



Timmins and District Hospital

*Procurement*  
*Policies and Procedures*  
**HANDBOOK**

*The Procurement Policies and Procedures (PPP) govern how the Timmins and District Hospital herein referred to as “the hospital” 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.*

*The PPP provide a common set of rules for managing the procurement of goods and services to ensure ethical, efficient and accountable sourcing, contracting and purchasing activities within the Procurement department and across the facility and is in accordance with the mandatory requirements outlined in the Broader Public Sector Supply Chain Guideline Version 1.0*

***The mandatory requirements have been incorporated into the body of this handbook. For easy reference the complete list of mandatory requirements can be found on the pages 29-33 of the handbook.***

## Code of Ethics

The *Supply Chain Code of Ethics* sets out basic overarching supply chain principles of conduct for the hospital, their suppliers, advisors and other stakeholders and defines acceptable behaviours and standards that should be common for everyone involved with supply chain activities, such as planning, purchasing, contracting, logistics and payment. The Code is not meant to supersede codes of ethics that the Hospital already has in place but rather to supplement such codes with supply chain-specific standards of practice.

### **Supply Chain Code of Ethics**

**Goal:** To ensure an ethical, professional and accountable supply chain.

#### **I. Personal Integrity and Professionalism**

All individuals involved with purchasing or other supply chain-related activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all supply chain activities within and between hospitals, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. All participants 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.

#### **II. Accountability and Transparency**

Supply chain activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a view to obtaining the best value for public money. All participants must ensure that public sector resources are used in a responsible, efficient and effective manner.

#### **III. Compliance and Continuous Improvement**

All individuals involved in purchasing or other supply chain-related activities must comply with this Code of Ethics and the laws of Canada and Ontario. All individuals should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels, and to share leading practices.

## *Segregation of Duties and Approval Authority Levels*

The Hospital has allocated responsibilities to prevent any one person from controlling the entire purchasing process by segregating approvals for the key stages of the supply chain process.

<b>Roles</b>	<b>Explanation</b>	<b>Who</b>
<b>Requisition</b>	Authorize the supply chain department to place an order	Customer requesting the product or service
<b>Budget</b>	Authorize that funding is available to cover the cost of the order	Departmental budget holder
<b>Commitment</b>	Authorize release of the order to the supplier under agreed-upon contract terms	Purchasing role in the supply chain department
<b>Receipt</b>	Authorize that the order was physically received, correct and complete	Individual receiving the goods
<b>Payment</b>	Authorize release of payment to the supplier	Accounts Payable role within the finance team

## *Approval Authorities*

The Hospital has authority levels that identify the approvals required for various dollar levels of purchasing. These delegated authority levels must be complied with for every item that is purchased by the hospital. Approval authority for all procurements must be obtained prior to conducting the procurement. Approvals for procurements must be based on the total estimated value of the procurement, including any agreed-upon renewals.

## ***Information Gathering***

Information-gathering mechanisms are used in situations where the hospital has incomplete information about either the procurement that it requires or the capabilities of the market to deliver the material, service, or the solution required.

### ***Request for Information (RFI)***

The purpose of an RFI is to gather general supplier or product information. This mechanism may be used when the hospital is researching a contemplated procurement and has not yet determined what characteristics the ideal solution would have. Responses to RFI questions normally contribute to the final version of a subsequent Request for Proposals (RFP) and may include targeted questions about the required output/acquisition, seeking combinations of industry leading practices, suggestions, expertise and even concerns and additional questions from proponents.

### ***Request for Expressions of Interest (RFEI)***

The purpose of an RFEI is to gather information on supplier interest in an opportunity or information on supplier capabilities/qualifications. It may be used when the hospital wishes to gain a better understanding of the capacity of the supplier community to provide the services or solutions needed; the response to a RFEI must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

### ***Request for Supplier Qualification (RFSQ)***

The purpose of an RFSQ is to gather information on supplier capabilities and qualifications, with the intention of creating a list of pre-qualified suppliers. This mechanism may be used either to identify qualified candidates in advance of expected future competitions or to narrow the field for an immediate need whereby only pre-qualified suppliers will be invited to respond to the actual competition.

The RFSQ must contain terms and conditions that disclaim any obligation on the part of the hospital to actually call on any supplier as a result of the pre-qualification to supply such materials or services.

An RFSQ can also be used to pre-qualify suppliers who are interested in supplying materials or services in the future — if, as and when requested. The typical result of this procedure is a Vendor of Record (VOR) or a preferred suppliers list.

An RFSQ document should specifically define the type of materials or services included as part of the process, and set upper limits to the value of future awards. The RFSQ document should also clearly indicate the time duration the list is to be valid, the method(s) by which suppliers can be placed on the list, and at what specific intervals opportunities for being qualified will come up. The document should also indicate that suppliers who do not participate in the pre-qualification or do not appear on the list may be excluded from opportunities. If the VOR or preferred suppliers list is to be used for procurements over \$100,000, a supplier that meets the conditions for registration on the list must be able to register at any time.

