



CORPORATE POLICY AND PROCEDURE

Reviewed:	
Program	
MCC	
SMT	March 14, 2018

SECTION:	FINANCE	POLICY NO.:	FP-05-02
SUBJECT:	PROCUREMENT		
APPROVED BY:	Board of Health	DATE:	April 18, 2018
SUPERSEDES:	April 19, 2017		

1. PURPOSE

The purpose of this policy and procedures are:

- 1.1 To ensure that the required quality and quantity of goods and services are procured in the most efficient, and cost effective manner, and to ensure fair and equitable treatment of all bidders;
- 1.2 To maximize openness, accountability, and transparency while safeguarding the assets, protecting the financial best interests of the Thunder Bay District Health Unit (TBDHU), and allowing for Public Health programming needs;
- 1.3 To promote and maintain the integrity of the procurement process, and the controls necessary for a public institution, including adherence to the Supply Chain Code of Ethics.

2. POLICY

It is the policy of the Thunder Bay District Health Unit to:

- 2.1 Purchase goods and services in an efficient and cost effective manner;
- 2.2 Ensures the best value of an acquisition is obtained. This may include, but not be limited to, the determination of the total cost of ownership over the lifespan including acquisition, training, maintenance, quality, sustainable, social, and disposal costs;
- 2.3 Maintain best and leading practices for its Procurement Procedures;
- 2.4 Advance the protection of the environment, social considerations and support sustainable development by integrating environmental performance considerations into the procurement decision-making process.

3. PROCEDURE

Methods of Acquisition

In thresholds below, taxes are excluded.

3.1 Purchase \$5,000 or less

Goods and services up to a value of \$5,000 or less which are not covered by a blanket purchase order shall be carried out by the Program Manager or designate in accordance with the methods set out in this policy as follows:

- (a) Petty Cash – up to \$200
- (b) Procurement Card – Employees up to \$500 per transaction
Managers up to \$5,000 per transaction
- (c) Purchase Order - up to \$5,000

3.2 Purchase \$5,001 to \$10,000

Goods and services with a value of \$5,001 and not over \$10,000 may be purchased as deemed by the Manager of Finance or designate to be the most economically feasible and beneficial method to the Health Unit.

- a) Purchase Order
- b) Corporate Procurement Card

Competitive Method

3.3 Purchase \$5,001 - \$10,000

For the acquisition of goods and services with an estimated value of at least \$5,001 and less than \$10,000, two (2) or more written bids or verbal bids shall be solicited by the Manager of Finance or designate in consultation with the requisitioning Program.

3.4 Purchase \$10,001 - \$50,000

For the acquisition of goods and services with an estimated value of at least \$10,001 and less than \$50,000, at least three written bids shall be solicited by the Manager of Finance or designate in consultation with the requisitioning Division.

3.5 Purchase \$50,001 or more

For the acquisition of goods and services with an estimated value of at least \$50,001 or more, the Manager of Finance or designate in consultation with the requisitioning Program shall complete an appropriate open call public procurement process.

3.6 Qualified Bidders List

The Manager of Finance may compile a list of qualified bidders when:

- a) A large number of bids is anticipated and evaluation of bids would create an undue cost burden to the TBDHU; or
- b) It is desirable to pre-qualify bidders according to established criteria prior to bidding, provided that:
 - i) Potential bidders shall be invited by the Manager of Finance to reply to a request for information advertised in a publication of general circulation; and
 - ii) All submissions received in response to clause (i) shall be reviewed by a vendor selection committee composed of the Manager of Finance or designate, one representative of the requisitioning program, and one member of another program, who shall prepare a list of all potential bidders who meet the stated criteria.

3.7 Negotiation Method – when used

In consultation with the requisitioning program, the Manager of Finance may enter into negotiations with one or more vendors for the supply of goods and services when any of the following conditions exist:

- a) There is only one source of the subject goods or services;
- b) Due to market conditions, goods or services are in short supply;
- c) Two or more identical acceptable low bids have been received;
- d) Efforts at breaking identical bids have previously been unsuccessful and the same goods or services are required again;
- e) All acceptable bids exceed the amount budgeted for goods or services;
- f) All bids received do not meet the minimum mandatory requirements;
- g) The extension or reinstatement of an existing contract would be more cost-effective or beneficial to the TBDHU;
- h) A single source is being recommended because it is more cost-effective or beneficial;
- i) The existence of exclusive rights such as patent, copyright or license;
- j) When goods are required for resale and the determining criteria is the marketability and profitability or when costs are recovered through customer/consumer preference;

k) When authorized by the Board of Health.

