



NIAGARA
REGIONAL
HOUSING



NRH Notice

NUMBER: 04-06
DATE: July 19, 2004

Mandatory
 For Information

Applicable to:

- | | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Municipal & Private Non Profit |
| <input checked="" type="checkbox"/> | Co-operatives |
| <input checked="" type="checkbox"/> | Federal Non Profits |
| <input type="checkbox"/> | OCHAP/CSHP |
| <input type="checkbox"/> | Rent Supplement |

Subject: Purchasing/Tendering Policy

Background:

O. Reg. 339/01, sections 7 & 8, requires provincial housing providers to ensure that its housing projects are well managed and follow open and competitive processes in hiring its employees and retaining property management services. Federal housing providers are required to ensure that their projects are satisfactorily managed. Establishing a purchasing/tendering policy consistent with this Notice will ensure that these requirements are met.

All housing providers are required to have a documented purchasing/tendering policy in place. The following guidelines are consistent with previously-issued Ministry guidelines on purchasing/ tendering practices and follow best business practices.

Purchasing/Tendering Policy

An effective purchasing/tendering policy includes the following components:

- a) Board approved signing authorities;
- b) Documented spending authority/limits of staff/property management; and,
- c) Documented purchasing/tendering procedures and processes.

a) Board Approved Signing Authorities

The board should ensure that the signing authorities of staff and/or property management staff are documented. In some cases, staff and/or property management staff have signing authority together with certain board positions (i.e., President, Vice President, Secretary or Treasurer). Two signatures are required on all cheques and one signature should be a board member.

The signing authorities must be revised with staff and/or board turnover (*immediate notification to relevant financial institutions should be provided*).

b) Spending Authority/Limits

The board should document the spending authorities and limits of staff and/or property management agents. Spending authorities/limits can vary among providers and range from delegating specific dollar limits to staff, delegating spending authority/limits according to the budget, or not delegating any spending authority to staff (*in these cases, all contracts/purchases require Board approval*). The spending authorities and limits should be based on staff and board expertise. Regardless of the spending authority and limits, monthly board review and/or approval of all expenditures should be undertaken.

Each provider must establish documented spending authorities and limits for their organization to ensure:

- good financial controls are in place; and,
- effective and efficient management of the corporation.

c) Purchasing/Tendering Procedures

Once the signing and spending authorities/limits are established and documented, the board should ensure that documented purchasing/tendering procedures are in place that include:

- Use of purchase orders (for tracking numerous purchases/audit trail purposes);
- Use of purchasing cards (i.e., establish spending limit per transaction, monthly spending limits, use of card, requirement for all receipts/transaction slips to support all purchases and details of purchase);
- Goods and services purchases under \$2,000 (or a pre-determined lesser amount) – (*i.e., using best business practices - verbal quotes, knowledge of contractor/supplier and knowledge of going rate in community*);
- Goods and services purchases costing between \$2,000 and \$14,999 (or a pre-determined lesser amount) – (*i.e., at least 3 written quotes must be obtained*);
- Mandatory public and/or invitational tender procedures for all contracts costing over \$14,999 (or a pre-determined lesser amount). Procedures should include advertising, preparing tender documents, evaluating bids, obtaining references, insurance requirements, change order requirements, etc. *Exception: all property management contracts must undergo a public/invitational tender, regardless of the contract price (see below)*;
- Approval process which requires the next highest level of authority to be responsible for approving a contract if the lowest bid or quote is not chosen by the person ordinarily responsible for making this decision. Normally, this involves board approval as the highest approval authority. The reasons why the lowest quote is not chosen must be documented in the board minutes.

Applying Purchasing/Tendering Procedures to Property Management Services

When hiring a property management firm, the board of directors must use a formal selection process (re: a public or invitational tender) to ensure:

- Good quality service
- Competition leading to best value
- An open process
- Good business practice

Good purchasing/tendering practices include:

- A comprehensive description of the services to be provided;
- Provision of the same information to all bidders; and,
- Consistent and fair review of all bids.