## Competitive Procurement

In accordance with the AIT, the Ontario-Quebec Procurement Agreement and the PPP's principle of transparency, the Hospital must conduct open competitive procurements where the estimated value of procurement of goods, services or construction is \$100,000 or greater.

## Non Competitive Procurement

For the procurement of goods, services and construction with an estimated value less than \$100,000, the hospital will consider open competitive procurements where appropriate or, at a minimum, an invitational competitive procurement process (see Contract Value Chart)

**VALUE IS BASED ON COST OVER TERM OF THE CONTRACT NOT ANNUAL/UNIT COST**

<b>Estimated Value: \$1.00 - \$500.00</b>
Price is confirmed and the time of order based on Vendor of Record (Preferred Supplier)
Approval: Requesting Department Manager
<b>Estimated Value: \$500.00 - \$5000.00</b>
RFQ to known suppliers, minimum of two, three preferred. This process applies to all products with the exception of one of a kind product, or products already covered under pre-existing quotes or contracts. Documentation required.
Approval: Requesting Department Manager and Manager of Materials Management
<b>Estimated Value: \$5,000.00 - \$99,999.99</b>
Method # 1 - RFQ to known suppliers, minimum of two, three preferred. This process applies to all products with the exception of one of a kind product, or products already covered under pre-existing quotes or contracts. Evaluation Committee required. Evaluate responses, arrange trials and award contract. Documentation Required.
Method #2- Purchaser issues Request for Proposal via Electronic Tendering Network, Newspaper or pre-qualified vendor list. This process applies to all products with the exception of one of a kind product, or products already covered under pre-existing quotes or contracts. Evaluation Committee established. Evaluate responses, arrange trials and award contract. Documentation Required.
Approval: Department Manager / Manager of Materials Management/Program Director/CFO
<b>Estimated Annual Value: Over \$100,000.00</b>
Request for Proposal via Electronic Tendering Network, Newspaper or pre-qualified vendor list. This process applies to all products with the exception of one of a kind product, or products already covered under pre-existing quotes or contracts. Evaluation Committee established. Evaluate responses, arrange trials and award contract. Documentation Required.
Approval: Department Manager/ Manager of Materials Management/Program Director/CFO

## ***The Competitive Procurement Process***

The following sections outline the policies and procedures required when the hospital proceeds with a competitive procurement.

A Procurement Lead must be assigned for each procurement, which will be accountable for the requirements of this document.

### ***Vendors of Record (VOR)/Preferred Suppliers List***

Vendors of record are used to reduce costs by establishing strategic relationships with a small group of suppliers. A VOR can also be called a suppliers list, with the premise being that the hospital should try to focus as much procurement spend as possible through their VOR or preferred suppliers, where typically the best price is achieved.

The hospital may use source lists, such as VOR or preferred suppliers lists for competitive procurements, provided that for any source list:

- The opportunity to register on the source list has been advertised competitively on an electronic tendering system;
- A supplier that meets the conditions for registration on the source list is able to register at any time; and
- All registered suppliers in a given category are invited to respond to all calls for competitive procurement in that category.
- In return for the opportunity of being on the hospital's preferred list, the supplier offers preferred pricing.

### ***Competitive Documents***

For an open competitive process, the hospital will develop competitive documents that can be provided to potential proponents to explain the hospital's requirements.

The documents must include a description of the needed goods, services or construction in generic and/or functional terms specific to the business needs that the good or service will serve in all procurement documents. When the use of non-generic and/or non-functional terms is appropriate, the specifications must deal with performance requirements and exclude all features that could unfairly confer an advantage to certain suppliers. For information technology (IT) procurements may express requirements in terms of corporate or IT standards as an alternative to functional terms.

#### **In addition, the documents must include:**

1. Full disclosure of the evaluation criteria, process and methodology to be used in assessing submissions. The competitive documents should clearly identify the requirements of the procurement; the criteria that will be used in the evaluation of bids; and the methods of weighting and evaluating the criteria. The competitive documents must also identify those criteria that are considered mandatory and any technical standards that need to be met;
2. The name, telephone number and location of the person to contact for additional information on the procurement documents and a statement that suppliers who go outside of this contact person may be disqualified;
3. Conditions that must be met before obtaining procurement documents such as conflict-of-interest declarations, confidentiality agreements and non-disclosure agreements, if appropriate;
4. The address, date and time limit for submitting bids to procurement documents. Bids received after the closing date and time must be returned unopened;
5. The process, date and time limit for the submission of questions and bids on the procurement documents;
6. The time and place of the opening of the bids in the event of a public opening;

7. The submission rules and competitive clauses to be followed, which may include bid format, language, inclusion of an executive summary, number of copies required, attendance at a bidders' conference and any additional rules to be followed in order to be considered a compliant bid;
8. A draft copy of the contract to be signed in the event of an award of the procurement;
9. A request for a list of any subcontractors to be used to complete the procurement;
10. The period of irrevocability of bids where bids cannot be withdrawn (typically 120 days from the closure of the competitive process);
11. For goods, services and construction valued at \$100,000 or more, a statement that the procurement is subject to Ontario's trade agreements

## ***Types of Competitive Documents***

### ***Request for Proposal (RFP)***

The purpose of this document is to request suppliers to supply solutions for the delivery of complex goods, services or construction or to provide alternative options or solutions. It is a process that uses predefined evaluation criteria in which price is not the only factor.

