

Procurement Policy (Formerly Purchasing & Contracting Services)

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Introduction

The Board of Health for the Simcoe Muskoka District Health Unit is responsible for the effective management of the resources used in the delivery of the public health programs and services. In accordance with the Procurement Requirements of Section 271 of the Municipal Act, 2001, S.O. 2001, the Board of Health, shall adopt policies with respect to its procurement of goods and services.

Board policies and practices for the acquisition of goods and services are developed in accordance with the laws of Canada and Ontario, consistent with the Ontario Public Health Organizational Standards, good procurement practices and applicable government directives.

Purpose and Scope

This policy describes the various methods used and limits imposed by the Board of Health on the procurement of goods and services in support of the delivery and administration of health unit programs and services to ensure goods and services are acquired through a process that is open, fair and transparent with appropriate authorization.

Legislative Authority

Municipal Act, 2001 Section 270 (2)

Health Protection and Promotion Act, 1990 Section 7(1)

Municipal Freedom of Information and Protection of Privacy Act

Policy Definitions

Competitive Procurement: a set of procedures for developing a procurement contract through a bidding or proposal process. The intent is to solicit fair, impartial competitive bids.

- **Invitational Competitive Process:** Any form of requesting a minimum of three (3) qualified suppliers to submit a written proposal in response to the defined requirements outlined by an individual/organization.
- **Open Competitive Procurement:** Any form of requesting qualified suppliers to submit a written proposal in response to the defined requirements outlined by an individual/organization which enables all suppliers to compete in a fair and open environment.

Consulting Services: The provision of expertise or strategic advice that is presented for consideration and decision-making. Consulting services do not include the licensed professional services provided by medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries.

Contract: An obligation, such as an accepted offer, either written or spoken between two or more parties, for the lease or purchase of goods or services within a fixed time period.

Electronic Tendering System: A computer-based system that provides vendors with access to information related to open competitive procurements. Examples include: biddingo.com and merx.com.

Goods and Services: All materials, supplies, equipment furniture including construction, trades and information technology.

Informal Request for Quote: A request for quote seeking a minimum of three quotes. May be written or verbal but must be documented.

Internal Controls: Mechanisms in the procurement process that help reduce exposure to inappropriate, unauthorized or unlawful expenditures. They help ensure that purchases have been authorized, that goods or services have actually been received, and that funds exist to meet the expenditure.

Procurement: The acquisition by any means including by purchase, rental, lease or conditional sale of goods, services or construction.

Purchase: To transfer ownership of a good or service.

Purchase Order: A written offer made by a purchaser to a supplier formally stating the terms and conditions of a proposed transaction.

Purchasing Card: means a payment method whereby duly authorized employees of the Health Unit are empowered to purchase directly from suppliers/contractors/vendors using a credit card provided by the Health Unit, as issued by a bank or major credit card provider and, in accordance with a written card holder agreement and procedure.

Requests for Expressions of Interest (RFEI): A document used to gather information about supplier interest in an opportunity, or information about supplier capabilities/qualifications. It is used to gain a better understanding of the capacity of the supplier community.

Request for Information (RFI): A document issued to gather general supplier, service or product information.

Request for Proposal (RFP): A document used to request suppliers to supply solutions for the delivery of complex products or services or to provide alternative options or solutions. It is a process that uses pre-defined evaluation criteria in which price is not the only factor.

Request for Quotation (RFQ): A document similar to an RFT where an organization describes exactly what it needs to be purchased and the evaluation is based predominately or solely, on price and delivery.

Request for Tender (RFT): A document used to request supplier responses to goods or services based on stated delivery requirements, performance expectations, terms and conditions. An RFT usually focusses the evaluation criteria predominantly on price and delivery requirements.

Single Source: A non-competitive method of procurement of goods or services from a supplier in situations where there is or may be another supplier capable of delivering these goods and services.

Sole Source: The use of a non-competitive procurement process to acquire goods or services where there is only one available supplier for the source of the goods or service.

Supplier/Vendor: Any person or organization that is capable of fulfilling the requirements of procurement

Supply Chain: The full range of processes that manage the flow of goods, services, information and funds between suppliers and end users, as well as the supporting infrastructure required to enable these processes.

