

3SO Strategic Sourcing & Procurement Policies & Procedures



KGH

KINGSTON
GENERAL
HOSPITAL



Perth and
Smiths Falls
District Hospital

Providence
Care

QHC

Quinte
Health Care



Religious Hospitallers
of Saint Joseph
of the Hotel Dieu of Kingston
HOTEL DIEU HOSPITAL



**Shared Support Services Southeastern Ontario (3SO)
Strategic Sourcing & Procurement**

INDEX

II. Policy: 3SO Strategic Sourcing & Procurement	3
III. Definitions	3
IV. Segregation of Duties	4
V. Delegation of Authority	4
VI. Open Competitive Procurement.....	5
VII. Proponent Responses	5
VIII. Commitment of Liability.....	5
IX. Electronic Tendering	5
X. Minimum Response Time	5
XI. Closing Dates	6
XII. Evaluation Criteria.....	6
XIII. Evaluation Methodology.....	6
XIV. Conflict of Interest.....	6
XV. Evaluation Process	6
XVI. Selection Process	7
XVII. Tie Scoring Relative to Competitive Bid Process	7
XVIII. Discriminative Practices.....	7
XIX. Contracts & Competitive Process	7
XX. Contract Formation	7
XXI. Contract Cancellation & Terminations.....	7
XXII. Contract Extensions.....	8
XXIII. Award Posting	8
XXIV. Proponent Debriefing.....	8
XXV. Competitive Process Deviation	8
XXVI. Document Retention	8
XXVII. Process of Self-Audit	8
XXVIII. Bid Protests	8
XXIX. Ethics.....	9
XXX. Transparency & Accountability	10
XXXI. Staff Empowerment	10
XXXII. Measurement of Performance	10
XXXIII. Product Evaluation	10
XXXIV. Competitive Bidding / Tendering Policy	10
XXXV. Strategic Direction	10
XXXVI. Privacy Duty	11
XXXVII. Confidentiality	11
XXXVIII. Environmental	11
XXXIX. Summary of Policies.....	11
Addendum I (Basics of Contract Law).....	14
Addendum II (Public Sector Professional Procurement Practices).....	22
Addendum III (Related Procedures).....	24

I. Policy: 3SO Strategic Sourcing & Procurement

3SO was established to apply a consistent and transparent practice of material supply and to provide a cost effective solution for that supply to seven hospital organizations serving communities across Southeastern Ontario. 3SO provides an integrated supply chain model for the following hospital organizations: Kingston General Hospital, Quinte Health Care, Providence Care, Hotel Dieu Hospital of Kingston, Brockville General Hospital, Perth & Smiths Falls District Hospital, and Lennox and Addington County General Hospital, also known its Equity Member Hospitals (EMHs) To ensure the success of that effort the organization acts under the guidance of the Ministry of Finance for the Province of Ontario and its associated Broader Public Sector Procurement Directives:



BPS Procurement
Directive_April 2011_

The Policy of 3SO generally mirrors the overarching protocol of the province and applies the same principles of governance and transparency with measureable benefits. To highlight areas of specific significance these Supply Chain Procurement Directives are reiterated throughout the internal 3SO policy and procedure documents.

To ensure policy that adequately reflects the needs of Equity Member Hospitals 3SO will inform and consult with these EMHs prior to making any significant edits to governing policy. This consultation is done to ensure the highest level of consistency for the support of each Equity Member Hospital

All 3SO Procurement Team members are required to be aware of and act in compliance with this policy at all times and if required seek clarity from the provincial supply chain directives and their immediate supervisor for clarification. Ultimate accountability for compliance of procurement related activities rests with the Director of Strategic Sourcing & Procurement, 3SO.

II. Definitions

TERM	DEFINITION
EMH	Equity Member Hospital on who's behalf the 3SO organization makes procurement commitments.
Single or Sole Source acquisition	A Single or Sole Source acquisition is a procurement which does not follow the normal competitive process and is to be discouraged wherever possible. Acquisitions of this nature can only be made when approved by the Director of Strategic Sourcing & Procurement and when counsel is sought from the General Manager of 3SO
Proponent	With respect to 3SO and a Proponent is a Supply Partner either current or potential that provides goods and or service to 3SO for consideration.
Canadian Construction Documents Committee	The Canadian Construction Documents Committee (CCDC) formed in 1974 is a Canadian national joint committee responsible for the development, production and review of standard Canadian construction contracts, forms and guides.
Service Level Agreement	A Service Level Agreement (SLA) is the section of a contract where the expectations of delivery (Service) are formally defined.
Quality Document	Quality Documents are those which are used as part of the formal 3SO procurement process and are retained as per instruction provided in the procedure for document retention.
AIT	The Agreement on Internal Trade (AIT) is an intergovernmental trade

