

## **Procurement – B-F-001**

### **Board of Health Policy**

#### **1.0 Policy Statement**

The Board of Health for the North Bay Parry Sound District Health Unit (Health Unit) ensures that a process for procurement, including quotations, tenders, and requests for proposal is in place that permits the public to bid in a fair, open, transparent, objective, efficient, and equitable fashion and also ensures that controls are in place to ensure consistency in the management of those procurement related processes.

The Board of Health for the Health Unit ensures that procurement planning is an integral part of their planning cycle. This ensures that all business requirements are met, and sufficient time is allowed to complete the procurement process.

#### **2.0 Purpose**

This policy describes the various methods used and limits imposed by the Board of Health on securing goods and services through a quotation, tender, and request for proposal process and use of corporate credit cards.

#### **3.0 Scope / Responsibility**

This policy applies to the procurement of materials, supplies, services, equipment, and furnishings, except for those goods and services listed below:

- a) Training and education
  - Registration and tuition fees for conferences, conventions, courses, and seminars
  - Magazines, books, and periodicals
  - Memberships
- b) Refundable employee expenses
  - Advances
  - Meal allowances
  - Travel
  - Miscellaneous (non-travel)
- c) Employer's general expenses
  - Payroll deductions remittances
  - Medical
  - Debenture payments
  - Grants to agencies and partners
  - Damage claims
  - Petty cash replenishment
  - Tax remittances
- d) Professional and special services
  - Committee fees
  - Legal fees and other professional services related to litigation or legal matters
  - Witness fees

- Contracts related to the provision of “controlled acts” by persons “governed by a health profession Act”, as those expressions are used in the *Regulated Health Professions Act, S.O. 1991, c.18*, as amended
  - Services provided by any of the following licenced professions:
    - Engineers
    - Land surveyors
    - Architects
    - Accountants (when hired for non-audit work)
    - Veterinarians
  - Warranty work resulting from contractual obligations
- e) Utilities
- f) Advertising services required by the Health Unit on or in, but not limited to, radio, television, newspaper, and magazines
- g) Bailiff or collection agencies
- h) A situation where a competitive process could interfere with the Health Unit’s ability to maintain security or order or to protect human, animal, or plant life or health
- i) Emergency goods or services where an unforeseen situation of urgency exists, and the goods or services cannot be obtained in time through a competitive process (Purchase of these emergency items must be authorized by the Executive Director, Finance, or Executive Team designate. An unforeseen situation of emergency does not occur where the Health Unit has failed to allow sufficient time to conduct a competitive process.)
- j) Goods or services where there is only one supplier available (sole sourcing) and no alternative or substitutes exist. A sole source may be applicable in the following circumstances:
- To ensure compatibility with existing products;
  - To recognize exclusive rights such as exclusive licenses, copyright and patent rights;
  - Where there is an absence of competition for technical reasons and the goods or services can be supplied by only a particular supplier and no alternate or substitute exists;
  - For the procurement of original works of art;
  - For the procurement of real property; or
  - For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership but not on a routine basis.

The Board of Health delegates responsibility to the Executive Team to ensure that purchased products and services conform to specified requirements and that the purchasing procedure used ensures that the Health Unit purchases materials, supplies, consulting and other services, equipment, and furnishings at the most economical price and meets the user’s requirements for suitability, quality, safety, delivery, and accessibility. The Executive Team is authorized to establish a purchasing and contract process consistent with the purpose and objectives of this Board policy. The Executive Team also ensures that the procurement requirements are an integral part of the annual planning cycle.

The Board of Health has the authority, in consultation with the Medical Officer of Health/Executive Officer, to elect not to tender or request for proposal items or services (not including consultants).

## 4.0 Procedure

### 4.1 Definitions

**Competitive Process:** One of two types of procurement process consisting of an invitational (i.e., request for quotes from known businesses) or an open process (i.e., tender or RFP). The intent is to solicit fair impartial competitive bids.

**Consulting Services:** The services provided by an individual or company with expertise or strategic advice in one of the following areas: policy, communications, management, information technology, other technology, and research and development. The individual or company is working under a contract relationship rather than an employee relationship.

**Contract:** A document, regardless of form or title, recording a written or spoken agreement between two or more parties, for the lease or purchase of goods or services within a fixed time period.

**Electronic Tendering System:** A computer-based system that provides vendors with access to information related to open competitive procurements (i.e., biddingo.com and merx.com).

**Goods:** Materials, supplies, equipment and/or furniture.

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

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

**Purchase:** To transfer ownership of a good or service.

**Purchase Order:** A contract to purchase goods or services at a given price and time.

**Request for Proposal (RFP):** A bid solicitation process used when goods or services cannot be clearly defined or where negotiations could result. The bidder is requested to provide solutions for the delivery of complex products or services. The RFP is evaluated on more than price and delivery.