Total Acquisition Cost: The sum of all costs including purchase price, all non-refundable taxes, warranties, delivery, disposal costs, installation, and the cost of any optional extensions in Canadian dollars.

Vendor Of Record: Vendor of Record (VOR) arrangement means a procurement arrangement, typically established through an RFP, that authorizes one or more qualified vendors to provide goods/services to one or more ministries for a defined period on terms and conditions, including pricing, as set out in the VOR agreement.

Policy

1. Procurement Principles

The Board of Health ensures that a process for procurement is in place that:

- is fair, open, transparent and encourages competitive bidding;
- is conducted with a view to obtaining the best value for public money;
- is in compliance with federal and provincial laws and incorporates, where possible, consideration of accessibility and other factors that impact procurement contained in legislation;
- standardizes processes for effective and efficient planning, monitoring and control of procurement activities;
- addresses circumstances that may require immediate procurement decisions to prevent or alleviate serious delay, a threat to public health, safety or welfare, the disruption of essential services or damage to public property; and
- encourage the procurement of goods, services and construction with due regard to the preservation of the natural environment and consideration of sustainability factors in raw materials production, recycling, packaging, disposal and waste management.

2. Delegation of Responsibility

The Board of Health delegates to the Medical Officer of Health/Chief Executive Officer (CEO) responsibility for establishing, and monitoring compliance with, purchasing and contracting procedures and practices consistent with the purpose, principles and limitations defined within this Board Policy. Purchasing procedures used shall ensure purchases of goods and services meet defined requirements for suitability, quality, safety, delivery and accessibility at the most economical price.

The Medical Officer of Health shall ensure that procurement planning is an integral part of the annual planning cycle such that all business requirements are met and sufficient time is allowed to complete the procurement process.

3. General Parameters

Before engaging in a bid process, the capacity available internally to complete or partially complete the required work shall be assessed prior to seeking external parties to fulfill these responsibilities.

When assessing what dollar value the purchase falls within, the following apply:

- The cost of the goods or services must be taken in their entirety excluding taxes (not broken down into component parts).
- The cumulative value of those goods or services (excluding taxes) over a calendar year.
- The total value of the contract (excluding taxes) that shall be awarded to the same individual/company over the term of that contract whether for a single or multiple years.

No contract, purchase or request for service shall be divided in any way to avoid the requirements of this policy.

The Health Unit shall not compensate or reimburse for the preparation and submission of proposals, tenders or quotations.

4. Conflict of Interest

Employees involved in the procurement process must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.

No purchases shall be made by the Health Unit on behalf of elected members and/or employees of the Health Unit through the quotation or tender process unless as part of Board approved exceptions.

No employees of the Health Unit shall tender or quote on goods and services to be obtained by the Health Unit.

5. Types of Procurement

a) Tender

A request for tender shall be used for purchases where the total acquisition cost excluding taxes exceeds \$50,000 and all of the following criteria apply:

- Two or more sources are considered capable of supplying the requirement
- The requirement is adequately defined to permit the evaluation of tenders based on price and delivery
- It is intended that the lowest compliant bid shall be accepted without negotiation.

The tender is publicly advertised and posted on an electronic Tendering System. Bids are opened and announced at a public meeting (excluding proprietary information).

b) Request for Proposal (RFP)

An RFP provides an efficient, competitive process for obtaining unique proposals designed to meet broad outcomes to a complex problem or need for which there is no clear or single solution. The selection is based on the proposal that earns the highest score and meets the requirements specified in the competition, based on qualitative, technical and pricing considerations. Evaluation criteria must be developed, reviewed and approved prior to commencement of the competitive procurement process. Competitive procurement documents must fully disclose the evaluation methodology and process to be used in assessing submissions.

For RFPs exceeding \$50,000 the request is publicly advertised and posted on an electronic Tendering System. Bids are opened and announced at a public meeting (excluding proprietary information).

c) Request for Quote (RFQ)

A request for quote can be used for purchases not exceeding \$50,000 excluding taxes where all the following criteria apply:

- Two or more sources are considered capable of supplying the requirement
- The requirement is adequately defined to permit the evaluation of quotes based on price and delivery
- It is intended that the lowest compliant bid shall be accepted without negotiation.