### ***Request for Tender (RFT)***

The purpose of this document is to request suppliers' bids to supply goods, services or construction based on stated delivery requirements, performance specifications, terms and conditions. An RFT usually focuses the evaluation criteria predominantly on price and delivery requirements. This document may also be called a Request for Quotation (RFQ) where the hospital has described exactly what needs to be purchased and the evaluation is made solely on price.

## ***Advertising and Posting Competitive Documents to Market***

In accordance with the Agreement on Internal Trade (AIT), calls for competitive procurements must be made through an electronic tendering system that is equally accessible to all Canadian suppliers. Calls for those competitive procurements can be made through an electronic tendering system and/or one or more of the following methods:

- a) Publication in one or more predetermined daily newspapers that are easily accessible to all Canadian suppliers; or
- b) The use of source lists, such as VOR's or preferred suppliers list

The hospitals' advertising and posting practices during a competitive process must utilize accepted mediums in order to uphold the principles of fair, open and transparent dealings; to encourage maximum competitive response; and to ensure that suppliers have a positive experience in dealing with the HOSPITAL.

Transparency and openness can be best achieved through the use of one common electronic system. The Ontario Public sector currently has a contract in place with MERX™ ([www.merx.com](http://www.merx.com)) to support this goal on a provincial level. This contract is available to the hospital. Tender notices should include the following:

- a) A brief description of the procurement contemplated;
- b) Where to obtain tender documents and further information;
- c) The conditions for obtaining tender documents;
- d) Place where tenders are to be submitted;
- e) Date and time for submitting tenders;

- f) Time and place of public opening, if a public opening; and
- g) Statement that the procurement is subject to the provisions of the AIT Annex 502.4.

### ***Communications during Competition***

The competition process begins when the competitive procurement documents are issued and ends on the closing date; this is commonly referred to as the “blackout period.” The supply chain department is responsible for managing the process through to contract award.

During the blackout period in all competition situations, it is imperative that all communication with suppliers involved in the process occur formally, through the contact person identified in the competitive documents.

During the competitive period, the competitive procurement documents may be clarified or modified through the use of one of two types of responses:

An addendum response; or a question-and-answer (Q&A) response.

Addenda and Q&As are posted in the same manner as the competitive documents were advertised to the market and therefore shall be made available to all potential proponents. Standards for these and other communication mechanisms are included in the subsections that follow.

**Addendum response:** An addendum is prepared if modifications to the competitive procurement documents are necessary (e.g., amending, adding or deleting information due to errors, conflicts or deficiencies in the documents). An addendum may modify the documents by:

- o Inserting new, revised or repaginated pages;
- o Inserting new or revised drawings;
- o Deleting pages or drawings; and/or
- o Inserting pages that were inadvertently omitted from the posted competitive procurement documents.

All Addenda must be issued at least seven days prior to the closing date. If an addendum is issued within seven days of the closing date, the date should be extended accordingly.

**Question-and-answer responses:** A Q&A response is prepared if clarification of the RFP/RFT documents is required without the need to modify the posted competitive procurement documents. Any answer that results in a change to any aspect of the competitive procurement documents must be addressed by making corresponding modifications to the documents by an addendum. Generally, questions are requested to be submitted no less than seven days prior to the closing date, although questions may be considered after that and, if warranted; consideration may be given to extending the closing date, taking into account the project schedule. The objective is to ensure that all proponents receive as much relevant information as possible.

### ***Timelines for Posting Competitive Procurements***

The hospital must give potential proponents enough time to prepare a sufficient response for the competitive process. The goal of the competitive process should be to receive the highest number of quality bids possible, so as to maximize the ability to achieve better value for money. The hospital should consider providing response times longer than 15 days to ensure that suppliers have a reasonable period of time to submit a bid. The timeline should also take into account the complexity of the procurement and the time needed to properly disseminate the information.



## ***Bidders' Conference***

Bidders' conferences are held if the hospital believes there is information that potential proponents will better understand if the information is presented to them (i.e., asking contractors to outfit a building with electricity is easier to respond to after being given a site tour). Bidders' conferences are usually held shortly after the posting of the competitive documents to give proponents ample time to craft responses based on the information given at the bidders' conference. At the bidders' conference, only the procurement in question can be discussed and any questions and answers that were discussed need to be documented and provided to all proponents, whether or not they were in attendance.

The hospital should determine whether a bidders' conference will be a part of the competitive process. The hospital should also determine prior to posting the competitive documents whether the bidder's conference is mandatory, meaning that if potential proponents do not attend, their bids will be returned unopened.

