

Administrative Policy & Procedure Manual

Purchasing and Materials Management

Procedure: Procurement	
Developed By: Manager Purchasing & Materials Management	Number: 1 -5-1285
Revision and Review By: Manager Purchasing & Materials Management and Chief Financial Officer	
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Original Policy Approved By: VP Corporate Services	
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Purpose

To govern how Groves Memorial Community Hospital (GMCH) and North Wellington Health Care (NWHC) conduct 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.

Responsibility

Managers for Wellington Health Care Alliance (WHCA) which includes GMCH and NWHC.

Equipment

All equipment and supplies that are used to Purchase and move equipment and supplies.

Method

- a) Financial Stewardship
- b) Process Efficiency
- c) Customer Service
- d) Risk Management
- e) Employee Productivity/Satisfaction
- f) Supplier Relationships

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Agreement on Internal Trade (AIT)

Select parts of the practice of the WHCA are governed by the AIT, which regulates trade between the provinces to ensure equal access to public sector procurement for all Canadian suppliers. Under the terms of the AIT, all procurement opportunities meeting or exceeding the following thresholds must be accessible to all Canadian suppliers through the use of electronic tendering systems, advertisements in daily newspapers or the use of source lists:

	Government Ministries	Broader Public Sector	Crown Corporations
Goods	\$25,000	\$100,000	\$500,000
Services	\$100,000	\$100,000	\$500,000
Construction	\$100,000	\$250,000	\$5 million

WHCA Hospitals as part of the Broader Public Sector (BPS) are required to comply with any amendments to the agreement that may be approved after April 2009.

Ontario-Quebec Procurement Agreement

Similar to the AIT, the 1997 Ontario-Quebec Procurement Agreement, regulates trade between Ontario and Quebec to ensure equal access to public sector procurement for the respective local suppliers. The Agreement contains the following open competitive procurement thresholds for goods, services, and construction:

	Broader Public Sector
Goods	\$100,000
Services	\$100,000
Construction	\$100,000

Procurement opportunities exceeding these thresholds must be accessible to all Quebec suppliers through the use of electronic tendering systems. Construction opportunities are allowed the additional options of advertisements in daily newspapers or the use of source lists.

Canadian Law of Competitive Processes and Contract Law

When the WHCA conduct a solicitation, the law of competitive processes applies. The receipt of tenders and, in some cases, proposals during a competitive procurement process may result in the formation of a bid contract (also called “Contract A”) between one of the Organizations and the submitter. Thus, the WHCA must take special care to understand the obligations they make when soliciting bids, such as rejecting non-compliant bids and not deviating from the process described in the bid documents. A breach of “Contract A” may occur if the soliciting Organization were to provide information or change the specifications during the competitive process to unfairly benefit a

particular participant, enter into side negotiations with any participant in an effort to obtain more desirable contract conditions, and so on.

When the WHCA enters into a contractual agreement with a supplier (i.e., “Contract B”), the agreement creates obligations on both parties and is subject to applicable contract law including accepted meanings and interpretations of enforceability, non-performance, breach of contract, remedies, and so on. Individuals making commitments on behalf of the WHCA must be aware of the liabilities they create, and should exercise extreme care in developing and/or revising contract language.

Persons engaged in procurement activities on behalf of the Organization should be aware of the implications of applicable Canadian law and the resulting importance of professional conduct. The competitive process itself may result in the formation of contractual obligations on the Organization and all contract documents, competitive procurement documents and any correspondence or supporting information relating in any way to a competitive procurement process are subject to subpoena by a Canadian court of law. Authors of such documents may be compelled to defend or otherwise explain them in court.

Freedom of Information and Protection of Privacy Act (FIPPA)

The purposes of FIPPA (sometimes referred to as the Privacy Act) are to make public bodies more accountable to the public and to protect personal privacy. Freedom of Information and Protection of Privacy Act accomplishes these purposes by:

- a) Providing the public with a right of access to records within the public bodies’ custody or control; and
- b) Preventing the unauthorized collection, use and disclosure of personal information.

The provisions of FIPPA may affect the procurement process and the way contract documents are drafted.

