

NORTH OF SUPERIOR HEALTHCARE GROUP POLICY/PROCEDURE	
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**PURPOSE**

To govern how the Corporation conducts sourcing, contracting and purchasing activities, including approval segregation and limits, competitive and non-competitive procurement, purchasing, contract awarding, conflict of interest and bid protest procedures to ensure ethical, efficient and accountable sourcing, contracting and purchasing activities within the Corporation.

**SCOPE AND RESPONSIBILITY**

This policy applies to everyone involved in supply chain activities for example, but not limited to, management, supervisors, lead hands, purchasing and finance staff and must be reviewed annually by all applicable staff. Annual review may take place at Department Head meetings and be documented on a sign off sheet. Department Heads are then responsible to ensure all other staff in their departments review same. Senior management is responsible to ensure compliance with these policies and procedures and to determine appropriate measures in the event of non-compliance.

**MANDATORY REQUIREMENTS AND STANDARDS**

**Segregation of Duties and Approval Authority Levels**

1. Segregation of Duties — the Corporation must segregate at least three of the five functional roles; requisitioning, budget, commitment, receipt and payment. Responsibilities for these functions should lie with different departments or at a minimum with different individuals. In circumstances where it is not feasible to segregate three roles, adequate compensating controls approved by the external auditor will be acceptable.
2. Approval Authority — the Corporation has a documented delegation of authority schedule that outlines the Corporation’s authority levels, segregation of duties and required approvals. All Corporation staff must seek the necessary approval for all procurements prior to conducting the procurement.

**Competitive vs. Non-Competitive Procurement**

3. Competitive vs. Non-Competitive Procurement Process Determination —the Corporation must conduct open competitive procurements where the estimated value of procurement of goods, services or construction is \$100,000 or greater. Where the estimated cost of a project or purchase is just under the threshold and there is a possibility that the contract might exceed the threshold, the Corporation should consider following the requirements for the competitive procurement. Where a contract will be structured to allow for extensions and it is clear that this would take the total value of the contract over the threshold, the Corporation must follow the requirements for competitive procurement.

Where standing agreements are being considered, the Corporation should try to estimate the value of a standing agreement. Thresholds apply to the value before taxes. The Corporation must ensure that any buying group in which the Corporation participates carries out its activities in accordance with the requirements of this policy.

### Competitive Thresholds

Goods and Non-consulting Services	
Procurement Value	Means of Procurement
\$0 up to but not including \$100	Petty Cash or Purchase Order
\$100 up to but not including \$10,000	Purchase Orders
\$10,000 to \$99,999	Invitational Competitive – at least 3 bids
\$100,000 or more	Open Competitive Process
Consulting Services	
Procurement Value	Means of Procurement
\$0 to \$99,999	Invitational or open competitive process
\$100,000 or more	Open competitive process

### Competitive Procurement

4. Information Gathering - A response to a Request for Information or Request for Expressions of Interest must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.
5. Pre-Qualification — the Corporation must ensure that the terms and conditions built into the Request for Supplier Qualifications contain specific language to disclaim any obligation on the part of the Corporation to actually call on any supplier as a result of the pre-qualification to supply such materials or services.

### Purchasing

6. Advertising and Posting Competitive Documents to Market — In accordance with the AIT, calls for competitive procurements should be made through an electronic tendering system that is equally accessible to all Canadian suppliers. The Ontario Public sector currently has a contract in place with MERXTM ([www.merx.com](http://www.merx.com)) to support this goal on a provincial level and the contract is available to and should be used by the Corporation. The Corporation may choose to use other methods of advertising in addition to the required electronic method.

For contracts less than \$100,000 competitive procurements can be made through an electronic tendering system and/or one or more of the following methods:

1. Publication in one or more predetermined daily newspapers that are easily accessible to all Canadian suppliers; or
  2. The use of source lists, such as Vendor- of-Record (pre-qualified vendors) or preferred suppliers lists such as may be provided by the Corporation’s Group Purchasing Organization or Regional Supply Chain Group.
7. Timelines for Posting Competitive Procurements — the Corporation must provide suppliers a minimum response time of 15 calendar days for procurements valued at \$100,000 or more.