### **A bidders' conference should cover all the essential information from the competitive documents, including the following:**

- Scope and requirements of the procurement
- Submission guidelines (rules of the competitive process);
- Timelines for the competitive process, including deadlines for questions and submissions;
- Evaluation criteria, process and methodology
- Contact information.

## ***Bid Receipt***

All eligible bids must be submitted by the closing time specified in the competition document. Closing dates must fall on regular working days (Mon-Fri) excluding statutory holidays. Bids received after the closing time must not be opened.

For bids where paper copies have been submitted, it is important to identify bid opening information in the competitive documents, including where the bids will be opened and who can attend. The process for opening paper bids is as follows:

1. Stamp each bid as it arrives with the date, time, location, company name and contact information;
2. Do not open any bids until after the competitive process has closed;
3. Ensure there is at least one witness to view the bid openings; and
4. Open the bids following the same process that was documented in the posted competitive documents.

## ***Bid Evaluation Criteria***

Every competitive process must establish evaluation criteria. The evaluation criteria will be used by the hospital to decide which bid should be selected from the competitive process.

In evaluating bids, the hospital may take into account not only the submitted price but also quality, quantity, transition costs, delivery, servicing, environmental considerations, the capacity of the supplier to meet requirements of procurement, experience, financial capacity of the supplier, and any other criteria directly related to the procurement. The hospital must pay particular attention to apply the maximum justifiable weighting to price/cost as part of the evaluation criteria.

For IT procurements, the hospital must assess conversion costs, if appropriate. In establishing the evaluation criteria and weighting of conversion costs, hospital must not unduly favour an incumbent supplier or unduly disadvantage non-incumbent suppliers.

Typically, an evaluation process comprises three components: mandatory requirements, rated requirements and price/cost. The hospital must ensure that they do not request information from suppliers that will not be evaluated or affect the evaluation process.

The hospital will perform a sensitivity analysis on the selected criteria and assigned weighting before the criteria are finalized and posted in the competitive documents. This will ensure that the criteria and weighting will deliver the desired outcome and will confirm the relative importance of the various criteria.

### ***Bid Evaluation Process***

The first step in the evaluation process is to ascertain whether submissions are compliant. Submissions may be considered to be materially compliant, but certain clarifications may be sought. Materially non-compliant submissions should be rejected. Once the compliant submissions have been identified, the hospital should proceed with the balance of the evaluation process.

#### **A full disclosure of the evaluation methodology and process must include the following:**

- a. A clear articulation of all mandatory requirements. The hospital must indicate if the mandatory requirements will be assessed on a pass/fail basis and indicate how suppliers achieve a passing grade. Where a supplier is disqualified for non-compliance with a mandatory requirement, no further evaluation should take place;
- b. All weights, including sub-weights, for rated requirements. Where a supplier fails to meet a stated minimum score for rated requirements no further evaluation should take place;
- c. Description of any short-listing processes, including any minimum rated score requirements;
- d. The role and weighting, if applicable, of reference checks, oral interviews and demonstrations; and
- e. Descriptions of the price/cost evaluation methodology, including the use of scenarios in the evaluation process, to determine costs for specific volumes and/or service levels. The evaluation of price/cost must be undertaken only after completion of the evaluation of the mandatory requirements and any other rated criteria for all bids.

### ***Bid Evaluation Team***

Every competitive process requires an evaluation team that will be responsible for reviewing all the compliant bids and scoring each of those bids. The evaluation team may be different for each competitive process depending on the expertise required to help make the decision. The following should be considered:

- a. Evaluation team members should be selected and their participation confirmed before the competitive documents have been posted. Ideally, the evaluation team members will have been included in the development of the evaluation criteria and weighting. Team members may include clinicians, educators, supply chain experts, subject-matter experts, financial experts and representatives of the procurement function. Evaluation teams should be composed of appropriate members to ensure that a proper evaluation is conducted.
- b. An Evaluation Team Lead should be selected by the evaluation team members to be responsible for coordinating the evaluation process.
- c. It is recommended that a representative of the procurement function participate in the oversight of the process, if not participating as part of the evaluation team.

## ***Selection Process***

Additional considerations during the selection process include:

- a. The hospital is entitled to ask proponents for clarification on their bid as long as it does not change their bid in any way.
- b. Where bids are received in response to a solicitation but exceed the hospital's budget, are not responsive to the requirement or do not represent fair market value, a revised solicitation can be issued in an effort to obtain an acceptable bid.
- c. If no bids are acceptable and it is not reasonable to go through any other method, the hospital may choose to negotiate directly with a chosen supplier.

Any proponent whose submission is rejected during the evaluation process will be notified of the rejection in writing as soon as practicable after completion of the evaluation. With the exception of any pricing that was made publicly available at the time of a public opening, all submission evaluation details must be kept confidential.

## ***Non-Discrimination***

The hospital must refrain from any discrimination or preferred treatment in awarding a contract to the preferred supplier.