Bid solicitation is done primarily on an invitational basis from a pre-determined bidders list but may be supplemented with public advertising of the procurement opportunity.

d) Request for Information (RFI) of Request for Expressions of Interest (RFEI)

These processes may be used to assess market capabilities to provide the goods and services the health unit is seeking. An RFI is used to gather general supplier and product information. An RFEI is used to gather information about the supplier interest in an opportunity and information about the supplier capabilities and qualifications.

An RFI or RFEI shall not:

- Contain a means of evaluating or comparing the collected information
- Result in an award of work or be used to pre-qualify potential suppliers
- Result in a legal contract
- Require suppliers to provide proprietary information

6. Competitive Procurement Process Thresholds

Procurement Process Thresholds for the procurement of materials, supplies, services, equipment and furnishings are detailed in Table A.

Table A

Value of Goods and Services (\$)*	Means of Procurement (Minimum Requirement)
Less than \$2500	No formal quotation process is necessary
\$2501 up to \$10,000	Informal quote – seeking three quotes which may be verbal or written.
\$10,001 up to \$25,000	Invitational Competitive – Any form of requesting (RFP, RFQ) a minimum of three (3) qualified suppliers to submit a written quote/proposal in response to the defined requirements outlined by an individual/organization.
\$25,001 up to \$100,000	Open Competitive Procurement: A Request for Tender or Request for Proposal posted publicly requesting qualified suppliers to submit a written proposal in response to the defined requirements outlined by an individual/organization which enables all suppliers to compete in a fair and open environment.

Greater than \$100,000	Open Competitive For purchases valued at over \$100,000, the tender or request for proposal must be posted on an electronic Tendering System in keeping with the Agreement on Internal Trade and the Ontario-Quebec Trade and Cooperation Agreement which allows bidders from Quebec and the rest of Canada equal opportunity to bid on these projects.
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*amounts exclude applicable taxes

Procurement Process Thresholds for the procurement of consulting services are detailed in Table B. All consulting services must follow a competitive procurement process.

Table B

Value of Consulting Services (\$)*	Means of Procurement (Minimum Requirement)
\$0 up to \$10,000	Informal quote – seeking three quotes which may be verbal or written.
\$10,001 up to \$25,000	Invitational Competitive – Any form of requesting a minimum of three (3) qualified suppliers to submit a written quote/proposal in response to the defined requirements outlined by an individual/organization.
\$25,001 up to \$100,000	Open Competitive Procurement: Any form of requesting qualified suppliers to submit a written proposal in response to the defined requirements outlined by an individual/organization which enables all suppliers to compete in a fair and open environment.
Greater than \$100,000	Open competitive. For purchases valued at over \$100,000, the tender or request for proposal must be posted on an electronic Tendering System in-keeping with the Agreement on Internal Trade and the Ontario-Quebec Trade and Cooperation Agreement which allows bidders from Quebec and the rest of Canada equal opportunity to bid on these projects.

*amounts exclude applicable taxes

7. Approval Authority Schedule (AAS)

The procurement of goods and services and/or consulting services must be approved by an appropriate authority in accordance with the Approval Authority Schedule outlined in Table C.

Table C

Total Procurement Amount (\$)*	Delegated Purchasing Authority Level
up to \$5,000	Supervisor or Manager or Accountant
up to \$50,000	Director
up to \$100,000	Medical Office of Health/Chief Executive Officer
Greater than \$100,000	Board of Health. The Board of Health may delegate approval authority to the Medical Officer of Health as it deems necessary.

*amounts exclude applicable taxes

8. Non-Competitive Procurements:

The Health Unit may utilize non-competitive procurement in situations outlined in the following exemptions:

- When there is a market-based monopoly on the item (eg. utilities) or the item is in short supply due to market conditions
- When no bids are received in an open competitive process or all quotations and/or tenders fail to comply with the specifications or terms and conditions and it is impractical to reissue the call for tenders or quotations.
- Where the service being purchased is of a confidential or privileged nature and disclosure of those matters would be contrary to the agency interest
- When the required item is covered by an exclusive right such as a patent, copyright or exclusive license
- When it is necessary to ensure compatibility with existing products or technology or to avoid violating and/or voiding existing warranty/guarantee requirements
- Where work is to be performed on or about a leased building or portions thereof that may be performed only by the lessor
- When the purchase is already covered by a lease-purchase agreement where payments are partially or totally credited to the purchase
- Where the agency has a rental contract or contract with a purchase/rental extension option and such purchase / rental extension option may be beneficial to the agency.
- Advertising services required by the health unit including but not limited to radio, television, newspaper, social media
- Procurement of training and education (including but not limited to: registration and tuition fees for conferences, conventions, courses and seminars, magazines, books and periodicals, memberships and association fees)
- Procurement of Professional Services (medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers notaries and other professionals with a specialized field of expertise)

