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| EFFECTIVE: 2017-07-01 | REPLACES: 2017-03-09 | | |
| APPROVED BY: BOARD OF DIRECTORS | APPROVED ON: 2017-06-08 | | |
| OWNER: VICE-PRESIDENT RESPONSIBLE FOR PROCUREMENT AND CONTRACTING | | | |
| PROCUREMENT AND CONTRACTING POLICY | | | |

1. Policy Objective

- 1.1 To establish requirements to ensure that CATSA procurement and contracting is conducted in a manner that: (i) ensures that CATSA’s operational requirements are always met and promotes transparency, openness, fairness and value for money; and (ii) for those procurements subject to a Trade Agreement(s), complies with the applicable procurement obligations therein; and
- 1.2 To establish the approval authorities and accountabilities for procurement and contracting.

2. Policy Statement

Subject to the provisions of this policy, all CATSA procurement and contracting shall be conducted in a manner that: (i) as required by s. 8(5) of the *Canadian Air Transport Security Authority Act* (“**CATSA Act**”), ensures that CATSA’s operational requirements are always met and promotes transparency, openness, fairness and value for money; and (ii) for those procurements subject to a Trade Agreement(s), complies with the applicable procurement obligations therein.

3. Application

This policy and the Procedures apply to CATSA and to all of its employees and the Board. This policy does not apply to employment contracts or ex-gratia payments. All Contracts shall meet the requirements of this policy and the applicable Procedures. Notwithstanding the foregoing, subject to the provisions of any Trade Agreement: (i) exceptions to this policy may only be authorized by the Board; and (ii) exceptions to the Procedures may only be authorized by the President and Chief Executive Officer, or his or her delegate.

4. Definitions

“**Amendment**” means an extension or change to a Contract.

“**Approval Authority**” means the position(s) or body with authority to approve Contracts in accordance with this policy and the Procedures.

“**Board-level Contract**” means a Contract with a Dollar Value equal to or exceeding five million dollars (\$5,000,000).

“**Contracts**” means Procurement Contracts and Non-Procurement Contracts.

“**Delegated Authority**” means the position(s) with delegated authority to initiate expenditures, commit funds and execute Contracts pursuant to the Delegation Chart.

“**Delegation Chart**” means the *Delegation of Contractual and Financial Signing Authorities Document* (as may be amended from time to time) approved by the Board which sets the authority for employees to execute Contracts and initiate expenditures on behalf of CATSA.

“**Dollar Value**” means the estimated cumulative maximum expenditures, exclusive of taxes, to be made pursuant to a Contract during its term. For purposes of establishing the Dollar Value, all Amendments provided for in the Contract and all actual Amendments shall be included. For certainty, if the Contract includes any options to extend, the Dollar Value shall include those option periods.

“**Financial Year**” means CATSA's financial year beginning on April 1 and ending the following March 31.

“**Limited Tendering**” means a procurement method whereby CATSA contacts a supplier or suppliers of its choice.

“**Non-Procurement Contracts**” means contracts other than Procurement Contracts; and, unless subject to the procurement obligations of a Trade Agreement, the following (non-exhaustive list of items) shall be deemed to be Non-Procurement Contracts:

- (a) contracts for the performance of legal services;
- (b) contracts for the lease of real property;
- (c) funding arrangements;
- (d) letters of intent, memoranda of understanding, settlements, releases and other contracts, agreements, arrangements and transactions, which do not contain contractual obligations to procure goods or services;
- (e) transactions relating to the transfer of goods, services or real property with any department, division, agency, Crown corporation or other portion of the federal, provincial, municipal or territorial public administration; and
- (f) any other type of contract, agreement, arrangement or transaction which, by its nature, would not be subject to the procurement obligations of a Trade Agreement.

“**Open Process**” or “**Open Tendering**” means a procurement method whereby all interested suppliers may submit a tender.

“**Procedures**” means the mandatory compliance policy instruments developed and maintained in furtherance of this policy.

“**Procurement Contracts**” means contracts (other than Non-Procurement Contracts) for the purchase or lease of goods and/or services, and may include standing offers, call ups and purchase orders. A contract which is subject to the procurement obligations of a Trade Agreement shall be deemed to be a Procurement Contract.

“**Selective Tendering**” means a procurement method whereby only qualified suppliers are invited by CATSA to submit a tender.

“**Trade Agreement**” means a trade agreement that applies to CATSA.

5. Accountabilities

5.1 The Board is responsible for the management of the activities and affairs of CATSA pursuant to s. 23 of the CATSA Act, which includes establishing contracting policies for CATSA pursuant to s. 24 of the CATSA Act.

5.2 The President and Chief Executive Officer is:

- Responsible for the day-to-day management of CATSA pursuant to s. 18 of the CATSA Act; and
- Accountable for ensuring an appropriate control framework is implemented for procurement and contracting at CATSA. The purpose of the control framework is to ensure that:
 - (a) goods and services are procured in accordance with this policy and the Procedures; and
 - (b) effective oversight and due diligence are exercised in the structuring, approving, awarding and administering of Contracts.

Accountability for administration of this policy and implementation of an appropriate control framework has been delegated to the Vice-President responsible for Procurement and Contracting.

5.3 The Vice-President responsible for Procurement and Contracting is the Office of Primary Interest (OPI) for this policy and is accountable for:

- The interpretation and application of this policy;
- Implementing an appropriate control framework for the administration of this policy (as discussed in s. 5.2); and
- Reviewing and updating, as required, this policy and the Procedures.

5.4 Employees are accountable for:

- Ensuring that they are familiar with, and comply with, this policy and the Procedures in their areas of responsibility.