The hospital shall not discriminate between the goods or services of a particular province or region, including those goods and services included in construction contracts, and those of any other province or region

Except as otherwise provided, measures that are inconsistent with the above statement include the following:

- The imposition of conditions on the invitation to compete, registration requirements or qualification procedures that are based on the location of a supplier's place of business in Canada, the place in Canada where the goods are produced or the services are provided, or other like criteria;
- The biasing of technical specifications in favour of, or against, particular goods or services, including those goods or services included in construction contracts, or in favour of, or against, the suppliers of such goods or services for the purpose of avoiding the obligations of this document;
- The timing of events in the competitive process so as to prevent suppliers from submitting bids;
- The specification of quantities and delivery schedules of a scale and frequency that may reasonably be judged as deliberately designed to prevent suppliers from meeting the requirements of the procurement;
- The division of required quantities or the diversion of budgetary funds to subsidiary agencies in a manner designed to avoid these obligations; and
- The use of price discounts or preferential margins to favour particular suppliers.

The hospital shall not impose or consider, in the evaluation of bids or the award of contracts, local content or other economic benefits criteria that are designed to favour:

- The goods and services of a particular province or region, including those goods and services included in construction contracts; or
- The suppliers of a particular province or region of such goods or services.

Except as otherwise required to comply with international obligations, the hospital may accord a preference for Canadian value-added, subject to the following conditions:

- The preference for Canadian value-added must be no greater than 10 per cent;

- The hospital shall specify in the call for competition the level of preference to be used in the evaluation of the bid; and
- All qualified suppliers must be informed through the call for competition of the existence of the preference and the rules applicable to determine the Canadian value-added.

Except as otherwise required to comply with international obligations, the hospital may limit its competition to Canadian goods, Canadian services or Canadian suppliers, subject to the following conditions:

- The hospital must be satisfied that there is sufficient competition among Canadian suppliers;
- All qualified suppliers must be informed through the call for competition of the existence of the preference and the rules applicable to determine Canadian content; and
- The requirement for Canadian content must be no greater than necessary to qualify the procured good or service as a Canadian good or service

### ***Contract Award***

Once the competitive process has been completed and the preferred supplier has been selected, the hospital must now go through the process of awarding the contract to the preferred supplier. The hospital should send a formal contract award letter to the chosen supplier to initiate the process.

### ***Executing the Contract***

Following the procurement process and the selection of a contract type, a signed written contract must be established. The agreement between the hospital and the successful supplier must be defined formally in a signed written contract before the provision of goods, services or construction commences. In situations where an immediate need exists a letter of intent or interim purchase order may be used which will allow for the immediate needs to be met, while final negotiations take place towards finalizing the contract.

The contract must be finalized using the form of agreement/contract that was released with the procurement document.

The contract must include appropriate cancellation or termination clauses.

### ***The most commonly used contract types are listed below.***

***Fixed price:*** A fixed-price contract is a contract that has a set fee for a specific scope of work to be completed, which can include the completion of a specific deliverable or deliverables. When deciding to use a fixed-price contract, the hospital must consider the level of scope detail that has been developed. The more well defined the scope and the requirements, the lower the risk of using a fixed-price contract for the hospital. Using a fixed-price contract with a scope that is not well defined contains risk for the hospital because items may be deemed out of scope and thus results in costly change orders. If using a fixed-price contract for a specific deliverable or deliverables, the hospital must understand the desired outcome of the work being completed. One advantage of a fixed-price contract is that the cost of the procurement is known up-front.

***Time and materials:*** A time-and-materials contract identifies work to be paid based on units of time spent on the procurement. These time units are typically in the form of daily or hourly rates for the amount of time and materials used by the resources assigned by the supplier. If the hospital does not have a well-defined scope of work, a time-and-materials contract may be the only option. The hospital must monitor the hours spent during a time-and-materials contract to ensure that the procurement does not exceed their budget.

***Cost reimbursable:*** A cost-reimbursable contract is a contract where the hospital agrees to reimburse all the costs incurred by a supplier in the completion of the work identified. Typically, the hospital will pay an additional fee on top of those costs to represent the suppliers' profit. This additional fee can be calculated as a percentage of the costs incurred or as a flat fee on top of the costs incurred.

A combination of the contract types above can also be used, depending on the requirements being contemplated.

## ***Award Notification***

Once the preferred supplier has been selected and the contract has been awarded and signed, the hospital must notify all proponents that a contract has been signed and the competitive process is complete. For purchases valued at \$100,000 or greater the hospital must post the name(s) of the successful supplier including the agreement start and end dates and any options for extension in the same manner as the procurement documents were posted.

## ***Vendor Debriefing***

For purchases valued at \$100,000 or greater, the hospital must inform all suppliers who participated in the procurement process of their entitlement to a debriefing.

The details of the vendor debrief should be included in the competitive documents, including the process for booking debrief sessions at the conclusion of the procurement process. The hospital must allow suppliers 60 calendar days following the date of the contract award notification to respond.