Persons engaged in procurement activities on behalf of the WHCA should be aware of the implications of the Freedom of Information (FOI) requirements of FIPPA and the resulting importance of professional conduct. Specifically, all notes, emails, memos, letters, or any other documentation relating to a competitive procurement process are ordinarily subject to FIPPA requests.

Freedom of Information requests can be and have been made for the information on tendering and administration of contracts. Any record so requested must be disclosed in its entirety unless FIPPA exceptions to disclosure apply to all or part of the request.

Segregation of Duties and Approval Authority Levels

Segregation of duties and delegation of authority are essential controls within the purchasing-to-pay process. Together, they ensure integrity of the process by reducing exposure to inappropriate, unauthorized or unlawful expenditures.

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Segregation of duties is an effective control in the Organizations that includes both delegation of authority and segregation of duties across functions and individuals. Segregation of duties prevents any one person from controlling the entire purchasing process by segregating approvals for the key stages of the supply chain process.

WHCA Organizations must segregate at least three of the five functional roles below. 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.

The WHCA Segregation of Duties as follows:

Roles	Explanation	Who	NWHC/GMCH
Requisition	Authorize the Supply Chain department to place an order	Customer requesting the product or service	Manager of Specific requesting Department or Delegate for Routine Ordering
Budget	Authorize that funding is available to cover the cost of the order	Departmental budget holder	Manager of Specific requesting Department
Commitment	Authorize the release of the order to the supplier under agreed-upon contract terms	Purchasing role in the Supply Chain department	Purchasing Clerk or Manager of Purchasing/MM
Receipt	Authorize that the order was physically received, correct, and complete	Individual receiving the goods	Purchasing Clerk
Payment	Authorize release of payment to the supplier	Authorized Cheque Signing Authorities	Authorized Board, Management and Finance Signing Authorities

Approval Authorities

The WHCA must have authority levels that identify the approvals required for various dollar levels of purchasing. These delegated authority levels must be compiled with for every item that is purchased by the Organization. Approvals for procurements must be based on the total estimated value of the procurement, including any agreed-upon renewals.

The WHCAs' delegation of authority defines approval levels corresponding to job roles in the organization and ensures that each individual's approval authority is commensurate with the responsibility level for his or her position.

The Approval Authority Schedule for Goods and non-consulting services must be approved by the board of directors of the organizations or its equivalent.

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Goods and non-consulting services

Procurement Approval Authority Schedule (AAS) for Goods and Non-Consulting Services	
Position Approval Level	Dollar Limitations
Front Line (As assigned by Manager)	Office supplies, general supplies, under \$500
Manager or Delegate	Purchase of Goods & Services up to \$10,000
Vice-Presidents, Chief Financial Officer, Chief Human Resource Officer	Purchase of Goods & Services up to \$100,000
Chief Executive Officer	Purchase of Goods & Services up to \$250,000
Vice-Presidents, Chief Executive Officer, (2) Signatures	Purchase of Goods & Services up to \$1,000,000
Motion from Board of Directors and Chief Executive Officer Signature	Purchase of Goods & Services over \$1,000,000

Approval Authority Schedule approved by the NWHC Resources Committee March 28, 2011 and the GMCH Resources Committee March 29, 2011.

Prior to commencement, any procurement of goods and non-consulting services must be approved by an appropriate authority in accordance with the AAS of the Organization.

Prior to commencement, any non-competitive procurement of goods or non-consulting services must be approved by an authority one level higher than the AAS requirements for competitive procurement.

Consulting services

Prior to commencement, any procurement of consulting services must be approved in accordance with the Procurement Approval Authority Schedule for Consulting Services below.

Procurement Approval Authority Schedule (AAS) for Consulting Services		
Position Approval Level	Dollar Limitations	Procurement Method
Organization's AAS for goods and non-consulting services	\$0 up to but not including \$100,000	Invitational Competitive
Organization's AAS for goods and non-consulting services	Any value	Open Competitive
President and CEO	\$0 up to but not including \$1,000,000	Non-Competitive*
Board of Directors	\$1,000,000 or more	Non-Competitive*

*Exemption-based only

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The WHCA must not reduce the overall value of procurement (e.g., dividing a single procurement into multiple procurements) in order to circumvent the approval requirements of the organizational AAS or the Procurement AAS for Consulting Services.

