



McGill

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PROCUREMENT POLICY

PREAMBLE

The fulfillment of the University's mission demands that the appropriate infrastructures, supplies and services be available to the University community.

The University is mindful to uphold the distinguished reputation of its community and of its own prominent reputation as an institution, and wishes to reaffirm its commitment to ethical, efficient purchasing practices, expected to be governed by the underlying philosophy of excellence of McGill University's mission.

To this end, the University endorses this Procurement Policy, a framework of sound operational practices that establishes the rules by which the purchase transactions of its community are measured, while promoting through the acquisition of best value for money goods and services, from capable suppliers with rigorous standards that share the principles of McGill University.

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Section I. Purpose

1.1. Establishing a Model

- 1.1.1. The purpose of the Procurement Policy is to establish a mandatory, unambiguous model for procurement activities conducted at the University.
- 1.1.2. The Procurement Policy serves as a basic framework to ensure transparency and impartiality in procurement activities, while adhering to the legal and regulatory context the University must operate in for awarding contracts. It favors the development of a normalized process, allowing for the dynamic evolution of systems and resources in alignment with stakeholder needs and against which to survey procurement trends and performance in key areas of interest.

1.2. Setting Expectations

- 1.2.1. The fundamental principles elaborated in Section III aim to reflect the University's standards of excellence in achievement and reputation, and to describe its dedication to operating responsibly with suppliers and local communities, in light of relevant regulations. Their adoption serves to set a range of expectations and commitments that University faculty and staff are accountable for, when called upon to carry out procurement activities.
- 1.2.2. University employees who willfully, repeatedly circumvent or materially fail to comply with the Procurement Policy may have their procurement responsibilities suspended or revoked, and may face disciplinary action, including termination of employment, and may also be held personally liable for damages caused to the University.

1.3. Confirming Roles

- 1.3.1. The Procurement Policy sanctions the role and the empowerment of Procurement Services to act as the supervisory body responsible for monitoring and enforcing adherence to its contents, and for bolstering it through the implementation of the necessary processes, tools, and support structure, as further detailed in Section IV.

Section II. Scope

2.1. Applicability

- 2.1.1. The Procurement Policy applies:
 - to the full scope of procurement activities of the supply management cycle
 - to every purchase, rental or lease made on behalf of the University or one of its joint ventures, subsidiaries or committees (i.e. pension committee, audit committee, etc.)
 - to all goods, services, capital expenditures, and goods for donation or resale
 - indiscriminately of the source of funding
 - whether funds are held in trust or placed at the disposal of the University
 - notwithstanding of the expense's allocation to any account category

2.1.2. The Procurement Policy applies to all faculties, departments and units of the University and all their staff members (including all temporary and full-time academic, administrative and support staff), and any and all other authorized agents and representatives of the University, wherever located, no matter their level of knowledge (or lack thereof) of the contents of the Procurement Policy. Responsibility for adhering to the fundamental principles hereunder is acquired whenever engaging in procurement activities at the University.

2.2. Supply Management

2.2.1. For clarity, the supply management cycle is understood to include the following procurement activities:

- a) Pre-contract award:
 - i. delineating procurement requirements
 - ii. determining selection strategies and criteria
 - iii. obtaining pricing and availability quotations from suppliers
 - iv. evaluating quotations and executing contracts
- b) Post-contract award:
 - v. ordering through sanctioned channels
 - vi. receiving, accepting and distributing goods
 - vii. issuing payments to suppliers
 - viii. managing warranty and supplier performance
 - ix. reporting during custody of purchased assets
 - x. disposing of purchased assets
 - xi. maintaining auditable records

Section III. Fundamental Principles

3.1. Integrity

3.1.1. McGill University demands the highest standards of personal ethics and organizational integrity in its procurement activities.