### **In scheduling vendor debriefings, the hospital must:**

- Confirm the date and time of the debriefing session in writing;
- Conduct separate debriefings with each vendor;
- Ensure that the same participant(s) from the hospital participate in every debriefing conducted.
- Retain all correspondence and documentation relevant to the debriefing session as part of the procurement documentation.

### **In conducting vendor debriefing meetings, the hospital must:**

- Provide a general overview of the evaluation process set out in the procurement document;
- Discuss the strengths and weaknesses of the supplier's submission in relation to the specific evaluation criteria and the supplier's evaluated score. If more than price is evaluated, the may provide the supplier's evaluation scores and their evaluation ranking (e.g., third of five);
- Provide suggestions on how the supplier may improve future submissions;
- Be open to feedback from the supplier on current procurement processes and practices; and
- Address specific questions and issues raised by the supplier in relation to their submission.

In addition, the hospital may also provide the name(s) and address (as) of all suppliers who participated in the procurement, including qualified and disqualified proponents as well as those who submitted "no bid."

In conducting vendor debriefings, hospital s must not disclose information concerning other suppliers, other than as specified above, as it may contain confidential third-party proprietary information subject to the mandatory third-party exemption under the FIPPA. Questions unrelated to the procurement process must not be responded to during the debriefing and must be noted as out of scope based on the debriefing process agreed to in the procurement documents.

## *Exemptions from the Competitive Process*

In certain unique circumstances, the hospital will not have the ability to go through a competitive process for their procurement activity.

There are two main types of direct awards.

1. Single Sourcing is the use of a non-competitive procurement process to acquire goods, services or construction from a specific supplier even though there may be more than one supplier capable of delivering the same goods, services or construction.
2. Sole Sourcing means 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.

### *Single Sourcing*

Allowable exceptions for competitive procurements include:

- a) Where an unforeseen situation of urgency exists and the goods, services or construction cannot be obtained by means of open procurement procedures. Where a non-competitive procurement is required due to an urgent situation, the hospital may conduct the procurement prior to obtaining the appropriate approvals provided that the urgency has been justified in writing;
- b) Where goods or consulting services regarding matters of confidential or privileged nature are to be purchased and the disclosure of those matters through an open competitive process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest;
- c) Where a contract is awarded under a cooperation agreement that is financed, in whole or in part, by an international organization only to the extent that the agreement includes different rules for awarding contracts;
- d) Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt compound and pre-mixed concrete for use in the construction or repair of roads;
- e) Where an open competitive process could interfere with the hospitals' ability to maintain security or order or to protect human, animal or plant life or health;
- f) Where there is an absence of any bids in response to an open competitive process that has been conducted in compliance with this document; and
- g) Where only one supplier is able to meet the requirements of procurement in the circumstances (sole sourcing).

### *Sole Sourcing*

In the situation where only one supplier is able to meet the requirements of procurement the hospital may use procurement procedures that differ from those described above in the following circumstances:

- a) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- b) Where there is an absence of competition for technical reasons and the goods or services can only be supplied by a particular supplier and no alternative or substitute exists;
- c) For the procurement of goods or services, the supply of which is controlled by a supplier that is a statutory monopoly;
- d) For the purchase of goods on a commodity market;
- e) For work to be performed on or about a leased building or portions thereof that may be performed only by the leaser;

- f) For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
- g) For a contract to be awarded to the winner of a design contest;
- h) For the procurement of a prototype or a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases;
- i) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases;
- j) For the procurement of original works of art;
- k) For the procurement of subscriptions to newspapers, magazines or other periodicals; and
- l) For the procurement of real property.

### ***Non-Competitive Procurement Documentation***

When the hospital bypasses the competitive process any of the situations listed above 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 hospital and may be used as supporting documentation in the case of a competitive dispute.

For a suspected sole sourcing situation, an organization can post a public notice that it will be awarding a particular good or service to a company without going through a competitive process and ask for disputes. If no disputes arise, the hospital has done the due diligence required to ensure that it is a sole sourcing situation.

### ***Environment Sourcing***

HOSPITAL will consider environmentally responsible and sustainable products and services as part of their purchasing decisions. The objectives of environmental sourcing are to:

- Provide an environmental role model for public procurement by making it a priority to use environmentally responsible products and services, where feasible and cost effective;
- Support a healthier working environment for employees and for citizens in general through the purchase of environmentally preferable goods and services;
- Increase demand for environmentally responsible products and services, which may ultimately enhance their quality and cost competitiveness; and
- Increase the conservation of resources through the use of more reusable products, and/or products and services that require less energy and materials to produce or use.

## *Procurement Documents and Records Retention*

The hospital must retain the procurement documents as well as any other pertinent information for reporting and auditing purposes for a period of seven years and be in recoverable form if requested. These documents may also be used as support in the event of a bid protest or competitive process dispute.