**Services:** Out-sourced expertise retained to perform specific work.

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

**Tender:** An invitation to bid for the supply of a good or service in accordance with specified terms and which is normally awarded to the lowest compliant bid. The winning bid is awarded based predominately or solely on price and delivery.

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

### 4.2 General Guideline

**4.2.1** When assessing what dollar value the purchase falls within, the following conditions

are considered:

- Goods or services are considered in their entirety (not broken down into component parts);
- The cumulative value of those goods or services over a calendar year; and
- The total value of the contract to be awarded to the same individual/company over the term of that contract whether for a single or multiple years.

#### 4.2.2 In-House Capacity

Before engaging in a bid process, assess the in-house capacity to do the services required. In the current structure of the Health Unit, in-house bidding on external RFP's is not a feasible alternative. Instead, any capacity that is available internally to complete or partially complete the required work is used before seeking external parties to fulfil these responsibilities.

### 4.3 Limits for Price Quotations and Tenders

*(Does not apply to Consulting Services - See 4.4)*

- 4.3.1** For purchases valued at less than \$500, no formal quotation process is necessary, and it must be ensured that the acquisition of such goods or services has encouraged open, fair, and competitive pricing in the best interest of the Health Unit.
- 4.3.2** For purchases valued at \$500 or more but less than \$5,000, two verbal quotations are obtained and documented on the Quotation Documentation Form [WIT-HU-116-02](#).
- 4.3.3** For purchases valued at \$5,000 or more but less than \$35,000, and as approved within the applicable budget, three documented written or verbal quotations are secured ([see WI-HU-116](#)).
- 4.3.4** For purchases valued at \$35,000 or more, the tendering (See section 4.5 and WI-HU-118) or request for proposal (see section 4.6 and WI-HU-119) process is adhered to.
- 4.3.5** For purchases valued at \$100,000 or more, the tender or request for proposal is posted on an electronic tendering system in keeping with the [Agreement on Internal Trade](#) and the [Trade and Cooperation Agreement Between Ontario and Quebec](#) which allows bidders from Quebec and the rest of Canada equal opportunity to bid on these projects. For purchases valued at under \$100,000, the use of an electronic tendering system is optional.
- 4.3.6** Allowable exceptions to the limits above are outlined in Section 3.0 Scope. Items on the exception list are analysed to ensure that the Health Unit is receiving value for money and no other options exist.

The use of a vendor of record from the Ministry of Government Services website precludes the need to go to a public bid solicitation process since this process was already done by that Ministry. Examination of the pricing is done against local/current suppliers of the same product or service to ensure that the Health Unit is getting the best quality, price, and availability before engaging a vendor of record. The Executive Director, Finance maintains an active user account with the "Doing Business" Ontario website in order to access vendor of record information and services.

## 4.4 Consulting Services

**4.4.1** The acquisition of consulting services (see Section 4.4.3) is sought through a competitive process.

**4.4.2** The limits for the competitive process for consulting services are as follows:

- a) For consulting services valued at less than \$35,000, and as approved within the applicable budget, three documented written quotations are secured (see [WI-HU-116](#)).
- b) For consulting services valued at \$35,000 or more the Request for Proposal (see Section 4.6 and WI-HU-119) process is adhered to.
- c) Allowable exceptions for a non-competitive procurement of consulting services include:
  - Situations of urgency where the consulting service cannot be obtained by means of a competitive process. An urgent situation does not include the failure to plan ahead leaving insufficient time;
  - Where consulting services regarding matters of a confidential or privileged nature are being purchased and disclosure of those matters would be contrary to the public interest;
  - Where a competitive process could interfere with the Health Unit's ability to protect human, animal, or plant life or health;
  - Where there is an absence of any bids in response to a competitive procurement process following this policy; and
  - Where only one supplier is able to meet the requirements of a procurement in the following circumstances:
    - To ensure compatibility with existing products; to recognize exclusive rights, such as exclusive licenses copyright and patent rights; or to maintain specialized products that must be maintained by the manufacturer or its representatives. Compatibility with existing products may not be allowable if the reason for compatibility is the result of previous non-competitive procurements.
    - For the procurement of consulting services the supply of which is controlled by a supplier that is a statutory monopoly.