Competitive VS Non-Competitive Procurement Process Determination

In accordance with the AIT, the Ontario-Quebec Procurement Agreement and the PPP’s principle of transparency, the Organizations must conduct open competitive procurements where the estimated value of procurement of goods or services is \$100,000 or greater. The exemptions must be in accordance with the applicable trade agreements.

For the procurement of goods, services, and construction with estimated value less than the thresholds above, the WHCA will still consider open competitive procurements or, at a minimum, an invitational competitive procurement. An invitational competitive procurement is achieved by requesting three or more suppliers to submit a bid in response to the Organization’s requirements.

Each Organization follows the rules for procurement by value for purchases as per the table below:

The WHCA must competitively procure consulting services irrespective of value. The exemptions must be in accordance with the applicable trade agreements.

Goods, Non-consulting Services and Construction	
Total Procurement Value	Procedure
\$0 →\$200.00	Petty Cash (with Management Approval)
\$200.01→\$10,000.00	Purchase Order
\$10,000.01→\$99,999.99	Minimum 3 RFQ’s (Invitational Competitive Process)
\$100,000 →	Open Competitive RFP Process
Consulting Services	
\$0 →\$99,999.99	Minimum 3 RFQ’s (Invitational Competitive Process)
\$100,000 →	Open Competitive RFP Process

Organizations must not reduce the overall procurement (e.g., dividing a single procurement into multiple procurements) in order to circumvent competitive procurement thresholds.

Information Gathering

Information gathering mechanisms are useful for situations where the Organization 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. The information gathered during one of the processes outlined will help the Organizations plan a fair and cost-effective procurement process, define the requirements for the procurement documents, or identify whether there are qualified and/or interested suppliers. When informal research and information gathering is insufficient, the formal processes may be used where warranted, recognizing the time and effort required to conduct them for the purpose below:

Request for Information (RFI)

The purpose of an RFI is to gather general supplier or product information. This mechanism may be used when the Organization is researching a contemplated procurement and has not yet determined what characteristics the ideal solution would have (e.g. the business desires a new warehouse management system but is unsure of which features are most important and needs more information to understand what is available and what are the suppliers' capabilities.)

Responses to RFI questions normally contribute to the final version of a subsequent Request for Proposal (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/qualification. This mechanism may be used when an Organization wishes to gain a better understanding of the capacity of the supplier community to provide the services or solutions needed. Information collected can also facilitate selecting the best possible competition method for follow-up competition.

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

Where the Organization wishes to create a pre-qualified supplier list to be used for one or more future procurements, a Request for Supplier Qualifications (RFSQ), as described below, will be used.

Request for Supplier Pre-Qualifications (RFSQ)

The Request for Supplier Qualification (RFSQ) enables the WHCA to gather information about supplier capabilities and qualifications in order to pre-qualify suppliers for an immediate product or service need or to identify qualified candidates in advance of expected future competitions. The purpose of this process is to reduce subsequent effort devoted to the competitive process (i.e., bid preparation on the part of suppliers and evaluation on the part of the Organization), as detailed further:

- a) An RFSQ can be used to understand which potential proponents have the capabilities that the Organization requires, as the first stage in a two-stage solicitation (followed by a Request for Proposal), whereby only pre-qualified suppliers will be invited to respond to the actual competition. This can make the number of responses and the evaluation process more manageable for the evaluators, while allowing unqualified proponent to avoid effort and expense of preparing a complete competitive response.
- b) An RFSQ can 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 will 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 will 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 will also indicate that suppliers who do not participate in the pre-qualification or not appear on the list may be excluded from opportunities.

A VOR or preferred suppliers list may follow a number of formats with the intent of facilitating one or more potential supplier selection processes, but in all cases must be used according to procedure, as outline in the advertised RFSQ document. Typical pre-qualified supplier lists for future opportunities can be segmented by region, contain a ranked list of suppliers, or simply contain supplier names.

