



PROCUREMENT

FOR FIRST NATION GOVERNMENTS

PROCUREMENT

Procurement is buying goods and / or services through a tendering or competitive bidding process. This process supports Council to make sure that the First Nation gets good value for its money while treating everyone fairly.

When do we need to follow a procurement process?

According to the Financial Administration Law (FAL), Council will require a formal procurement process before approving large expenses. Council decides ahead of time what amount should trigger a procurement process and sets it out in the Authorization and Delegation Table. When Council considers an expense over that amount, it makes sure the administration follows a procurement process.



Request proposals



Evaluate proposals



Award contract

DEVELOPING THE REQUEST FOR PROPOSALS

A successful procurement process means starting with a Request for Proposal (RFP). An RFP clearly outlines what information is required from any supplier interested in the contract. The First Nation's Chief Administrative Officer may post the RFP publicly in newspapers or the First Nation's website (open

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tender), or may instead choose to directly invite potential suppliers to bid (closed tender). Regardless of the procurement method used, the Chief Administrative Officer must maintain records about when the document was published, where it was published, and who received the request for proposal document.

To maintain fairness and transparency, it is very important that a request for proposal document, otherwise known as a tendering package, requests specific information from those parties interested in a contract for the proposed work. This information may contain the following:

- Background and context
- Scope of work
- Period of contract
- Qualifications (e.g. experience, skills, education, and certifications)
- Criteria and weighting (if applicable) by which proposals will be assessed
- Proposal due date
- Planned contract award date
- Proposal Evaluation template
- Summary of previous work done for the Nation
- Insurance Documents
- First Nation contact person and information;
- Disclaimer(s) limiting liability of the First Nation in the RFP process

FMB has Request for Proposal templates available for your First Nation on our website. Visit our website or ask your CD Manager for more information.

Questions from potential suppliers

After potential suppliers review the Request for Proposal document, they may have additional questions so they are able to put their best foot forward during the procurement process. It is best to make sure that all communication



regarding the proposal and questions is in writing. This practice promotes good record keeping during the Request for Proposal's question period.

EVALUATING THE PROPOSAL

All proposals received by or before the deadline are to be reviewed for content. This process will involve ensuring the proposal had included all the information requested such as and not limited to the following:

- Insurance Documents
- References
- Deliverables
- Statement Addressing Local Content
- Breakdown of Expenses (Budget)
- Summary of Previous Work done for the Nation

Proposals that are missing information might be dismissed or receive lower evaluations.

There are many different methods for proposal evaluation. Regardless of the evaluation method used, it is critical that all proposals received are evaluated using the same standards. Using a proposal evaluation template, such as the template available on FMB's website, is a common practice to ensure grading is consistent throughout the process.

The proposal evaluation should support you to decide which proposal gives your First Nation the best value for its money.

AWARDING THE CONTRACT

Supplier contract

When the evaluation process is completed, Chief and Council, or the duly appointed committee, will decide which proposal will be successful. Final approval for awarding the contract must be made by Chief and Council through either a motion, or resolution, subject to terms and conditions. A written contract will enable the First Nation or supplier to set out the terms and conditions required for the work in writing. A written contract will reduce business risk for both parties and promote good record keeping. It is a good practice to include the request for proposal document along with the successful proposal in the contract as schedules or appendices to ensure accountability and transparency.

Supplier evaluation

The Chief Administrative Officer or Director of Finance is responsible to ensure the product or service offered by the supplier is to the quality expected by the First Nation. The Chief Administrative Officer or Director of Finance should maintain a record for all suppliers and their current and past performance. This record may support decision making for future procurement activities.

TAKEAWAYS

The Chief and Council have a responsibility to their members to ensure adequate policies, procedures, and controls are in place to manage their band member's assets. A procurement process that determines best value for money is one of the ways that Council governs fairly and responsibly, because it makes the best use of the First Nation's resources.

Procurement is a competitive process that tests the market for goods and services, while holding suppliers accountable for pricing and past performance. When an administration establishes its commitment to a fair tendering process, it will attract more proposals. The procurement process can be very complex or simple depending on the need. For example, a proposal for a capital project will be more complex in comparison to leasing commercial fishing license (see recommended templates).

First Nations that enact a Financial Administration Law may decide to use FMB's free services to assist with policy development and management training.

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