**4.4.3** Consulting service refers to the provision of expertise or strategic advice that is presented for consideration and decision-making such as:

- a) Management consulting (i.e., helping the Health Unit improve its performance, primarily through the analysis of existing problems and development of plans for improvement - this includes organizational change management assistance and strategy development);
- b) Information technology consulting (i.e., advisory services that help assess different technology strategies, including aligning the Health Unit's technology strategy with its business or process strategy);
- c) Technical consulting (i.e., activities related to actuarial science, appraisal, community planning, employment/placement, engineering, health sciences, interior design, realty, or social sciences);

- d) Research and development (i.e., investigative study for the purpose of increasing the available store of knowledge and/or information on a particular subject);
- e) Policy consulting (i.e., the provision of advisory services to provide policy options, analysis and evaluation); and
- f) Communications consulting (i.e., the provision of strategy and advice in conveying information through various channels and media).

**4.4.4** Consulting services do not include services in which the physical component of an activity would predominate, for example, services for the operation and maintenance of a facility or plant; water testing services; surveying; temporary help services; or training/education instructors. Consulting services do not include any licensed professional services provided by medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, chartered accountants, lawyers and notaries in their regulated capacities.

**4.4.5** Consulting services assignments must have a start and end date. Any change to a consulting services agreement, including the end date of the agreement, may affect the total acquisition cost. The total acquisition cost cannot include payment for any identified hospitality, food, or incidental expenses.

## **4.5 Tendering**

**4.5.1** Tender documents are required for all acquisitions, including goods acquired under leases valued at \$35,000 or more per year. The tender documents are prepared by the Executive Team member (or designate) responsible for that activity and forwarded to the Executive Director, Finance, or Executive Team designate, for review and final preparation. It is then submitted to the Medical Officer of Health/Executive Officer for approval. Tender documents must contain sufficient information to allow all potential bidders a fair and equal opportunity by detailing the outline to be used by the bidders when submitting their tender.

**4.5.2** A request for tender is used for purchases exceeding the limit where all of the following criteria apply:

- a) Two or more sources are considered capable of supplying the requirement;
- b) The requirement is adequately defined to permit the evaluation of tenders based on price and delivery; and
- c) It is intended that the “lowest compliant bid” is accepted without negotiations.

## **4.6 Request for Proposal**

A request for proposal provides an efficient, competitive process for obtaining unique proposals designed to meet broad outcomes to a complex problem or need for which there is no clear or single solution.

**4.6.1** The specifications for the goods or services to be contracted are prepared by the Executive Team member (or designate) responsible for that activity and forwarded to the Executive Director, Finance, or Executive Team designate, for review and final preparation of an request for proposal document. It is then submitted to the Medical Officer of Health/Executive Officer for approval.

**4.6.2** An RFP evaluation process is put in place and monitored by the Executive Team, and

submissions are scored based on qualitative, technical, and pricing criteria.

#### 4.7 Request for Information or Request for Expressions of Interest

**4.7.1 A request for information or request for expressions of interest** may be used to assess market capabilities to provide the goods or services the Health Unit is seeking. They are used for information gathering only.

**4.7.2** A Request for Information or Request for Expression of Interest must **not**:

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

**4.7.3** The uses of the information gathering mechanism are summarized below:

##### **Request for Information**

- General supplier or product information

##### **Request for Expressions of Interest**

- Information about supplier interest in an opportunity
- Information about supplier capabilities/qualifications

#### 4.8 Contracts

**4.8.1** Documents such as contracts, arrangements, conveyances, mortgages, obligations, or other documents are signed/authorized as follows: (B-F-006)

##### **Is amount included in approved budget?**

###### **Yes:**

- **Less than \$5,000** – Program/Service/Manager or Executive Team Member
- **Between \$5,000 & \$34,999** – Executive Team designate and Executive Director, Finance or Medical Officer of Health/Executive Officer, or in their absence, another Executive Director
- **\$35,000 or more** – Medical Officer of Health/Executive Officer and Executive Director, Finance, or Executive Team designate

###### **No:**

- **Less than \$35,000** – Medical Officer of Health/Executive Officer and Executive Director, Finance, or Executive Team designate
- **\$35,000 or more** – Chairperson or Vice-Chairperson of Board of Health and Medical Officer of Health/Executive Officer, or Executive Team designate

**4.8.2** The Board of Health must approve contracts where:

- Irregularities preclude the award of a contract to the lowest bidder in the tendering or request for proposal process and the ‘total acquisition cost’ exceeds \$50,000;
- A bid solicitation has been restricted to a single source of supply and the ‘total acquisition cost’ of such goods or services exceeds \$50,000; or
- The contract/lease is for multiple years and exceeds \$50,000 per annum.

**4.8.3** An annual report of the open competitions is provided to the Finance and Property

Committee of the Board of Health, at its first meeting of the year, listing the project/supply, date, and awarded bid amount.