All Organizations will ensure that the terms and conditions built into the RFSQ contain specific language to disclaim any obligation on the part of the Organization to actually call on any supplier to provide goods or services as a result of pre-qualification.

The intention is that no Contract A (bid contract) or Contract B (performance contract) will be formed between the buying Organization and the pre-qualified suppliers as part of this process.

General Guidelines on Information Solicitation

RFI's and RFEI's are not competitions meant to result in the award of work; therefore, a correctly executed information solicitation process should not result in a legal contract ("Contract A" or bid contract) with a proponent.

Since it is generally desirable to reach a large population of potential suppliers when seeking information, the Organizations will use common electronic tendering methods for RFI's and RFEI's such as Merx, or Biddingo.

RFI's and RFEI's will not ask for proprietary information from suppliers.

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Information Gathering Mechanisms will be used as follows:

Information Required	RFI	RFEI	RFSQ
General Supplier or Production Information	X		
Information on Supplier Interest in Opportunity		X	
Information on Supplier Capability/Qualifications		X	
Pre-Qualified Suppliers' List Desired			X

Competitive Documents

For an open competitive process, the Organizations will develop competitive documents that can be provided to potential proponents to explain the Organization's requirements. They will include a description of the needed goods, services, or construction in a 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, the Organizations may express requirements in terms of corporate or Organization IT standards as an alternative to functional terms.

In addition, the documents will include the following points which are covered in the RFP Template:

- a) 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;
- b) 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;
- c) Conditions that must be met before obtaining procurement documents such as conflict-of-interest declarations, confidentiality agreements, and non-disclosure agreements, if appropriate;
- d) The address, date, and time limit for submitting bids to procurement documents. Bids received after the closing date and time will be returned unopened;
- e) The process, date and time limit for the submission of questions and bids on the procurement documents;

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- f) The time and place of the opening of the bids in the event of public opening;
- g) 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 bidder' conference and any additional rules to be followed in order to be considered a compliant bid;
- h) A draft copy of the contract to be signed in the event of an award of the procurement;
- i) A request for list of any subcontractors to be used to complete the procurement;
- j) The period of irrevocability of bids where bids cannot be withdrawn (typically 120 days from the closure of the competitive process);
- k) For goods, services, and construction valued at \$100,000 or more, a statement that the procurement is subject to Ontario's trade agreements; and
- l) Notice that any confidential information supplied to the Organizations may be disclosed by the Organizations where it is obligated to do so under FIPPA, by an order of a court of tribunal or otherwise required at law.

Advertising and Posting Competitive Documents to Market

The Organizations' advertising and posting practices during a competitive process 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 Purchasing department of the WHCA Hospitals.

In accordance with the AIT, calls for procurements shall be made through an electronic tendering system that is equally accessible to all Canadian Suppliers (i.e., www.merx.com)

The AIT recommends that tender notices for all opportunities be posted on a national electronic tendering system, the Alberta Purchasing Connection (APC) to alert all suppliers to the competition. The APC website is located at www.purchasingconnection.com. Merx will help organizations fulfill this requirement by forwarding tender notices to APC for BPS opportunities posted on Merx.

Tender notices posted on APC will include at least 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 end on the closing date; this is commonly referred to as the “blackout period.” WHCA Materials Management 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 or two types of responses:

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

Addenda and Q&A’s 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:

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

All Addenda will 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 will 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 WHCA Hospitals will 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 Organization's ability to achieve better value for money.

The Organizations will provide suppliers a minimum response time of 15 calendar days for procurements valued at \$100,000 or more.

The Organization must consider providing suppliers a minimum response time of 30 calendar days for procurements of high complexity, risk, and/or dollar value.

Bidders' Conference

Bidder's conferences (or Proponent's Meetings) are held if the purchasing Organization believes there is information that potential proponents will better understand if the information is present to them (i.e., asking contractors to outfit a building with electricity is easier to respond to after being given a site tour). Bidder's 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 questions 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 Organizations will determine whether a bidders' conference will be part of the competitive process. A bidders' conference will cover all the essential information from the competitive documents, including the following:

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

The Organizations will 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.