A record of the procurement process documentation includes the following:

- ✓ A copy of the procurement justification or the business case;
- ✓ Information regarding all supplier consultations, including any requests for information, undertaken in the development of the procurement business case and/or procurement documents;
- ✓ Evidence that all required approvals were obtained;
- ✓ Copies of all procurement documents used to qualify and select the supplier;
- ✓ Where the procurement was conducted through a VOR arrangement, information regarding the second-stage selection process used to select the particular vendor of record;
- ✓ Where the procurement was single or sole sourced, documented justification, applicable exemptions and associated approvals;
- ✓ Copies of all advertisements of procurement documents;
- ✓ Copies of all successful and unsuccessful responses, submissions, proposals and bids received in response to procurement documents, including the conflict-of-interest declaration and other attached forms;
- ✓ Information regarding any issues that arose during the procurement process;
- ✓ Information regarding all evaluations of submissions, proposals and bids received in response to procurement documents;
- ✓ Information regarding all vendor debriefings including written documentation of the offer of vendor debriefing;
- ✓ Copies of all award letters, notices, and posted announcements;
- ✓ Copies of the Agreement(s);
- ✓ Information regarding all changes to the terms and conditions of the Agreement, including any changes that resulted in an increase in the Agreement price;
- ✓ Information regarding the management of the supplier, including how the supplier's performance was monitored and managed and, where applicable, mechanisms used to transfer knowledge from the supplier to staff;
- ✓ Risk assessment information and recommendations, where applicable;
- ✓ Contractor security screening decisions, where applicable;
- ✓ Information regarding all protests, disputes or supplier complaints regarding the procurement including any Agreement disputes;
- ✓ Evidence of receipt of deliverables; and
- ✓ Any other documentation as identified by the organization.



## ***Conflict of Interest***

The hospital must consider any conflicts of interest during procurement activities applicable to all employees, advisors, external consultants or suppliers. The organization must require any individual involved in the supply chain related activities to declare all actual or potential conflicts of interest.

The hospital while involved in procurement activities with suppliers must implement provisions that:

- a. Define conflict of interest to include situations or circumstances that could give a supplier an unfair advantage during a procurement process or compromise the ability of a supplier to perform its obligations under the agreement;
- b. Reserve the right of the hospital to solely determine whether any situation or circumstance constitutes a conflict of interest;
- c. Reserve the right of the hospital to disqualify prospective suppliers from a procurement process due to a conflict of interest;
- d. Require prospective suppliers participating in a procurement process to declare any actual or potential conflict of interest;
- e. Require suppliers to avoid any conflict of interest during the performance of their contractual obligations ;
- f. Require suppliers to disclose any actual or potential conflict of interest arising during the performance of an agreement;
- g. Reserve the right of the hospital to prescribe the manner in which a supplier should resolve a conflict of interest;
- h. Allow the hospital to terminate an agreement where a supplier fails to disclose any actual or potential conflict of interest or fails to resolve its conflict of interest as directed by the ; and
- i. Allow the hospital to terminate an agreement where a conflict of interest cannot be resolved.
- j. Must also consider that there may be conflicts of interest where their own employees or advisors may be involved. In cases where employees, senior management, boards or trustees are expected to declare a conflict of interest, hospital must request that a conflict-of-interest declaration be signed.
- k. Employees must disclose conflicts of interest to his or her department supervisor or designate in writing;
- l. Employees must avoid situations that may present conflicts of interest while dealing with persons or s doing business or seeking to do business with the hospital.

### **Situations that might result in a conflict of interest include the following:**

- a. Engaging in outside employment;
- b. Not disclosing an existing relationship that may be perceived as being a real or apparent influence on their objectivity in carrying out an official role;
- c. Providing assistance or advice to a particular supplier participating in a competitive process;
- d. Having an ownership, investment interest, or compensation arrangement with any entity participating in a competitive process;
- e. Having access to confidential information; and
- f. Accepting favours or gratuities from those doing business with the hospital
- g. In addition to the situations that might result in a conflict of interest for all employees and advisors, the hospital must be aware of and identify any additional conflicts of interest that may arise as a result of evaluation team members participating in the

selection of products or services. Every evaluation team members must sign a conflict-of-interest and non-disclosure agreement before each evaluation.

### ***Bid Protest Procedures***

The hospital must have bid protest procedures that allow suppliers to submit protests concerning any aspect of the procurement process. The hospital must communicate the bid protest procedures for suppliers in all competitive and procurement documents to ensure that any dispute is handles in a reasonable and timely fashion.

The hospital must also have a dispute resolution process built into their contracts with the chosen supplier to manage disputes throughout the life of the contract. It is recommended that for contracts with international suppliers, the process should state that arbitration will be in Canada.

If a supplier believes bidding process has been compromised they are invited to contact the hospital for possible investigation according the parameters listed below:

Suppliers must submit a written protest within 5 days of learning of the information applicable to the protest

If the contract has not been awarded, a review of the protest will occur prior to the contract award (unless the effect to the organization prohibits delaying the award)

If the contract has been awarded the awarded supplier may be notified and the award put on hold until the review is complete.

Once a review is complete and appropriate management has been consulted the vendor will be notified of the determination.