## Evaluation

8. Bid Receipt — the Corporation must ensure that the closing date is set on a normal working day (Monday to Friday, excluding provincial and national holidays). Submissions that are delivered after the closing time must not be considered.
9. Evaluation Criteria — Evaluation criteria should be developed, reviewed and approved before the competitive process begins. These criteria must be included in the competitive documents. The competitive documents must also identify those criteria that are considered mandatory and any technical standards that need to be met. The evaluation criteria cannot be changed or altered once the competitive process has begun.
10. Evaluation Process — the Corporation must fully disclose the evaluation methodology and process to be used in assessing a supplier's submission.
11. Evaluation Team — Evaluation team members must be aware of the restrictions related to confidential information shared through the competitive process and refrain from engaging in activities that may create or appear to create a conflict of interest. The Corporation must require team members to sign a conflict-of-interest declaration and non-disclosure agreement.
12. Evaluation Matrix — the Corporation must ensure that each member of the evaluation team has completed an evaluation matrix rating each of the proponents. Records of evaluation scores must be auditable. Evaluators should be aware that everything they say or document must be fair, factual, fully defensible and may be subject to public scrutiny.
13. Selection Process — the Corporation must select only the highest ranked submission(s) that have met all mandatory requirements set out in the related procurement document. In responding to procurement documents, suppliers may sometimes propose alternative strategies or solutions to the organization's business needs. Unless expressly requested in the procurement documents, organizations must not consider alternative strategies or solutions proposed by a supplier.
14. Tie-Score Process — the method to resolve a tie score must be identified in the evaluation criteria of the Request for Proposal, including weighting, if applicable. Tie-break criteria are also subject to the rules of non-discrimination.
15. Non-Discrimination — the Corporation must refrain from any discrimination or preferred treatment in awarding a contract to the preferred supplier from the competitive process, unless justifiable based on the circumstances described below.

## Contract Award

16. Executing the Contract — the agreement between the Corporation and the successful supplier must be defined formally in a signed written contract before the provision of the goods, services or construction commences. When executing the contract, the Corporation must obtain the supplier signatures before obtaining the designated Corporation's signature. In situations where an immediate need exists for goods or services and the Corporation and the supplier are unable to finalize a contract, a letter of intent, memorandum of understanding (MOU) or interim purchase order may be used. This will allow for the immediate needs to be met, while final negotiations take place towards finalizing the contract.
17. Establishing the Contract — the contract must be finalized using the form of agreement/contract that was released with the procurement document. Ensure a dispute resolution process is defined in the contract. Where the contract provides for reimbursement of expenses, ensure the reimbursement rules are compliant with the Broader Public Sector Expenses Directive. Where the contract is for services, establish clear terms of reference that include: objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements and knowledge transfer requirements.

18. Termination and Cancellation Clauses — all contracts must include appropriate cancellation or termination clauses and the Corporation should seek appropriate legal advice on the development of these clauses.
19. Contract Extensions — the term of the agreement and any options to extend the agreement must be set out in the procurement document. Changes to the term of the agreement may change the procurement value. Prior written approval by the appropriate approval authority is necessary before changing contract start and end dates. Extensions to the term of agreement beyond what is set out in the procurement document are considered non-competitive procurements and the Corporation must seek appropriate approval authority prior to proceeding.
20. Award Notification — for purchases valued at \$100,000 or greater, the Corporation must post, in the same manner as the procurement documents were posted, the name(s) of the successful supplier(s). Contract award notification must occur only after the agreement between the successful supplier and the organization has been signed. The contract award notification must include the agreement start and end dates, including any options for extension and the total agreement value.
21. Vendor Debriefing Notification — for purchases valued at \$100,000 or greater, the Corporation must inform all suppliers who participated in the procurement process of their entitlement to a debriefing.

### **Non-Competitive Procurement**

22. Non-Competitive Procurement Documentation — when the Corporation bypasses the competitive process, formal documentation must be completed to support and justify the decision. This documentation must be completed and approved by the appropriate authority levels within the organization and may be used as supporting documentation in the case of a competitive dispute.

### **Procurement Documents and Records Retention**

23. Records Retention — all procurement documents, as well as any other pertinent information for reporting and auditing purposes, must be maintained for a period of seven years and be in recoverable form if requested.

### **Conflict of Interest**

24. Conflict of Interest — the Corporation must consider any conflicts of interest during procurement activities applicable to all employees, external consultants or suppliers. The Corporation must require any individual involved in supply chain-related activities to declare all actual or potential conflicts of interest.

### **Bid Protest Procedures**

25. Bid Protest Procedures — the Corporation must communicate the bid protest procedures for suppliers in all competitive and procurement documents to ensure that any dispute is handled in a reasonable and timely fashion.

### **Delegated Purchasing Authority**

26. Delegated Purchasing Authority — all procurements must be approved by the appropriate level of authority. Levels of authority correspond with job roles and level of responsibility in the organization. The levels of authority are outlined below:

**Operating Budget**

An annual operating budget detailing revenue, staffing, service and supplies shall be approved each fiscal year by the Board of Directors and serve as the general guideline supporting operational purchasing decisions.

Procurement Value	Delegated Authority Level
\$0 up to but not including \$100	Department Heads, purchasing personnel, all staff in "emergency" situations
\$100 up to but not including \$10,000	Department Heads and Chief Financial Officer
\$10,000 to \$99,999	Chief Executive Officer
\$100,000 or more	Board of Directors

**Capital Budget**

An annual capital budget detailing planned capital purchases exceeding \$2,000 shall be approved each fiscal year by the Board of Directors.

Procurement Value	Delegated Authority Level
\$2,000 to \$9,999, if included in approved budget	Department Heads and Chief Financial Officer
\$10,000 to \$249,999, if included in approved budget	Chief Executive Officer
\$250,000 or more, if included in approved budget	Board of Directors
\$2,000 to \$49,999, if not included in approved budget	Chief Executive Officer
\$50,000 or more, if not included in approved budget	Board of Directors