Bid Receipt

The WHCA Hospitals will ensure that the closing date is set on a normal working date (Monday to Friday, excluding provincial and national holidays). Submissions that are delivered after the closing times will NOT be considered and must be returned unopened. Bids will always be delivered to the Purchasing department in Groves Memorial Hospital to the attention of the Manager of Purchasing and Materials Management.

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

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

Evaluation Criteria

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

In evaluating bids, the Organization 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 the requirements of procurement, experience, financial capacity of the supplier, and any other criteria directly related to the procurement.

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

Evaluation criteria must be developed, reviewed and approved by an appropriate authority prior to commencement of the competitive procurement process. Competitive procurement documents must clearly outline mandatory, rated, and other criteria that will be used to evaluate submissions, including weight of each criterion. Mandatory criteria (e.g., technical standards) should be kept to a minimum to ensure that no bid is unnecessarily disqualified. Maximum justifiable weighting must be allocated to the price/cost component of the evaluation criteria. All criteria must comply with Non-discrimination of the Directive described later in this policy. The evaluation criteria are to be altered only by means of addendum to the competitive procurement documents.

Organizations may request suppliers to provide alternative strategies or solutions as a part of their submission. Organizations must establish criteria to evaluate alternative strategies or solutions prior to commencement of the competitive procurement process. Alternative strategies or solutions must not be considered unless they are explicitly requested in the competitive procurement documents.

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

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. Once the compliance submissions have been identified, the Organization will proceed with the balance of the evaluation process.

Competitive procurement documents must fully disclose the evaluation methodology and process to be used in assessing submissions, including the method of resolving tie scores. Tie-break criteria are also subject to the rules of non-discrimination.

Competitive procurement documents must state that submissions that do not meet the mandatory criteria will be disqualified.

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

- a) A clear articulation of all mandatory requirements. Organizations 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 demonstration; 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 related criteria for all bids.

Evaluation Team

Every competitive process will have 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 executed by the Organizations, depending on the expertise required to help make the decision. The following will be considered:

- a) Evaluation team members will 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 of the Organizations. Evaluation teams will be composed of appropriate members to ensure that a proper evaluation is conducted.
- b) An Evaluation Team Lead will be selected by the evaluation team members to be responsible for coordinating the evaluation process.
- c) A representative of the procurement function will participate in the oversight of the process, if not participating as part of the evaluation team.

Evaluation team members are 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 Organizations require team members to sign a conflict-of-interest declaration and non-disclosure of confidential information agreement.

Evaluation Matrix

The WHCA will ensure that each member of the evaluation team has completed an evaluation matrix rating each of the proponents. Records of evaluation scores must be retained for audit purposes. Evaluators are aware that everything they say or document must be fair, factual, fully defensible, and may be subject to public scrutiny.

Winning Bid

The Organizations must select only the highest ranked submission(s) that have met all mandatory requirements set out in the related procurement document.

The Organizations are entitled to ask proponents for clarification on their bid as long as it does not change their bid in any way.

Where bids are received in response to a solicitation but exceed the Organization'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.

If no bids are acceptable and it is not reasonable to go through any other method, the Organizations may choose to negotiate directly with a chosen supplier.

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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 will be kept confidential.

Non-Discrimination

In compliance with the AIT, the WHCA will 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.

The Organization that make decisions based on discrimination may be subject to bid protests or disputes from those proponents feeling that the process may have been unfair or biased.

a) The WHCA Hospitals 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; or
- Between the suppliers of such goods or services or a particular province or region and those of any other province or region.

b) Except as otherwise provided, measures that are inconsistent with section A include the following:

- The imposition of conditions on the invitation to complete, registration requirements or qualification procedures that are based on the locations 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 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.

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- c) No Organization shall 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.
- d) Except as otherwise required to comply with international obligations, the Organizations may accord a preference for Canadian value-added, subject to the following conditions:
- The preference for Canadian value-added must be not greater than 10 per cent;
 - The Organizations shall specify in the call for competition the level of preference to be used in the evaluation for 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.
- e) Except as otherwise required to comply with international obligations, as the Organizations may limit its competition to Canadian goods, Canadian services or Canadian suppliers, subject to the following conditions:
- The procuring Organization 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 Organizations must go through the process of awarding the contract to the preferred supplier. The Organization could 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 will be established.