6. Policy Requirements

Part I Procurement and Contracting Approvals

6.1 Confirmation of Funds. Subject to s. 6.4, prior to making a financial commitment under a Contract, the Delegated Authority must confirm the availability of funds for the Contract within the current CATSA budget.

- 6.2 Approval of Procurement Strategies. In addition to any other approvals required by the Procedures, procurement strategies for Board-level Contracts require approval of the Board prior to the issuance of any contract/solicitation document.
- 6.3 Approval of Contracts. In addition to any other approvals required by the Procedures, all Board-level Contracts require the approval of the Board prior to execution on behalf of CATSA by the Delegated Authorities.
- 6.4 Approval of Contracts with Multi-Year Terms. An Approval Authority may approve a Contract having a multi-year term (including option periods provided for in the Contract) notwithstanding funds or appropriations being unconfirmed for all years included in the multi-year term at the time of approval. In such cases, regardless of the approval of the Contract, the Delegated Authority must confirm the availability of funds for the Contract within the applicable CATSA budget and meet any other requirements in the Procedures before any financial commitments are made under the Contract in any subsequent Financial Year.
- 6.5 Conflicts of Interest. Approval Authorities shall declare any conflicts of interest in respect of Contracts for which their approval is required under this policy. In the event any Approval Authority is in a conflict of interest in respect of a Contract, that Contract shall require the approval of the next level of Approval Authority.

Part II Procurement Processes

6.6 Tendering.

6.6.1 Methods of Tendering. For all Procurement Contracts, an Open Process appropriate to the nature of the Procurement Contract shall be used, subject to the following:

- (a) For a procurement which is not subject to a Trade Agreement,
- (I) Selective Tendering may be used in any circumstance Selective Tendering would be permitted to be used under a Trade Agreement; and
 - (II) Limited Tendering may be used in any of the following circumstances:
 - (i) Public Interest. The nature of the work or the circumstances surrounding the requirement are such that it would not be in the public interest or it could compromise national security to use an Open Process;
 - (ii) Sole Supplier. Only one person or firm is capable of performing the contract;
 - (iii) Pressing Emergency. In response to a pressing emergency where delay in taking action would be injurious to the public interest or national security interests;
 - (iv) Low Dollar Value. The Dollar Value of the Procurement Contract is estimated to be less than: (i) fifty thousand

dollars (\$50,000) where the contract is for goods and/or services; or (ii) one hundred thousand dollars (\$100,000) where the contract is for the construction, repair, renovation or restoration of a work and/or the acquisition of architectural, engineering and other services required in respect of the planning, design, preparation or supervision of the construction, repair, renovation or restoration of a work;

- (v) Location-Specific Restriction. Where, in respect of procuring goods and/or services required at a location (including but not limited to an airport), CATSA is required by the relevant authority at such location to procure from a limited number of authority-approved suppliers; or
- (vi) Other Circumstance. In any circumstance Limited Tendering would be permitted to be used under a Trade Agreement; and

- (b) For a procurement which is subject to a Trade Agreement(s), Selective Tendering or Limited Tendering may be used to the extent permitted under such Trade Agreement(s).

Notwithstanding the use of Selective Tendering or Limited Tendering in any of the foregoing circumstances, transparency, fairness and value for money shall be promoted in all Contracts.

6.6.2 Trade Agreement Compliance. All procurements subject to a Trade Agreement(s) shall be conducted in a manner that complies with the applicable obligations of such Trade Agreement(s).

6.6.3 Federal Government Procurements. Subject to the remainder of this policy (and in particular, the other provisions of this s. 6.6 (Tendering)), CATSA may procure goods and/or services by entering into Procurement Contracts which result from the use of Public Services and Procurement Canada (PSPC) (or its successor entity) or other federal government entity procurement vehicles (such as standing offers and supply arrangements).

Part III Contract Amendment Approvals

6.7 Amendment Approvals. In addition to any other approvals required in the Procedures:

- (i) an Amendment(s) that increases the Dollar Value of a Board-level Contract by up to five hundred thousand dollars (\$500,000) may be approved by the Approval Authority; and
- (ii) any Amendment(s) that (a) increases the Dollar Value of a Board-level Contract by more than five hundred thousand dollars (\$500,000), (b) extends the term of a Board-level Contract, or (c) results in a Board-level Contract, requires the approval of the Board prior to execution by the Delegated Authorities.

For certainty, when determining the value of Amendments for the purpose of this s. 6.7 (Amendment Approvals), the value shall consist of the cumulative aggregate value of all Amendments to the Contract.

- 6.8 Approvals of Amendments to Limited Tendering Contracts. An Amendment (other than one that has already been approved by the Approval Authority) to a Procurement Contract for which Limited Tendering was used under s. 6.6.1 (Methods of Tendering) paragraph (a) or (b) (other than subparagraph (a)(II)(iv) (Low Dollar Value)) which materially increases the Dollar Value or materially extends the term of the Contract may only be made without an Open Process if an exception under s. 6.6.1 paragraph (a) or (b), as applicable, applies at the time of such Amendment.

7. Reviews and Amendments

The Vice-President responsible for Procurement and Contracting shall review this policy at least once every three (3) years. Any substantive amendments to this policy require the approval of the Board.

8. Related Documents

Legislation

- *Canadian Air Transport Security Authority Act*

Trade Agreements

- *Trade Agreements that apply to CATSA (as identified from time to time in the Procedures)*

CATSA Documents

- *Delegation of Contractual and Financial Signing Authorities Document (Delegation Chart)*
- *Procurement and Contracting Procedures Manual*