



National Gallery of Canada

Contracting Policy

Submitted for the Review of the Board of Trustees in June 2006

Note: It is the practice of the Board of Trustees to review all Corporate Policies on a five-year cycle. Should amendments be required in the interim, these amendments are made. In light of the Government's proposed *Accountability Act*, however, it is proposed that the Board of Trustees agree to review this Policy one year following its approval, to ensure it appropriately reflects any new expectations related to procurement in Crown corporations.

1. INTRODUCTION

The National Gallery of Canada became a Crown corporation (schedule III, Part I of the Financial Administration Act) on July 1, 1990, by proclamation of the Museums Act. Under the Financial Administration Act, the Board of Trustees is responsible to Parliament, through the Minister of Canadian Heritage, for all contracting activities of the National Gallery. With the exception of paragraph A (below), the Board of Trustees has delegated responsibility for those activities to the Director of the National Gallery.

Subsection 41(2) of the Financial Administration Act states that the Government Contracts Regulations do not apply to federal Crown corporations. Nonetheless, where appropriate, the Gallery has adopted those Regulations to guide its contracting activities.

2. PURPOSE

The purpose of the Contracting Policy is to:

- Delineate the responsibilities of the Board and Gallery management as they relate to contracting activities;
- Establish the general principles that will guide the Gallery's contracting activities; and
- Describe the specific principles that will govern the Gallery's contracting activities.



National Gallery of Canada

3. APPLICATION

This Policy applies to all contracts between the National Gallery of Canada and individuals and/or firms that perform work, supply goods and/or render services to the Gallery and/or its affiliate, the Canadian Museum of Contemporary Photography, including for work that may be conducted at the Gallery's off-site storage facility or at the Canada Pavilion in Venice, Italy.

4. POLICY OBJECTIVE

The Government of Canada is committed "to taking appropriate measures to promote fairness, openness and transparency in the bidding process for contracts with Her Majesty for the performance of work, the supply of goods or the rendering of services." The objective of the Contracting Policy of the National Gallery of Canada is to acquire goods and services in a manner that is fair, open and transparent and that supports the effective, efficient and economic fulfilment of the Gallery's mandate as set out in the Museums Act:

...to develop, maintain and make known, throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians.

5. GENERAL PRINCIPLES

- 5.1. The Gallery will acquire goods and services in a manner that results in best value or optimal benefits to the Crown.
- 5.2. All Gallery contracting activities will be carried out in a fair and open manner that will stand the test of public scrutiny in matters of prudence and probity, encourage competition and reflect fairness in the spending of public funds.
- 5.3. All Gallery contracting activities will comply with the federal Government's obligations under domestic and international trade agreements.



6. SPECIFIC PRINCIPLES AND PROCEDURES

6.1 Contracting authorities and limits:

- a) The Gallery will respect the contracting authorities as defined in the Delegation of Financial Signing Authorities.
- b) The Gallery will seek the Board of Trustees' approval for all contracts where the annual expenditure exceeds \$500,000:
- c) Contract proposals valued as stated above require approval in principle by the Board before the bidding process commences;
- d) The Audit and Finance Committee will review all contracts and contract proposals as stated above and make the appropriate recommendation to the Board.
- e) To ensure appropriate oversight by the Board of Trustees, the Gallery will report quarterly to the on all contracts issued with an annual or total value over \$100,000. The report would include:
 - The supplier's name
 - The amount
 - The term of the contract
 - The purpose.

The Gallery will also report quarterly on anticipated future contracts of a value over \$100,000.

- f) The Gallery will not split contracts or contract amendments in order to avoid obtaining the appropriate level of approval.

6.2 Method:

The Gallery will acquire goods and services through the most cost-effective method available amongst the following alternatives: competitive tenders, requests for proposals, negotiation, call-up against standing offers, and sole source purchases.

Sole source purchases of goods and services will be undertaken only when fully justified in writing on the basis of:



National Gallery of Canada

- a. The estimated expenditure does not exceed \$30,000;
- b. Unforeseen operational deadlines preclude a competitive process;
- c. The need is one of pressing emergency in which delay would be injurious to the public interest; or
- d. Only one person or firm is capable of performing the contract because of patent or copyright requirements, technical compatibility, or technical expertise.

6.3. Procedures:

- a. The Gallery will solicit bids, quotations or proposals, giving equitable opportunities to qualified suppliers seeking NGC business whenever practical.
- b. The Gallery will establish and maintain source lists of competent and qualified suppliers for the purpose of inviting quotations or calling tenders.
- c. The normal practice will be to seek three quotations on goods and services between \$10,000 and \$30,000 before taxes and to choose the least expensive supplier that meets the Gallery's requirements.
- d. The normal practice will be to seek competitive tenders/bids on Requests for Proposals for all goods or services over \$30,000 before taxes. The Gallery will ensure that adequate management controls are in place to protect the integrity of the bidding process. Tenders/bids will be fairly evaluated against clear requirements and selection assessment and award criteria that will be part of any solicitation document.

6.4. Contract administration:

- a. The Gallery will manage and administer contracts in a manner that insures that they are successfully executed in accordance with the agreed terms of time, cost and performance. Where appropriate, the Gallery will include a right-to-audit clause in the contract to provide for verification that the amount paid is correct;
- b. Internal auditors will periodically audit the Gallery's contracting processes and procedures.



National Gallery of Canada

References

1. Museums Act
2. Financial Administration Act
3. Access to Information Act
4. Agreement on Internal Trade
5. Criminal Code of Canada
6. Government Contract Regulations
7. National Gallery of Canada Code of Ethics
8. National Gallery of Canada Security Policy
9. North American Free Trade Agreement
10. Official Languages Act
11. Ontario Employment Standards Act
12. Privacy Act
13. Status of the Artist Act