3.1.2. It is a pre-condition to any procurement activity at the University that it be free of conflict of interest and complies with applicable regulations. Specifically, individuals engaging in contracts on behalf of the University have an obligation to report personal relationships with current and potential suppliers when they become involved in selecting, managing or evaluating such suppliers. Moreover, members of the University community must not hold significant financial interest in any supplier to McGill, unless:

- a) their interests have been disclosed in accordance with regulations;
- b) their duties at the University will not require them to make decisions that could be influenced by these interests; and
- c) the referenced relationship has been reviewed and approved in light of the above

- 3.1.3. The soliciting or acceptance of gifts, gratuities, entertainment, or any improper contributions is prohibited, and payments, direct or indirect, are to be made or accepted solely for legitimate business transactions. Soliciting suppliers for donations or charity is restricted to official University channels.
- 3.1.4. McGill University values suppliers who preserve irreproachable ethical behavior and are committed to good corporate values. Adhesion by the suppliers to the ethical and professionalism expectations set by the University is a condition to any contract award.

3.2. Equity

- 3.2.1. McGill University holds that its suppliers must be allowed to participate in fair competition for the supply contracts awarded by the University, in accordance with their qualifications. This presupposes that its procurement activities are conducted in an equitable manner, without irregularity or the appearance of irregularity, and supported by objective contract awarding methods that guarantee transparency and promote impartial decision-making. Conversely, McGill University prohibits participation in restrictive trade practices, intentional restriction of competition, unsanctioned boycotting as well as other unfair competition activities.
- 3.2.2. This principle of Equity also forbids the unauthorized sharing of privileged supplier information with their competitors. This includes prices and pricing methods, bidding strategies, contract terms and conditions, technology, specifications, drawings and know-how, which must thus be treated in strict confidence and preserved securely, being used exclusively for the purpose for which the information was provided.

3.3. Sustainability

- 3.3.1. McGill University believes that its ultimate success in sustainable development depends on its principal actors being dedicated to a disciplined approach to sustainable procurement, incorporating the right balance of *environment*, *society* and *economy* considerations in each procurement activity.
- 3.3.2. The principle of Sustainability involves the foundation of a culture of responsible resources utilization based on careful, thorough evaluation of procurement requirements, while exploring opportunities that are environmentally responsible within the supply chain and promoting the reduction of consumption of energy and material resources.
- 3.3.3. Consequently, it brings about the duty to source exclusively from suppliers who demonstrate a steady record of compliance with all environmental regulations and an organizational commitment to responsible environmental management, by minimizing waste and promoting environmentally friendly products and services.
- 3.3.4. This principle also requires aligning procurement activities with the University's support of human rights, never allowing an association with suppliers seeming to condone human rights abuses, with its commitment to health and safety, demanding equal commitment from its suppliers, and with its philosophy of building partnerships of productivity and respect with its neighbors, encouraging suppliers to partner with merchants and residents of the University's host communities.

3.3.5. The principle of Sustainability finally asks that the University solidify its supply base, teaming solely with business partners who provide an assurance of supply for the duration of their obligations, have competent and responsive personnel available, are able to continuously deliver the specified quality and are capable of doing business in a form compatible with McGill University processes, while sharing the University's cost efficiency objectives of reducing acquisition and life-cycle costs.

3.4. Accountability

3.4.1. Through controlled delegation, McGill University effectively empowers faculty and staff to be autonomous for the majority of their procurement activities, so that no person can bind the University to legally enforceable obligations unless authorized to do so. The trust implied by this delegation necessitates a durable organizational and individual commitment to a principle of Accountability.

3.4.2. This Accountability begins with individuals making certain that their procurement activities are legitimate, in that they are undertaken for the benefit of the University, essential to the purpose of supporting the University's mission (i.e. being able to justify the economic, research, and/or educational need for the procurement activity), reasonable for the scope contemplated, and constitute an appropriate utilization of the funds.

3.4.3. When assuming procurement responsibilities, members of the University community are all equally accountable for compliance with applicable laws, regulations, policies and procedures, through every step of the supply management cycle they may be involved in, whether proceeding autonomously, in conjunction with others, or under the instructions of a superior.

3.4.4. At McGill, this compliance is administered through a supply management process which encompasses the pre-contract award activities defined in Section II. The regulatory framework also mandates that suppliers contracted through this process be used for all supply needs covered by their contracts, except under exceptional situations. Consequently, the supply management process also governs the post-contract award activities defined in Section II.