3.8 Negotiation Method – Report to Board of Health

Where the negotiation method set out in this policy is used to select a vendor of goods or services, except professional and consulting services, with a value of at least \$50,000, and where the extension of an existing contract exceeds 20 per cent of the original contract value, the Manager of Finance shall prepare a report for the Board of Health prior to the award of the contract setting out the circumstances for recommending the award.

Professional and Consulting Services

3.9 Negotiation Method – less than \$10,000

Despite any other provision of this policy, the Manager of Finance or designate, in consultation with the requisitioning division, may utilize the negotiation method set out in Section 3.7 of this Policy to acquire professional or consulting services with an estimated value of less than \$10,000.

3.10 Written Proposal Required - \$10,001 - \$50,000

For the acquisition of professional and consulting services with an estimated value of at least \$10,001 and less than \$50,000, the Manager of Finance shall obtain at least three written proposals in consultation with the requisitioning program.

3.11 Negotiation Method – Written Approval

Where the negotiation method is recommended to select a vendor(s) of professional and consulting services with an estimated value of at least \$10,001 and less than \$50,000 prior to commencement of non-competing procurement the requisitioning division must complete supporting documentation and obtain the written approval of the Director, Corporate Services prior to requisitioning the Manager of Finance to proceed.

3.12 Written Request – Competitive Method - \$50,001 or more

For the acquisition of professional and consulting services with an estimated value of at least \$50,001 or more, the Manager of Finance in consultation with the requisitioning division shall solicit written request for proposals using the competitive method as set out in Section 3.5 of this policy.

3.13 Negotiation Method - \$50,001 or more

Where the negotiation method is recommended to select a vendor(s) of professional consulting services with an estimated value of \$50,001 or more, the Manager of Finance must obtain the written approval of the Director, Corporate Services prior to recommending the award.

Emergency Method

3.14 Purchase up to \$100,000

Despite any other provision of this policy, where an emergency exists, the Director, Corporate Services or designate is authorized to obtain necessary goods or services having an estimated value of at least \$10,000 and less than \$100,000 by the most expedient, economical, and practicable means in the circumstances.

3.15 Purchase \$100,000 or more

Despite any other provision of this policy, where an emergency exists which requires the expenditure of \$100,000 or more, the Director, Corporate Services or designate shall obtain the approval of the Board Chair or designate, prior to obtaining the necessary goods or services by the most expedient, economical, and practicable means in the circumstances, provided that the Director, Corporate Services shall submit a report to the Board of Health at its next meeting explaining the circumstances giving rise to the emergency.

3.16 Specifications

The requisitioning program whose budget provides for the acquisition of goods or services, shall be responsible, in consultation with the Manager of Finance and any other program as appropriate, for the preparation and approval of all specifications to be used for the acquisition of such goods and services.

Forms of Commitment / Signing Authority

3.17 Expenditure - \$5,000 or less

Expenditures of \$5,000 or less may be authorized by a Program Manager and may be made without the involvement of the Manager of Finance, in accordance with the policies contained herein.

3.18 Expenditure - \$5,001 - \$50,000

Expenditures over \$5,001 and less than \$50,000 may be authorized by the Manager of Finance, provided that the appropriate acquisition method has been followed to select the vendor(s).

3.19 Expenditure - \$50,001 or more

Except as otherwise directed by the Board, all expenditures over \$50,001 shall be authorized by the Director, Corporate Services provided that the appropriate acquisition method has been followed to select the vendor(s).

Exceptions

- 3.20 Those items listed in Schedule A, Recurring or Non-competitive Expenditures, are exempt from the requirements of the Procurement Policy.

Vendor Name Removal from List

- 3.21 The Director, Corporate Services may remove a vendor's name from consideration for contracts under this policy based on poor performance or non-performance on a TBDHU contract.