	agreement signed by Canadian First Ministers that came into force in 1995. Its purpose is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investment within Canada and to establish an open, efficient, and stable domestic market.
RFI	A process whose purpose is to collect written information about the capabilities of various suppliers. Normally it follows a format that can be used for comparative purposes.
Contract Authority	Individual who assumes accountability for an individual Take to Market and acts as conduit for all communications for that Take to Market.

III. Segregation of Duties

A fundamental element of internal control is the segregation of certain key duties. The basic idea underlying segregation of duties (SOD) is that no employee or group of employees should be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties. Traditional systems of internal control rely on assigning certain responsibilities to different individuals or segregating incompatible functions. The general premise of Segregation of Duty (SOD) is to prevent one person from having both access to assets and responsibility for maintaining the accountability of those assets.

In general and with respect to 3SO procurement practices the five principal incompatible duties to be segregated are:

- Requisition
- Budget
- Commitment
- Receipt
- Payment

At no time shall responsibility for more than three of these components fall within a single department. Under ideal circumstances only the purchase commitment shall rest with the 3SO Procurement Team and responsibility for the remaining components shall rest elsewhere. Any deviation from this protocol is to be reported immediately to the Director of Strategic Sourcing & Procurement.

IV. Delegation of Authority

The 3SO Procurement Team acts on behalf of its EMHs to secure both goods and services. In order to perform its mandate the 3SO Procurement Team will maintain information from each EMH that identifies those individuals that have authority to requisition goods and/or services (The Delegation of Authority Schedule) and procure accordingly, It is the responsibility of each EMH to provide the initial documentation identifying authority levels of each employee and to notify the 3SO Procurement Team of any additions, omissions or changes in writing.

On a quarterly basis the Director of Strategic Sourcing & Procurement (3SO) will formally review the Delegation of Authority Schedules with each EMH for accuracy and ensure amendments are provided as required from those same EMHs. Ultimate authority for the accuracy of such documents remains with the EMHs.

Delegations of Authority documentation is to be retained as per the 3SO Document Retention and Signing Authority Procedures and is recognized as a "Quality Document" to be retained by the 3SO Procurement Team as part of the Document Retention Procedure.

V. [Open Competitive Procurement](#)

In accordance with the Agreement on Internal Trade (AIT), the Ontario-Quebec Agreement and the Supply Chain Guideline principle of transparency, 3SO will conduct open competitive procurement processes where the estimated value of the goods or services is \$100,000 or greater. For procurement of less than \$100,000 an open competitive procurement is still recommended and as a minimum an invitational competitive bid with three or more suppliers providing submissions is strongly recommended.

Sound commercial judgment may eliminate this process for smaller purchases however if in doubt the 3SO Procurement Team member should seek the counsel of the Director of Strategic Sourcing & Procurement for guidance.

An open and competitive process is adhered to by way of the procedure for "[Competitive Bidding](#)".

For further reference please see attached addendum I: [Basics of Contract Law](#).

VI. [Proponent Responses](#)

Responses for Information (RFIs) or Expressions of Interest (RFEIs) are managed as independent events and will not be used as a mechanism for a prequalification or evaluation for subsequent opportunities. At no time should any member of a response evaluation team allow previous events to bias a current fair evaluation.

All RFx responses are to be retained for a period of seven (7) years to ensure an auditable process for procurement as per the procedure for Document Retention.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

VII. [Commitment of Liability](#)

Every attempt will be made by the 3SO Procurement Team to avoid the creation of **Contract A** (bid contract) or **Contract B** (performance contract) through the issuance of a Request for Supplier Qualification. Specific language should disclaim any obligation of 3SO or its EMHs to call on any supplier to supply goods or services as a result of the pre-qualification.

Should a member of the 3SO Procurement Team be unclear of the appropriate wording of such a document to be issued they should seek the counsel of the Director of Strategic Sourcing & Procurement.

For further reference please see attached addendum I: [Basics of Contract Law](#).