Prior to commencement of non-competitive procurement for consulting services or goods or services supporting documentation must be completed and filed with the procurement record.

Approval of the Director is required for non-competitive procurement less than \$10,000. Approval of the Medical Officer of Health/Chief Executive Officer is required for non-competitive procurement exceeding \$10,000.

9. Cooperative Purchasing or Buying Groups:

The Health Unit may enter into arrangements with municipalities, public boards and other public bodies or public authorities receiving public funding on a cooperative basis where there are economic advantages and where the best interests of the Health Unit would be served in doing so. This includes the use of a Vendor of Record (VOR) from the Ministry of Government Services.. Use of vendors under these relationships precludes the need to go to a competitive procurement process. Examination of the pricing should be done against local/current suppliers of the same product or service to ensure that the Health Unit is getting the best quality price and availability.

10. Special Circumstances

The Medical Officer of Health/CEO may authorize procurement of goods or services outside the parameters of this policy in the event of special circumstances when there is either an unforeseen situation of urgency where the goods and services cannot be obtained in time through a competitive process or when a situation arises where the Medical Officer of Health/CEO deems it to be in the best interest of the agency to ensure the effective and efficient operation of the agency is maintained. An unforeseen situation or emergency does not occur where the Health Unit has failed to allow sufficient time to conduct a competitive process.

11. Requirement for Contract

Contract to purchase may take the form of a purchase order, legally executed agreement, or blanket contract (standing agreement/offer). Authorization of the purchase must be provided in accordance with the Approval Authority Schedule before the supply of goods or services commences. Supplier performance and compliance with procurement contracts shall be monitored and documented and any performance issues shall be addressed by the Approval Authority or designate.

12. Purchasing Cards/Credit Cards

Purchasing cards and Credit Cards are authorized for use by the Medical Officer of Health/Chief Executive Officer and his/her delegates to carry out approved business transactions in accordance with a written card holder agreement and procedure. The Cards are used for Health Unit business purposes only and not for personal use. Purchases on the Cards must follow the normal procurement and approval processes.

13. Petty Cash

Petty Cash Funds not to exceed \$500 may be established. All petty cash fund disbursements shall be evidenced by signed receipts that are retained for audit purposes and follow the Petty Cash policy.

14. Disposal of Goods

Health Unit property, including but not limited to, furniture, vehicles, equipment, supplies, and other goods and material, which are deemed surplus or which have become obsolete shall be disposed of in a fair and transparent manner consistent with the Board of Health's stated procurement principles. No board of health member, employee or volunteer shall personally

obtain any property that has been declared surplus unless it is obtained through a public process.

15. Records Management and Access to Information

The Board of Health is committed to an open procurement process and facilitating disclosure of information about procurement on a timely and routine basis. All records relating to procurement are maintained, retained, stored, and disposed of in accordance with the records management policies of the agency.

Confidential information shall be safeguarded. The disclosure of procurement records shall be in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, as amended. Contract award notification shall be posted publicly after the agreement between the successful supplier and the health unit is executed.

Procedures

Please see link to [FI0107 Purchasing and Contracting Services Policy](#) – updated October 18, 2006. Note that procedures for this new policy are under development. The previous procedures are linked for reference and will be replaced by year end.

Related Policies

FI0106 Petty Cash

FI0111 Use of Agency Issues Credit Cards/ Purchasing Cards

Related Forms

Under Development

Final Approval Signature: _____

Review/Revision History:

2006, October 18 – revised and consolidated C2.020 Contracting Services and C2.030 Purchasing

September 2010 – Policy-renumbered, previous number C2.030

March 16, 2016 – Policy Statements revised, policy renamed