No Bid shall be accepted from, nor shall any Contract be awarded or extended to any Contractor, its principals, directors or any officer of that firm, or another related person with whom the TBDHU is engaged in unresolved litigation.

Unsolicited Proposals

- 3.22 Unsolicited proposals received by the Health Unit shall be reviewed by the Manager of Finance to determine if it is in the best interests of the TBDHU to follow a competitive process as outlined by the Procurement Policy.
- 3.23 Should the Manager of Finance determine that the proposal is a unique Sole Source type offer that warrants further consideration, the Sole Source process shall apply.

Cooperative Purchasing

- 3.24 The TBDHU supports membership in the Lakehead Purchasing Consortium.
- 3.25 The Manager of Finance, in conjunction with the Director, Corporate Services, has the authority to participate in group purchasing organizations (GPO's) or to tailgate on contracts with any government body, ministry, agency, or board on a co-operative or joint basis for purchases of goods and/or services where there are economic advantages to do so, purchases comply with the principles of this Policy, and the annual expenditures are expected to be less than \$100,000.
- 3.26 If annual expenditures are expected to be greater than \$100,000, Board of Health approval for the purchase will be required.

Sustainable Procurement

- 3.27 It is the objective of this policy to advance the protection of the environment, social considerations and support sustainable development by integrating environmental performance considerations into the procurement decision-making process, products and services that it purchases.

Disposal of Surplus Goods

- 3.28 The Disposal of surplus and obsolete equipment shall be evaluated on a case by case basis.
- 3.29 The Manager of Finance, in conjunction with the Director, Corporate Services, shall have the authority to sell, exchange, or otherwise dispose of Goods declared as surplus to the needs of the

Health Unit, and where it is cost effective and in the best interest of the Health Unit to do so, items or groups of items may:

- a) be offered for sale to other Health Units, affiliates or other government agencies or public authorities; or
- b) be sold by external advertisement, formal request, auction or public sale (where it is deemed appropriate, a reserve price may be established; or
- c) be sold or traded to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than following other procedures; or
- d) be donated to a not-for-profit agency; or
- e) be recycled; or
- f) in the event that all efforts to dispose of Goods by sale are unsuccessful, these items may be scrapped or destroyed if recycling is unavailable.

3.30 No disposition of such Good(s) shall be made to employees, elected officials, or their family members.

3.31 As appropriate, the Manager of Finance shall record the disposition of Tangible Capital Assets in accordance with FP-05-06, Tangible Capital Asset Policy.

Prohibitions

3.32 Division of Contracts

The division of contracts to avoid the requirements of this policy is prohibited.

3.33 Personal Purchases

The purchase of any goods or services for personal use by or on behalf of any Health Unit employee, or elected official, for purposes other than the bona fide requirements of the TBDHU is strictly prohibited.

3.34 Purchase of Surplus Goods

The bid for or purchase of any surplus goods either directly or through any other disposal process, by TBDHU employees or their family is strictly prohibited.

3.35 Gifts & Gratuities

TBDHU employees should, at no time, or under any circumstances, accept directly or indirectly, gifts, gratuities, favours or other things of value from vendors or potential vendors. Items of a very

minimal value which are of an advertising nature only, and available to other customers may be accepted (e.g. pens, hats, coffee cups, etc.).

3.36 Conflict of Interest

Employees shall not place themselves into positions where they could be tempted to prefer their own interests or the interests of another, over the interests of the public that they are employed to serve. Whenever employees, during the discharge of their duties, become exposed to or involved in actual and/or potential Conflicts of Interest, they must disclose the situation to their Program Manager/Divisional Director/Board of Health, (as may be appropriate) and shall then abide by the advice given.

3.37 No Local Preference

No local preference shall be shown or taken into account in acquiring goods and services on behalf of the TBDHU.

3.38 Prohibited Classes of Vendor

The TBDHU shall not acquire goods and/or services from any of the following:

- a) Board of Health Members;
- b) Staff of the Health Unit at or above the level of Manager;
- c) Businesses in which the individuals in (a) or (b) above hold a controlling interest.