VIII. [Electronic Tendering](#)

To maintain an environment of transparency all calls for competitive bids will be made through an electronic tendering system with a generally accepted threshold of \$100,000. Any deviations from this process must receive written approval from the Director of Strategic Sourcing & Procurement.

Construction contracts with an estimated value of between \$100,000 and \$250,000 may be made through the electronic tendering system, via predetermined daily periodicals accessible to all Canadian suppliers or the use of source lists such as VORs.

Construction contracts should also follow the protocols of CCDC where possible. An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

IX. [Minimum Response Time](#)

The 3SO Procurement Team will at all times act in a manner that provides the utmost in fairness to all its Supply Partners and are to be afforded at minimum a response time of 15 calendar days for procurements in excess of \$100,000. This is done to ensure a fair process for all proponents and alleviate any risk of perceived preferential treatment. It is further understood that more complex buys are to be afforded an extended period of time for responses. Where possible a response time of 15 days is also preferred for procurements of from \$25,000 to \$100,000.

X. [Closing Dates](#)

All closing dates are to occur on normal business days, Monday to Friday excluding provincial & national holidays and submissions delivered after the deadline must not be considered. Timely closures are critical to ensuring a fair and transparent process for all proponents. Normal business days are for the purposes of this policy those during which the office of 3SO is staffed by the Procurement Team.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

XI. [Evaluation Criteria](#)

Evaluation criteria are to be developed, reviewed and approved in advance of the competitive process. By doing so the 3SO Procurement Team ensures that all proponents are aware and able to provide submissions in line with the original intent of the document.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

For further reference please see attached addendum I: [Basics of Contract Law](#).

XII. [Evaluation Methodology](#)

Evaluation methodologies are to be fully disclosed as part of the requesting documentation to ensure understanding of all proponents and delivery of expectations. This ensures an equal assessment of the organizations needs and thus an increase in the quality of the submissions.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

For further reference please see attached addendum I: [Basics of Contract Law](#).

XIII. [Conflict of Interest](#)

Careful attention is to be paid to any and all potential Conflict of Interest that may occur as part of the tendering process. As part of the process all participants, including proponents and evaluators are required in writing to confirm their impartiality and ensure a fair and transparent decision making process.

Being in compliance with provincial Broader Public Sector Procurement Directives 3SO will ensure that all circumstance where a conflict of interest is either known or perceived is mitigated and documented. All participants in the competitive process are required to notify the Director of Strategic Sourcing & Procurement in writing of any such conflict of interest either real or perceived.

Failure to comply with this policy may lead up to and include disqualification for proponents and / up to dismissal for employees

For further reference please see attached addendum I: [Basics of Contract Law](#).

XIV. [Evaluation Process](#)

All evaluations are to be conducted in a manner that allows for audit of the process. Documentation of all submission evaluations is to be retained for later reference should the need arise to refer back to the decisions that were made.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

For further reference please see attached addendum I: [Basics of Contract Law](#).

XV. Selection Process

All parties to the selection process must deliver their evaluations based on the predetermined evaluation criteria as identified by the Contract Authority and submit their evaluations in writing to that contract authority within the 3SO Procurement Team.

At no time shall collusion or the perception of collusion occur during the evaluation process. In the event that such collusion or perception of collusion occurs it is the responsibility of the Contract Authority to notify the Director of Strategic Sourcing & Procurement immediately.

For further reference please see attached addendum I: [Basics of Contract Law](#).

XVI. Tie Scoring Relative to Competitive Bid Process

Although rare there is only a rare possibility of a tie score in the evaluation process as part of the documentation provided to all proponents a clear mechanism is to be defined outlining the method where a tie score is to be resolved. These criteria must embody the spirit of a fair and transparent process and utilize quantifiable measures to resolve a tie.

Any mechanism for the resolution of tie scores is to receive the consensus of the entire 3SO Evaluation Team.

XVII. Discriminative Practices

Selections based on discriminative evaluations are to be avoided at all times. Evaluation criteria must be established in such a way as to eliminate any discrimination.

For additional information regarding discriminative activities the 3SO Procurement Team is to refer to the Ontario Ministry of Finance, Broader Public Sector Procurement Directives or seek the counsel of the Director of Strategic Sourcing & Procurement.

XVIII. Contracts & Competitive Process

Following each selection it is a minimum expectation that contracts be created to reflect the competitive process. These contracts must clearly define the expectations of the agreement and ensure quantifiable measurements are incorporated to ensure value for money.