The agreement between the WHCA Hospitals and the successful supplier will be defined formally in a signed written contract before the provision of goods, services, or construction

commences. Where an immediate need exists for goods or services, and the Organization and the supplier are unable to finalize the contract as described above, an interim purchase order may be used. The justification of such a decision must be documented and approved by the appropriate authority.

A number of types of contracts may be used by the WHCA:

- a) **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.
- b) **Time and materials:** A time and materials contract identifies work to be paid based on units of time spend 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 resource assigned by the supplier. If the Organizations don't have a well defined scope of work, a time and materials contract may be the only option.
- c) **Cost reimbursable:** A cost-reimbursable contract is a contract where the buying Organization agrees to reimburse all the costs incurred by the supplier in the completion of the work identified. Typically the buying Organizations 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 cost incurred or as a flat fee on top of the costs incurred.

A combination of the contract types above may also be used.

Establishing the Contract

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

In circumstances where an alternative procurement strategy has been used (i.e., a form of agreement was not released with the procurement document), the agreement between the Organization and the successful supplier must be defined formally in a signed written contract before the provision of supplying goods or services commences.

Termination Clauses

All contracts will include appropriate cancellation or termination clauses and the WHCA will seek appropriate legal advice on the development of these clauses if necessary. When conducting complex procurement, the WHCA should consider, as appropriate, the use of contract clauses that permit cancellation or termination at critical project life-cycle stages.

Term of Agreement Modifications

The term of the agreement and any options to extend the agreement will 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 the contract start and end dates. Extensions of the term of agreement beyond what is

set out in the procurement document are considered non-competitive procurements and the WHCA will seek appropriate approval authority prior to proceeding.

Contract Award Notification

Once the preferred supplier has been selected and the contract has been awarded and signed, the WHCA will notify all proponents that a contract has been signed and the competitive process is complete.

For purchases valued at \$100,000 or greater, the WHCA will post, in the same manner as the procurement documents were posted, the name(s) of the successful supplier(s) or may send out a letter to the supplier indicating this information. Contract award notification will occur only after the agreement between the successful supplier and the Organization has been executed. The contract award notification will include the agreement start and end dates, including any options for extension.

Supplier Debriefing

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

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

Non-Competitive Procurement

The WHCA should employ a competitive procurement process to achieve optimum value for money. It is recognized, however, that special circumstances may require the WHCA to use non-competitive procurement.

The WHCA may utilize non-competitive procurement only in situations outlined in the exemption, exception, or non-application clauses of the AIT or other trade agreements.

Prior to commencement of non-competitive procurement, supporting documentation must be completed and approved by an appropriate authority within the Organization.

For procurements that do not warrant competition in accordance with the conditions of this Procedure, may still be put through a competitive process or an invitational competitive process to increase the chances of achieving the greatest value for money. Another option will be to use a Vendor of Record (VOR) or preferred suppliers list.

Exemptions from the Competitive Process

In certain unique circumstances, the WHCA will not have the ability to go through a competitive process for procurement activity. There are two main types of direct awards:

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- a) 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.
- b) 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

- a) Where an unforeseen situation of urgency exists and the goods, services, or construction cannot be obtained by means of open procurement procedures. WHCA 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 consideration impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt compound and pre-mixed concrete for the use in construction or repair of roads;
- e) Where an open competitive process could interfere with the Organization's 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 requirement of procurement in the circumstances (sole sourcing).

Sole Sourcing: in accordance with the AIT, in the situation where only one supplier is able to meet the requirement of procurement, the WHCA may use a technique not earlier described for 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 product exists;

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- 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-Compliance Procurement Documentation

When the WHCA bypasses the competitive process for any of the situations identified above, formal documentation must be completed to support and justify the decision. This document 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.