The following purchasing/tendering processes will help to ensure that all bidders are treated equally and the resulting decision can be supported:

Role of Board

The board should clarify what their role will be in the purchasing/tendering process – i.e., will the entire board be involved or will a committee be established that makes recommendations to the board at various stages.

Role of Current Property Management Firm

The board should clarify the role of their current property manager in the process – if the current firm intends to submit a bid, they must have no involvement in the tender/proposal call process. This will ensure there is no conflict of interest and each bidder is treated fairly and equitably.

Timing

The tender/proposal call should commence at least 90-120 days before the expiry of the current contract to allow sufficient time for advertising, receiving and evaluating bids.

Services Required

The board should review the services that are required and identify the functions that it wishes to delegate to the property management firm. Typical services would include:

- Corporate Services – representing the board in legal proceedings (evictions) and dealing with government agencies, insurances companies and contractors.
- Office Administration – running the office.
- Tenant services (social issues).
- Financial Management – purchasing, bank reconciliations, collecting payments and arrears.

The board may wish to include other optional services such as:

- Maintenance – ensuring that building and units are maintained to a satisfactory maintenance standard.
- Supervision of staff – if the provider has own staff

- Payroll administration – if the provider has own staff
- Bookkeeping – recording receipts and disbursements, maintaining general, member/tenant accounts and other ledgers and preparing monthly financial statements for review by board.
- Membership administration (*applicable to co-operatives*) – work with membership selection committee to ensure good co-ordination of responsibilities.
- Committee involvement (*applicable to co-operatives*) – supporting committees on an ongoing basis.

Develop the Tender/Proposal Call Package

A tender/proposal call package is developed. At minimum, a tender/proposal call package should include:

- General instructions – location of building, number of units, details of bid package and attachments.
- Scope of work – an outline of the duties and responsibilities of the management agent (*include copy of management contract*) and term of contract.
- Bid forms.

ONPHA and GH-CHF have sample tender/proposal call packages to assist providers in developing their own.

Determine the Approach

The board should determine whether the tender/proposal call will be issued as a public or invitational tender. An invitational tender is where providers identify and contact several companies, who are experienced in property management and familiar with government funding programs, and request them to bid. However, providers have the option of issuing a public tender if they are not familiar with the property management firms in the area or want to ensure that all property management firms have an equal chance to bid and that at least 3 bids are received.

Advertise, Receive and Open Bids

The board should determine the area of search for their advertisement to ensure that at least 3 bids are received. The description in the advertisement should be detailed enough to allow potential bidders to decide if the work interests them. All bids must be received by the closing date in a sealed envelope and must not be opened prior to the designated time. The bids should be opened immediately after the closing time. Providers may allow bidders or their representatives to attend the opening. Information reviewed during the opening should only include the name of the bidder, bid price and whether all attachments are included.

Evaluating the Bids

All bids should be evaluated by the Board or committee. Minimum criteria should be developed which must be met by the bidders in order to qualify for the contract. The bid amount should be reviewed to determine whether it represents good value for the type of work being contracted, is representative of the going rate in the community and is within budgetary limits.

Interview and Reference Check

The board may wish to hold interviews with the two or three lowest bidders. The purpose of an interview is to confirm the knowledge, experience and suitability of the bidder. A reference check should also be completed on all bidders who were interviewed.

Award of Contract

The board should formalize the acceptance of the bid in writing and arrange to sign the property management contract. The property management contract must include the following mandatory provisions (*applicable to provincial housing providers*):

- The term of the contract must not exceed 3 years;
- The contract must not be renewable;
- The contract must be capable of termination by the housing provider on 60 days written notice without cause, and 30 days written notice with cause;
- The contract must specifically identify and describe the nature of the goods and services provided under the contract and the consideration to be paid by the housing provider;
- The contract must be non-assignable;
- Property manager must comply with the SHRA 2000 and regulations as well as local directives from service manager;
- Property manager must abide by conflict of interest guidelines;
- Property manager agrees to indemnify and save harmless the provider from any loss, damage, expense or liability that the provider may be put to or suffer by reason of any act or omission on the part of the property manager, its employees, its servants, its own agents or its subcontractors;
- Property manager must provide evidence that it carries a fidelity bond indemnifying the property manager against loss by theft, embezzlement or other fraudulent acts on the part of the property manager's employees;
- Property manager agrees to treat materials and information regarding individual tenants as confidential information not to be disclosed to third parties in accordance with the Personal Information Protection and Electronic Documents Act (PIPEDA);
- Property manager agrees to maintain a satisfactory standard of maintenance and management; maintain full occupancy of units and agrees to maintain premises within annual maintenance budget;