#### **4.9 Use of Corporate Credit Cards**

**4.9.1** Corporate credit cards from the Health Unit's financial institution, with a maximum credit limit of \$10,000 each, are authorized by the Board of Health to permit the Medical Officer of Health/Executive Officer, the Executive Director, Finance, and other Health Unit staff, to carry out approved business transactions. One additional Home Depot Credit Services account card with a maximum credit limit of \$4,000 is authorized by the Board of Health for use by Building and Maintenance staff for approved building related matters. These credit cards are for the sole use of those to whom they are assigned and are not to be given out to other staff.

**4.9.2** The corporate credit cards may be used for, but not limited to, the following activities:

- a) to purchase airfare tickets;
- b) to purchase items online, including Facebook ad campaigns, when other payment methods are not available;
- c) to secure hotel room bookings when use of the staff member's personal credit card is not an option; or
- d) Other expenses deemed appropriate by the Medical Officer of Health/Executive Officer or the Executive Director, Finance, when other payment methods are not available.

**4.9.3** The credit cards are used for Health Unit business purposes only and are not for personal use.

**4.9.4** Purchases on the credit cards follow the normal procurement process as described in Section 4 of this policy.

#### **4.10 Petty Cash**

The Executive Director, Finance has the authority to establish petty cash funds in such amounts as to meet the needs of the various programs but not to exceed \$500 each. All petty cash fund disbursements are evidenced by vouchers and retained for audit purposes.

#### **4.11 Contingency Management**

Where the expenditure limit of a tender or request for proposal is expected to exceed the approved amount, but the project remains within its approved budget (including contingency):

- a) An Executive Team member may approve the total value of the overages providing it is no more than 10% of the value of the contract;
- b) The Medical Officer of Health/Executive Officer/designate may approve the total value of the overages providing it is no more than 15% of the value of the contract; or
- c) If the total value of overages is expected to exceed 15%, the matter is presented to the Board of Health.

#### **4.12 Access to Information**

The disclosure of information received relevant to the issue of tenders, requests for proposal, or the awarding of contracts is in accordance with the provisions of the *Municipal*



*Freedom of Information and Protection of Privacy Act, as amended.*

## 5.0 Records Retention

All records relating to this Policy are retained in accordance with the Records Retention and Management work instruction ([WI-HU-108](#)).

## 6.0 References

### Internal References

- a) North Bay Parry Sound District Health Unit, [Board of Health Bylaws](#).
- b) [Quality Assurance Manual](#) (1999).
- c) Records Retention and Management – [WI-HU-108](#)
- d) Signing Authority – [B-F-006](#)
- e) Receiving of Goods – [WI-HU-109](#)
- f) Purchasing and Reimbursement – [WI-HU-116](#)
- g) Tenders – [WI-HU-118](#)
- h) Request for Proposals – [WI-HU-119](#)
- i) Contracts – [WI-HU-120](#)
- j) Use of Corporate Credit Cards – [WI-HU-121](#)
- k) Quotation Documentation Form [WIT-HU-116-02](#)

### External References

- a) *Health Protection and Promotion Act*, R.S.O., 1990, c H.7. [Ontario E-Laws Website](#)
- b) *Municipal Act*, 2001, S.O. 2001, c. 25. [Ontario E-Laws Website](#)
- c) *Municipal Freedom of Information and Protection of Privacy Act* 1990. [Ontario E-Laws Website](#)
- d) *Municipal Statute Law Amendment Act*. 2006. S.O. Chapter 32. [Ontario E-Laws Website](#)
- e) Broader Public Sector (BPS) Procurement Directive Implementation Guidebook, Government of Ontario, Ministry of Finance, April 2011
- f) Broader Public Sector Procurement Directive, Management Board of Cabinet, Government of Ontario, July 2011
- g) Broader Public Sector Procurement Directive Tool Kit, Government of Ontario, Ministry of Government Services
- h) Procurement Guideline for Publicly Funded Organizations in Ontario, Government of Ontario
- i) [Agreement on Internal Trade](#), Government of Canada, Internal Trade Secretariat
- j) [Trade and Cooperation Agreement Between Ontario and Quebec](#), Government of Ontario

## 7.0 Summary of Revisions

2019-08-26 – Scheduled review with minor revisions to sections 1.0, 4.1, 4.8.1, and 4.9.1.

## 8.0 Board Policy Development Details

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Date Approved by Board of Health: **2019-09-25**

Resolution Number: **BOH/2019/09/05**

Date Approved in Portal by Dr. Chirico: **2019-10-01**

Date Issued: **2019-10-02**

Date Due for Review: **2021-10-02**