General Provisions

3.39 Program Budgets

All acquisitions shall be in accordance with approved program budgets except where the Board of Health by resolution determines otherwise.

3.40 Reports to the Board of Health

In addition to other reporting requirements set out in this policy, a report shall be submitted to the Board of Health by the Director, Corporate Services or designate prior to an expenditure when:

- a) the acquisition has a value of \$100,001 or more;
- b) the acquisition has a value of at least \$50,001 and the lowest acceptable bid is not being recommended.

3.41 Review and Evaluation

The effectiveness of this policy will be evaluated and reviewed every five years, or more frequently as required. This review will include both legislative requirements and best practices.

3.42 In-House Bids

In-house bids will not be considered in response to Public Bid Solicitations.

3.43 Bid Irregularities and Tie Bids

Bid irregularities will be administered in accordance with accepted industry standards.

In the event of two or more identical or tied Bids and when the use of negotiations does not result in a winner, the Manager of Finance shall, in the presence of at least two departmental staff persons, toss a coin. The Award shall then be made to the winner of the coin toss. Where there are more than two Bids and they remain tied or identical following that evaluation, the Manager of Finance shall, in the presence of at least two departmental staff persons, conduct a lottery draw. The Award shall then be made to the winner of the lottery.

4. SCOPE

- 4.1 This policy applies to the Board of Health, and all persons employed by the Health Unit including students and volunteers;
- 4.2 This policy applies to the purchase of goods and services for the Health Unit as long as the funding is available;
- 4.3 No Board of Health member or Health Unit employee, student or volunteer shall have the right to acquire goods and services or to otherwise bind the Health Unit in respect of the acquisition of goods and services, except in accordance with this Policy.

5. RESPONSIBILITY

- 5.1 It is the responsibility of the Board of Health to approve corporate policies and a Supply Chain Code of Ethics governing Procurement;
- 5.2 The Director, Corporate Services is responsible for maintaining appropriate internal controls, including approving regular updates to Procurement and other Finance procedures as deemed necessary to ensure accountability processes for Procurement. These procurement procedures shall be maintained in a corporate Procurement Procedures Manual.
- 5.3 Manager of Finance shall:
 - 5.3.1 Enforce compliance with this Policy.

- a) In enforcing compliance with this Policy, the Manager of Finance may report transgressions of this Policy directly to the Board of Health, the Director, Corporate Services, or such other management staff of the TBDHU who may seem appropriate to him or her in the circumstances;
- b) It is the intention that in reporting transgressions pursuant to 5.3.1 (a) above, the Manager of Finance shall generally report to the next highest level in the management chain above the person who has committed the transgression, but the Manager of Finance may report directly to a higher level if the consequences of the transgression appear especially significant to him or her;
- c) If reporting transgressions to the Director, Corporate Services or to the Board of Health pursuant to the foregoing, the Manager of Finance shall liaise with and seek direction from the TBDHU's Solicitor prior to so doing.

5.3.2 Maintain statements and procedures in relation to procurement processes in accordance with federal and provincial laws that govern competitive bidding practices in Canada, applicable trade agreements, and Supply Chain Management best practices, and such statements and procedures shall be contained in the corporate Procurement Procedures Manual.

5.4 Independence of Manager of Finance

- a) In fulfilling his or her role in enforcing compliance with this Policy and subject to section 5.3 above, the Manager of Finance shall be independent of management structure and any inappropriate administrative or political influences;
- b) The Manager of Finance shall otherwise be subject to usual management and administrative control and direction, including administrative control and direction regarding his or her administrative roles and responsibilities (such as the development of procedures) pursuant to this Policy.

5.5 Program Directors and/or Managers are responsible for:

- a) following all procurement policies and procedures in accordance with this Policy and related Procurement Procedures;
- b) preparing and approving all specifications and terms of reference in consultation with the Manager of Finance;
- c) managing respective program contracts to ensure goods and/or services are received by the Health Unit, comply with contract terms and conditions, and recording receipt in the form prescribed by Finance;
- d) monitoring all contract expenditures and ensuring that all financial limitations have been complied with;
- e) monitoring the performance of suppliers;

- f) standardizing the use of goods and/or services, where such standardization supports the purpose and principles of this Policy.