XIX. Contract Formation

Contracts must take the form as disclosed in the competitive process documents provided to all proponents and is done in a manner to eliminate the perception of unfair practices. Should additional guidance be required the counsel of the Director of Strategic Sourcing and Procurement should be sought.

For further reference please see attached addendum I: [Basics of Contract Law](#).

XX. Contract Cancellation & Terminations

All contracts must contain appropriate cancellation or termination clauses so as not to unduly create excess liabilities on the organization. Where possible service level expectations and subsequent wording in the agreement to express these expectations should be incorporated with the appropriate ability to cancel or terminate contracts for breach.

For further reference please see attached addendum I: [Basics of Contract Law](#).

XXI. Contract Extensions

All extensions to pre-existing contracts must be done so in a manner that has been clearly defined in the initially awarded contract. Special care must be taken in the initial contracts to allow for this possibility and be clearly defined as part of the initial competitive process documents. Prior written approval by the appropriate approval authority is necessary before changing contract start and end dates. Extensions to the term of agreement beyond what is set out in the procurement document are considered non-competitive procurements and must seek appropriate approval authority prior to proceeding

XXII. Award Posting

As per the initial posting all subsequent awards are to be communicated by posting in the same manner and only after the contract execution process is complete.

XXIII. Proponent Debriefing

In the interest of fostering improved relationships with all proponents it is expected that a competitive process debrief be allowed for all proponents so that they may better understand the mechanism for selection and how they may enhance future submissions.

For further reference please see attached addendum I: [Basics of Contract Law](#).

XXIV. Competitive Process Deviation

In all cases where the competitive process is not adhered to a Sole Source Acquisition form is to be completed by the authorized requestor defining the reason for the non-compliance and endorsed by the Director of Strategic Sourcing & Procurement prior to any award. The document is to be signed by the authorized requestor ensuring their accountabilities are understood through the procurement process.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

XXV. Document Retention

All documentation associated with the competitive bid process will be retained for a period of seven (7) years and in compliance with internal procedures.

The 3SO Procurement procedure for "Document Retention" is to be adhered to at all times.

XXVI. Process of Self-Audit

From time to time it is expected that the activities of the 3SO Procurement Team will face scrutiny from outside organizations. To ensure preparedness for such scrutiny self audits will be completed on an annual basis ensuring compliance with policy and the results of that audit formally documented.

It is the responsibility of the Director of Strategic Sourcing to ensure these audits are completed and all observations documented for subsequent corrective actions.

XXVII. Bid Protests

Bid protest processes are to be compliant with the AIT and the Ontario-Quebec Procurement Agreement. All protests are to be documented regardless of origin and a formal response to be made by the Director of Strategic Sourcing with communication to the 3SO General Manager.

Debriefs are to be afforded to the requesting proponents in a reasonable and timely fashion and must be conducted in a manner compliant with the AIT and the Ontario-Quebec trade agreements as laid out in the following website: http://www.ait-aci.ca/index_en/ait.htm

XXVIII. Ethics

3SO shall through its efforts both in the near and longer term deliver ethical procurement practices with a strategic vision. All activities undertaken by the 3SO Procurement Team will be done with the highest ethical standards in mind. Integrity and Professionalism are integral to all procurement decisions and all employees must act in a manner that not only is of the highest standard but also perceived as such.

If at any time a member of the Procurement Team is unclear of best practice with respect to ethical behavior they are then required to seek direction in writing from their immediate supervisor for clarification and resolution. All purchasing will be conducted in a competitive manner with open access to acceptable suppliers while ensuring that the organization receives the best overall value for resources expended. Competition is encouraged by actively seeking qualified suppliers, allowing these suppliers appropriate access to demonstrate that their products and/or services will meet the needs of the organization and by fairly awarding business to those suppliers who provide the best overall value to the organization.

Ontario Broader Public Sector

Supply Chain Code of Ethics

Goal: To Ensure an ethical, professional and accountable BPS supply chain

I. Personal Integrity and Professionalism

All individuals involved with Purchasing or other supply-related activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all supply chain activities within and between BPS organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. All participants must not engage in any activity that may create, or appear to create, a conflict of interest, such as accepting gifts or favors, providing preferential treatment, or publicly endorsing suppliers or products.

II. Accountability and Transparency

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

III. Compliance and Continuous Improvement

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

Ministry of Finance, Supply Chain Guidelines

Supply Chain Code of Ethics provided by the Ministry of Finance, Province of Ontario is to be posted within the 3SO Procurement Team work area. Each year the Director of Strategic Sourcing and Procurement shall formally review the Supply Chain Code of Ethics - Compliance Checklist and communicate this code to all reports.