### ***Contract Extensions***

Changes to the term of the agreement may change the procurement value. Prior written approval by the appropriate authority is necessary before changing contract start and end dates. Extensions beyond what is set out in the procurement document are considered non-competitive procurements and the hospital must seek appropriate approval authority prior to proceeding.

**The Procurement Policies and Procedures Standard is to be adopted by In-Scope Recipients by March 2010 and must meet the twenty-five (25) MANDATORY REQUIREMENTS as listed below, which can be augmented but not diminished.**

#### **Mandatory Requirement #1**

Segregation of Duties — BPS organizations must segregate at least three of the five functional roles. 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, as in the case with smaller organizations, adequate compensating controls approved by the external auditor will be acceptable.

#### **Mandatory Requirement #2**

Approval Authority — BPS organizations must have a documented delegation of authority schedule that outlines the organization's authority levels for each of the five functional roles described in the segregation of duties and seek the necessary approval for all procurements prior to conducting the procurement.

#### **Mandatory Requirement #3**

Competitive vs. Non-Competitive Procurement Process Determination — In accordance with the AIT, the Ontario-Quebec Procurement Agreement and the PPP's principle of transparency, BPS organizations must conduct open competitive procurements where the estimated value of procurement of goods, services is \$100,000 or greater, construction is \$250,000

#### **Mandatory Requirement #4**

Information Gathering — a response to an RFI or RFEI must not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

#### **Mandatory Requirement #5**

Pre-Qualification — BPS organizations must ensure that the terms and conditions built into the RFSQ contain specific language to disclaim any obligation on the part of the BPS organization to actually call on any supplier as a result of the pre-qualification to supply such materials or services.

#### **Mandatory Requirement #6**

Advertising and Posting Competitive Documents to Market — In accordance with the Agreement on Internal trade (AIT), calls for competitive procurements shall be made through an electronic tendering system that is equally accessible to all Canadian suppliers and/or

Publication in one or more predetermined daily newspapers that are easily accessible to all Canadian suppliers; or

The use of source lists, such as Vendor of Records or preferred suppliers lists.

#### **Mandatory Requirement #7**

Timelines for Posting Competitive Procurements — Purchasing BPS organizations must provide suppliers a minimum response time of 15 calendar days for procurements valued at \$100,000 or more.

#### **Mandatory Requirement #8**

Bid Receipt — BPS organizations 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.

#### **Mandatory Requirement #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.

### **Mandatory Requirement #10**

Evaluation Process — BPS organizations must fully disclose the evaluation methodology and process to be used in assessing a supplier’s submission.

### **Mandatory Requirement #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. BPS organizations must require team members to sign a conflict-of-interest declaration and non-disclosure agreement.

### **Mandatory Requirement #12**

Evaluation Matrix — BPS organizations 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, and fully defensible and may be subject to public scrutiny.

### **Mandatory Requirement #13**

Selection Process — BPS organizations 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.

### **Mandatory Requirement #14**

Tie-Score Process — the method to resolve a tie score must be identified in the evaluation criteria of the RFP, including weighting, if applicable. Tie-break criteria are also subject to the rules of non-discrimination.

### **Mandatory Requirement #15**

Non-Discrimination — In compliance with the AIT, BPS organizations 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.

### **Mandatory Requirement #16**

Executing the Contract — the agreement between the purchasing BPS organization 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 organization must obtain the supplier signatures before obtaining the designated organization’s signature. In situations where an immediate need exists for goods or services and the purchasing organization 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.

### **Mandatory Requirement #17**

Establishing the Contract — the contract must be finalized using the form of agreement/contract that was released with the procurement document.

### **Mandatory Requirement #18**

Termination and Cancellation Clauses — all contracts must include appropriate cancellation or termination clauses and BPS organizations should seek appropriate legal advice on the development of these clauses.

### **Mandatory Requirement #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 BPS organizations must seek appropriate approval authority prior to proceeding.

#### **Mandatory Requirement #20**

Award Notification — for purchases valued at \$100,000 or greater, BPS organizations must post, in the same manner as the procurement documents were posted the name of the successful supplier. 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.

#### **Mandatory Requirement #21**

Vendor Debriefing Notification — for purchases valued at \$100,000 or greater, BPS organizations must inform all suppliers who participated in the procurement process of their entitlement to a debriefing.

#### **Mandatory Requirement #22**

Non-Competitive Procurement Documentation — When a BPS organization bypasses the competitive process for any of the situations identified, 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.

#### **Mandatory Requirement #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.

#### **Mandatory Requirement #24**

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

#### **Mandatory Requirement #25**

Bid Protest Procedures — BPS organizations 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. BPS organizations must ensure that their process is compliant with the bid protest procedures as set out in the AIT and the Ontario-Quebec Procurement Agreement.

### **REFERENCES:**

The following additional references can be found in Document Management

- 1) Procurement Policy and Procedures Policy 6.8.2.1
- 2) Broader Public Sector - Supply Chain Guideline – April 2009
- 3) Authorization Record/Signing Authority