5.6 Review Rights

For purposes of enforcement of this Policy, the Manager of Finance shall have the right to examine any document or file in the possession of any program which pertains to the acquisition of goods or services by that program.

5.7 Training

As a proactive means of enforcing compliance with this Policy, the Manager of Finance or designate shall conduct training as required to teach the requirements of this Policy to the staff of the TBDHU.

5.8 Discipline

Breaches of this Policy by employees may be subject to the disciplinary action in accordance with principles and practices enforced by Human Resources.

Personal Accountability

- 5.9 Each staff member is accountable for the decisions and actions, which they take pursuant to this Policy and in the administration of contracts, which have been awarded pursuant to this policy;
- 5.10 Purchases made in the name of the TBDHU without proper authorization will be considered an obligation of the person making the purchase and not the obligation of the TBDHU.

6. **DEFINITIONS**

- 6.1 “**Accountability**” is the obligation of an employee, agent or other person to be accountable for work, action or failure to act following delegated authority.
- 6.2 “**Acquisition Method**” means the process by which goods and services are procured.
- 6.3 “**Award**” means authorization to proceed with purchase of Goods and/or Services from a chosen Supplier.
- 6.4 “**Blanket purchase order**” means a purchase order, which establishes prices or a method for determining prices, terms, conditions, and the period of time during which a vendor agrees to provide goods or services to the purchaser upon the purchaser’s demand.
- 6.5 “**Board**” means the Board of Health.
- 6.6 “**Budget**” means the budget or portion of the budget approved by the Board of Health.

- 6.7 **“Canada Free Trade Agreement “or “CFTA”** is an intergovernmental trade agreement signed by Canadian Ministers that entered into force on July 1st, 2017. Its objective is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investment within Canada to establish an open efficient, and stable domestic market. This agreement replaced the Agreement of Internal Trade (AIT).
- 6.8 **“Canada-European Union Comprehensive Economic and Trade Agreement” or “CETA”** is a progressive free trade agreement which covers virtually all sectors and aspects of Canada-European Union trade in order to eliminate or reduce barriers. The agreement came into force on September 21, 2017.
- 6.9 **“Conflicts of interest”** can occur, for example if employees:
- Have a financial or other personal interest in any transaction(s), during the proper discharge of their duties;
 - Derive direct or indirect benefits from TBDHU contracts on which they can influence decisions;
 - Demand, offer, or accept from a person who has dealings with the TBDHU, commissions, rewards, advantages, or benefits of any kind, directly or indirectly, themselves or through a member of their family, or through anyone else for their benefit;
 - Knowingly accord preferential treatment to relatives, friends, or to organizations in which they, or relatives or friends, have an interest.
- 6.10 **“Competitive method’** means an acquisition method where vendors are given an equal opportunity to submit bids in accordance with TBDHU’s policy and procedures.
- 6.11 **“Contract”** means a binding agreement between two or more parties that creates an obligation to provide goods or perform services.
- 6.12 **“Director, Corporate Services”** means the head of operations at the TBDHU, his or her designate or any successor position thereto.
- 6.13 **“Disposal”** means the selling, trading, assignment and/or scrapping of surplus assets.
- 6.14 **“Emergency”** means a situation where the immediate acquisition of goods or services is essential to prevent serious delays, injury, damage, or to restore or maintain required service. Lack of operational/administrative planning does not constitute an emergency.
- 6.15 **“Fair Market Value”** means the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm’s length that are fully informed and not under any compulsion to transact.
- 6.16 **“Goods and services”** includes labour, supplies, materials, equipment, and services of every kind.