Circumstances may justify awarding the contract to someone other than the lowest bidder. In these instances, the Board must ensure that a full and consistent evaluation of all proposals has been undertaken and the reasons for not accepting the lowest bidder have been clearly documented in the board minutes.

All documents pertaining to the tender/proposal call process must be retained for NRH's review during the operational process.

Applying Purchasing/Tendering Procedures to Staff Recruitment

As required under legislation and in accordance with best business practices, a competitive process must be conducted for the hiring of staff. Good hiring practices include:

- A competitive process that allows for a response from a number of interested candidates;
- A job specification that includes a thorough description of the services to be provided;
- Provision of the same information to all applicants; and,
- Consistent interview process with all applicants.

Process for hiring staff

- A job specification should be developed with the qualifications, skills and experience a person must have in order to perform the work effectively and efficiently. Once the job specification is developed, the board should determine the number of hours/days per week that will be required by an employee to fulfill the responsibilities of the position. The board should consider what benefits, if any, should be offered to the employee.
- Revenue Canada should be contacted to determine what mandatory payroll deductions are required, and the Ontario Ministry of Labour should be contacted for minimum wage, vacation pay and statutory holiday requirements.
- The method of search should be determined. Potential applicants can be obtained from:
 - Applications already on file with the provider;
 - Local employment office;
 - Colleges/Universities;
 - ONPHA and/or GH-CHF; and,
 - Advertising in local newspaper (*all positions should be advertised to allow for a broader range of interested applicants*).
- A committee of two or three directors should be appointed to review the applications received against the job specification. *It is important to note that a conflict must not exist between committee members and the applicants selected for an interview.* At least three applicants should be interviewed.
- Interview questions should be developed based on the job specification, skills and experience required for the position. All applicants interviewed should be asked the same questions to ensure that each applicant is given an equal chance. The Ontario Human Rights Code should be referenced to determine what questions are inappropriate to ask in an interview. Each applicant should be scored based on their answers to the job interview questions.

- A reference check should be done on each applicant interviewed (*a form authorizing the interview panel to contact references should be signed by each applicant*).
- Once the committee has decided who the position should be offered to, a recommendation is made to the board. Once board approval is obtained, a verbal offer may be made to the successful applicant. If accepted, a formal written offer of employment should be prepared. The offer of employment should clearly outline the salary, benefits, hours/days to be worked, probation period and employment commencement date and time. Subsequently, a formal contract of employment should be signed with the employee that will include information from the job description and the offer of employment letter. Sample contracts can be obtained from ONPHA and/or GH-CHF.
- Evaluation of an employee's performance should be conducted at specific time periods (i.e., prior to end of probationary period and annually thereafter). Regular performance evaluations allow for constructive feedback on work performed and assist in identifying training requirements and appropriate wage increases.

Implementation

This policy is effective immediately.

Service Manager's Role

NRH will review the provider's documented signing/spending authorities/limits and purchasing/tendering policies (including property management/staff recruitment) during the operational review process to ensure compliance with legislation and this Notice.

Housing Provider's Role

Housing Provider boards must ensure that a written purchasing/tendering policy that includes signing and spending authorities/limits and purchasing/tendering procedures is established and formally documented. This policy is to be followed for all purchases and for the hiring of a property management firm and/or staff to ensure compliance with legislation and this Notice.

If you have any questions regarding this Notice, please contact your Housing Administrator.

(Original signed by Lora Beckwith)

Lora Beckwith, General Manager