3.4.5. To best contend with this cumbersome framework and make certain that the interests of the University, as well as those of its community members, as individuals, are protected, standard procurement tools and supply contract terms and conditions must be used.

Section IV. Strategy

4.1. Components

4.1.1. To manage compliance and ensure the long-term longevity of the Procurement Policy, McGill University relies on a strategy of clear procurement *direction* applied to a robust procurement *process*, and carried out using the appropriate procurement *tools*.

4.2. Direction

4.2.1. Direction for all procurement matters at the University shall reside with Procurement Services,

hereby mandated with providing leadership in the procurement function.

- 4.2.2. Procurement Services is responsible for the administration of the Procurement Policy, and has the authority to realize its objectives:
- a) by recommending the adoption of Procurement Regulations by the University;
 - b) by implementing the necessary Procurement Plans, Procurement Procedures and Procurement Guidelines;
 - c) by issuing temporary (corrective action) Procurement Directives, when urgent realignment of a practice is required due to non-compliance.
- 4.2.3. Procurement Services may delegate part of its authority to other faculty or administrative officers, which in so doing become jointly responsible for ensuring compliance to the Procurement Policy.
- 4.2.4. Procurement Services personnel is trained to employ common international trade methods and continuously evolving procurement practices, and is expected to research and identify those most adapted to the University's needs and reputation, to integrate them to prioritized Procurement Regulations and Procurement Plans, whenever a benefit to the University can be clearly demonstrated in terms of improved compliance, higher level of service, reduced transactional burden or favorable pricing.
- 4.2.5. The role of Procurement Services requires that it translates its work into the corresponding service lines to provide the necessary direction and assistance to all those at the University who are involved in procurement activities.

4.3. Process

- 4.3.1. Procurement Services is the owner, architect and custodian of the supply management process at the University, which subjects procurement activities to the principles detailed in Section III and the University's adopted procurement best practices. The unit is also empowered to play a central role as a strategic partner with the resources to promote and lead the way in establishing a culture of sustainable procurement practices at McGill and in its wider community.
- 4.3.2. The process is designed to identify and select suppliers strategically advantageous to McGill, in compliance with applicable laws and regulations, to promote positive supplier relationships, and to minimize the University's risk through consistent contract execution and management responsibilities. It is defined at length by a combination of various levels of documentation:
- a) *Procurement Regulations*, which document mandatory procurement programs, made compulsory due to compliance matters and/or to their critical character to the effective stewardship of the University;
 - b) *Procurement Plans*, which document detailed, collaboratively-developed, procurement strategies for specific spend or supplier categories;
 - c) *Procurement Procedures*, which document step-by-step methods for certain procurement activities in accordance with the Procurement Regulations or Procurement Plans under which they are adopted;

- d) *Procurement Guidelines*, which document recommended course or approach for procurement activities in particular situations, not suited for the linear, systematic course of the standard supply management process.

4.4. Tools

- 4.4.1. Procurement Services is tasked with providing purchasing decision support and exceptions management to the University community, by maintaining a platform of services arranged as a toolset, tailored to Verify compliance of practices, Accentuate quality of purchases, Leverage efficiency of process and Undertake savings programs.
- 4.4.2. The services platform is facilitated by a structure of systems and a collection of templates that can aptly reduce the risks associated with the decentralized procurement function of McGill University and provide simple access to procurement know-how essentials:
 - a) by directing all purchasing preparation and transactions through its sanctioned channels, systems whose design and operation are recognized by the competent authorities to incorporate the mandatory regulatory controls and records that the University is subjected to;
 - b) by easing key procurement activities such as competitive tendering, sole source exceptions, supply market research, supplier qualification, supply agreements and supplier payment, with templates, model forms that incorporate best practices of total cost predictability, contractual protection, performance guarantees and liability allotment.
- 4.4.3. In order to achieve compliance to the Procurement Policy and confer on it the widest possible range inside the University community, Procurement Services complements its services platform with continuous, dynamic training modules on the basics of the supply management process, its objectives and its current tools, which are offered to all who may perform procurement activities at the University.