- 6.17 **“In House Bid”** means a bid made by one or more internal staff or affiliates to compete with external entities for procurement opportunities by formally providing a submission in response to a Public Bid solicitation.
- 6.17 **“Lowest acceptable bid”** means the lowest price submitted which meets the requirements and specifications as set out in the bid request, minor deviations excepted.
- 6.18 **“Negotiation method”** means an acquisition method whereby the TBDHU may confer with one or more vendors leading to an agreement on needed goods and services under the conditions outlined in this policy.
- 6.19 **“Manager”** means an employee of any TBDHU holding the position of manager for any program or designate(s).
- 6.20 **“Negotiations”** means a purchasing method whereby the Corporation may negotiate directly with one or more Suppliers with the intent to award a Contract or extend an existing Contract.
- 6.21 **“Purchase Order”** means a written confirmation of the purchase of Goods and/or Services at a specific cost.
- 6.22 **“Procurement Policy”** means the Purchasing Policies approved by the Board, as amended from time to time.
- 6.23 **“Request for Proposal”** means a competitive procurement process for obtaining unique proposals designed to meet terms of reference.
- 6.24 **“Services”** means intangible products that do not have a physical presence and includes Professional Services.
- 6.25 **“Single Source”** means the procurement of a good or service from a particular vendor rather than through the solicitation of bids from other vendors who can provide the same item.
- 6.26 **“Sole Source”** means the procurement of a good or service that is unique to a particular supplier and cannot be obtained from another supplier.
- 6.27 **“Supplier”** means any individual or organization offering Goods and/or Services including but not limited to contractors, consultants, vendors, and service organizations.
- 6.28 **“Supply Chain Management”** means the full range of processes that manage the flow of goods, services, information and funds between suppliers and end users, as well as the supporting infrastructure required to enable these processes.
- 6.29 **“Transparency”** means the quality of transactions and activities being open to examination by all stakeholders and the public.
- 6.30 **“Vendor”** means a seller or supplier of goods and/or services.

7. REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- 7.1 Municipal Act, 2001
- 7.2 Canada Free Trade Agreement (CFTA)
- 7.3 Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
- 7.4 Procurement Procedures Manual
- 7.5 Province of Ontario Procurement Directives
- 7.6 [FP-05-04, User Fee Policy](#)
- 7.7 [FP-05-06, Tangible Capital Asset Policy](#)
- 7.8 [Supply Chain Code of Ethics](#)
- 7.9 ["Cradle to Grave" Procurement Process Flowchart](#)

8. ATTACHMENTS

- 8.1 Schedule 1 - Exemptions

9. FORMS AND TEMPLATES

- 9.1 [Sole Source/Single Source Certification](#)

Attachment 8.1
Schedule 1 - EXEMPTIONS

In acquiring the following goods and services, operating programs shall not be required to follow the procedures and methods described in this Policy:

1. Transaction-specific exceptions approved by the Board of Health

Transaction-specific exceptions approved by the Board of Health from time to time through resolution, it being the intention that any new exceptions of general or continuing application will be approved as additions to this Attachment.

2. Training and Education

- a) Conferences, conventions, workshops, courses and seminars
- b) Magazines, subscriptions, books and periodicals
- c) Memberships

3. Refundable Employee Expenses

- a) Advances
- b) Meal Allowances
- c) Travel expenses

4. Employer's General Expenses

- a) Payroll and honoraria remittances
- b) Government license fees
- c) Insurance premiums
- d) Damage and insurance deductible claims
- e) Petty cash replenishment
- f) Tax remittances
- g) Refunds/overpayments of fees in accordance with FP-05-04, User Fee Policy
- h) Payments pursuant to agreements approved by the Board of Health
- i) Realty taxes
- j) Bank services and charges
- k) Commodity Price Hedging Agreements if done in accordance with the Board's policy affecting such agreements
- l) Loan Payments

5. Professional and Special Services

- a) Special tax, accounting and audit services and advice from the Board-approved auditor
- b) Legal Services on individual files, where the Health Unit's contracted solicitor is unavailable or in a conflict of interest situation
- c) Medical, Clinical and Laboratory Services

- d) Confidential Items, e.g. investigations, forensic audits
- e) Witness fees
- f) Honorariums
- g) Counselling Fees

Note: An annual report is issued to the Board of Health detailing the annual cost of legal fees.

- 6. Ongoing maintenance and software licensing agreements for equipment such as computer hardware and software, telecommunications equipment, and elevators.
- 7. Utilities
 - a) Water
 - b) Sewer
 - c) Natural Gas
 - d) Electricity
 - e) Postage
 - f) Communication Infrastructure Services
- 8. Real Property Interests
 - a) All real estate transactions