WHCA consider environmentally responsible and sustainable products and services as part of the purchasing decision. The objectives to environmental sourcing are to:

- a) 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;
- b) Support a healthier working environment for employees and for citizens in general through the purchase of environmentally preferable goods and services;
- c) Increase demand for environmentally responsible products and services, which may ultimately enhance their quality and cost competitiveness; and
- d) 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.

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WHCA Green Procurement Considerations:

Procurement Step	Traditional Focus Areas	Green Focus Areas
Step 1: Assess Opportunity	Spend analysis focuses primarily on materials and logistics costs	Spend analysis encompasses direct and indirect environmental costs (e.g., energy consumption, disposal, packaging waste, water)
Step 2: Assess Internal Supply Chain	Specification focused, map current process and identify process opportunities	Specification review and design considers industry's environmentally sound products and services
Step 3: Assess Supply Market	Identify potential sources of supply and perform supplier assessments/comparisons	Supply base includes suppliers who specialize in more efficient and sustainable products (e.g., possible commodity substitutions and new manufacturing processes)
Step 4: Develop Sourcing Strategy	Confirm scope, determine desired outcomes and brainstorm process enhancement	Sustainability considerations and criteria are specified in the RFP document (e.g., energy, disposal, water usage costs may be solicited from suppliers for analysis)
Step 5: Implement Strategy	Develop/implement supplier solicitation strategy, conduct supplier negotiation and award contract	Bid analysis quantifies cost/benefits of sustainability attributes (e.g., energy consumption, carbon footprint, or waste)
Step 6: Institutionalize Strategy	Transition to new process, develop supplier relationships, implement operation charges, and monitor/report performance	Sustainability attributes closely tracked and audited

Contract Management

Procurements and the resulting contracts must be managed responsibly and effectively. Payments must be made in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.

Assignments must be properly documented. Supplier performance must be managed and documented, and any performance issues must be addressed.

To manage disputes with suppliers throughout the life of the contract, the WHCA should include a dispute resolution process in their contracts.

For services, the WHCA must:

- Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.
- Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Directive and ensure all expenses are claimed and reimbursed in accordance with these rules.
- Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.

Procurement Documents and Records Retention

WHCA will retain all procurement documents, as well as any other pertinent information for reporting and auditing purposes for a period of seven years and will be in recoverable form if requested.

GMCH and NWHC must have a written policy for handling, storing and maintaining the suppliers' confidential and commercially sensitive information.

Conflicts of Interest

WHCA must monitor any conflict of interest that may arise as a result of the Members' of the WHCA, advisors', external consultants', or suppliers' involvement with the Supply Chain Activities. Individuals involved with the Supply Chain Activities must declare actual or potential conflict of interest. Where a conflict of interest arises, it must be evaluated and an appropriate mitigating action must be taken.

The Organizations will require any individual involved in supply chain-related activities to declare all actual or potential conflicts of interest.

Suppliers

Since the WHCA is involved in procurement activities with suppliers the following provisions are in place:

- 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 organization to solely determine whether any situation or circumstance constitutes a conflict of interest;

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- c) Reserve the right of the organization 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 for the organization;
- 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 organization to prescribe the manner in which a supplier should resolve a conflict of interest;
- h) Allow the organization 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 organization; and
- i) Allow the organization to terminate an agreement where a conflict of interest cannot be resolved.

Consultants

WHCA are aware of the conflict of interest created when a consulting organization is involved in the development of the competitive documents. WHCA insists on documented agreements that any consultant involved in developing the competitive documents cannot be involved in the creation of the response to those competitive documents.

Bid Protest Procedures

WHCA will 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. WHCA will ensure that the process is compliant with the bid protest procedures as set out in the AIT and the Ontario-Quebec Procurement Agreement.

WHCA has a dispute resolution process built into each contract with the chosen supplier to manage disputes throughout the life of the contract. Contracts with international suppliers will state that arbitration will be in Canada.

Special Considerations

N/A

References

Supply Chain Guideline April 2009 Version 1.0 Ontario BPS
Agreement on Internal Trade (AIT)
Ontario-Quebec Procurement Agreement

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Canadian Law of Competitive Processes and Contract Law
Freedom of Information and Protection of Privacy Act (FIPPA)
Broader Public Sector Procurement Directive