ii. is with a supplier who will perform work or carry on business outside of Canada, who is not based in Canada and/or is not incorporated in Canada, including subcontractors, affiliates or others providing services;
 - iii. involves supplier terms and conditions or requires the signature of a supplier agreement or order form; or
 - iv. materially deviates from standard templates or CDIC Policy, as determined by the Procurement Group.

10. Exceptions

Any Procurement and/or Contract that does not comply in whole or in part with the provisions of this Policy must be approved by the President and CEO before they are executed in accordance with a process outlined in the Procedures related to this Policy. Approval of exceptions may be delegated to the CFO at the discretion of the President and CEO.

11. Reporting

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

- a) any exceptions to this Policy during the reporting period including those approved by the President and CEO or their delegate;
- b) all Contracts covered by this Policy and entered into by CDIC during the reporting period that have a Total Contract Cost on an annual basis greater than \$150,000 CAD (incl. taxes); and
- c) significant and material issues respecting the administration of this Policy and of the steps taken or underway to deal with the matter, if any.

12. Cross References

Document
<i>Internal</i>
<ul style="list-style-type: none">• General Signing Authorities Resolution
<ul style="list-style-type: none">• Procurement and Contracting Procedures <i>[link to be added following updates]</i>
<ul style="list-style-type: none">• Conflicts of Interest Code
<ul style="list-style-type: none">• Supplier Code of Conduct
<i>External</i>
<ul style="list-style-type: none">• Canadian Free Trade Agreement (CFTA)
<ul style="list-style-type: none">• Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA)
<ul style="list-style-type: none">• Canada-UK Trade Continuity Agreement (Canada-UK TCA) - Agreement on Trade Continuity (international.gc.ca)

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 the Procurement Value is estimated to be less (i) than \$150,000 CAD (incl. taxes) on an annual basis for goods and/or services; or (ii) the lowest applicable Trade Agreement threshold in effect at the time for construction services and/or the purchase of architectural engineering and other services in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work;
- b. For goods and services purchased directly from a supplier under a Government of Canada Procurement vehicle, such as Standing Offers and Supply Arrangements;
- c. Where goods and services are regarding intervention-related activities;
- d. 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. Failing to allow sufficient time for a Competitive Procurement process is not considered an unforeseen situation of urgency.
- e. Where goods and services are regarding matters of confidential or privileged nature 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;
- f. Where a Competitive Procurement process could interfere with CDIC's ability to maintain the safety, health or confidentiality of employees;
- g. 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;
- h. Where there is an absence of any compliant bids in response to a Competitive Procurement process that has been conducted in compliance with this Policy;
- i. For the purchase of media space related to advertising;
- j. For insurance purchased through a broker;
- k. For temporary staffing and recruitment activities;
- l. For subscriptions to research resources, newspapers, magazines or other periodicals;
- m. For memberships and association fees;
- n. For event participation costs or other event-related costs where supplier selection is limited by the venue or host organization;
- o. Where only one (1) supplier (Sole Source) is considered suitable to meet the requirements of a Procurement in the following circumstances:
 - i. To ensure compatibility with existing products for additional deliveries by the original supplier of goods and services that were not included in the original Procurement if a change of supplier cannot be made for economic or technical reasons and would cause significant inconvenience or substantial duplication of costs for the procuring entity. For clarity, 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 supplier that has a statutory monopoly;

- iv. For the purchase of goods on a commodity market;
- v. For work to be performed on or about a leased building, or portions thereof, that may be performed only by the lessor;
- vi. For work to be performed on property by a supplier according to provisions of a warranty or guarantee held in respect to the property or original work; and
- p. In any circumstance permitted by a Trade Agreement.