Where applicable it is also expected that the 3SO Procurement Team adhere to the policies of the Purchasing Management Association Code of Ethics:



Code of Ethics.pdf

<http://www.pmac.ca/about/ethics.asp>

In the event of a conflict policies of 3SO shall take priority.

XXIX. [Transparency & Accountability](#)

All activities are to be conducted in a highly transparent manner and as required documentation are retained for audit if and/or when required. All documentation relevant to procurement activities is retained within the 3SO procurement archives. Each 3SO Procurement Team member is to provide monthly reporting of activities to their immediate supervisor based on their assigned accountabilities.

Documents requested and subpoenaed by legally authorized personnel will be provided within 5 business days. The Board Chair and CEO will authorize provision. No documents will be concealed, altered or destroyed with the intent to obstruct the investigation or litigation.

XXX. [Staff Empowerment](#)

All 3SO Procurement Team members are encouraged on an ongoing basis to assume ownership of day to day activities within the group and areas of accountability in their role to attain assigned goals. This is accomplished by clear expectations of work to be done and ongoing formalized upward reporting.

This is performed utilizing defined job expectations and concise measurable performance targets for each Team member as laid out in individual performance plans and the Team's annual Strategic Plan.

XXXI. [Measurement of Performance](#)

Key to the success of the 3SO organization is its ability to deliver quantifiable performance at the expected standards of its EMHs. To ensure that delivery the Procurement Team will compile data relative to specific agreed to metrics and publish those metrics.

Metrics are to be applied to Supply Partners, EMHs and the Procurement Team itself to ensure performance targets are met and continuous improvement initiatives are delivered.

XXXII. [Product Evaluation](#)

Prior to procurement all new products must receive full endorsement of the EMHs through a robust and documented evaluation process. Product evaluations are to consider the needs of all user groups and to accomplish this end each user group must be sought out for input. Supporting documentation for each approved product is to be retained within the 3SO Procurement Team files.

Regional focus and product standardization groups will be led by the 3SO Procurement Team for the purposes of new product evaluation and standardization respectively.

XXXIII. [Competitive Bidding / Tendering Policy](#)

To ensure a fair and transparent environment for all procurement activities undertaken by the 3SO Procurement Team those activities will be conducted in a competitive manner with open access to compliant suppliers. A formalized and documented bid process will be used to foster a competitive environment whenever feasible.

An open and competitive process is adhered to by way of the procedure for [Competitive Bidding](#)

For further reference please see attached addendum I: [Basics of Contract Law](#).

XXXIV. [Strategic Direction](#)

As part of the 3SO's ongoing mandate to deliver better solutions through continuous improvement the Procurement Team will deliver a strategic plan that is aligned to the larger organization. This plan will be delivered in a formal document presented to the Equity Member Hospitals for their participation and

endorsement. All Equity Member Hospitals are encouraged to become engaged and participate in the Strategic Direction of the 3SO Procurement Team through active dialogue.

XXXV. [Privacy Duty](#)

The 3SO Procurement Team shall at all times work within the protocol of the Freedom of Information and Protection of Privacy Act (FIPPA).

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90f31_e.htm

If at any time a member of the 3SO Procurement Team has a concern regarding privacy requirements they will seek out the counsel of the Director of Strategic Sourcing & procurement.

XXXVI. [Confidentiality](#)

3SO is committed to the principles of public accountability and the protection of personal privacy. In its day-to-day activities, the organization may collect information in order to make procurement decisions. Consequently, there is a need to articulate the role of confidentiality in these processes. Confidentiality of the dealings of 3SO with its Equity Member Hospitals and Supply Partners is paramount. Disclosure of any information is to be done in a way that protects the interest of the organization.

For further reference please see attached addendum I: [Basics of Contract Law](#).

XXXVII. [Environmental](#)

3SO Procurement Team members shall act in an environmentally responsible way and recognize their responsibility to environmental issues consistent with their corporate goals or missions. 3SO will proactively apply sound environmental practices to internal operations and purchasing decisions. The organization will seek ways to minimize the consumption of resources, including energy, paper and water, and its generation of waste and emissions.

The 3SO Procurement Team will develop, maintain, and communicate effective policies, procedures, standards and guidelines for our business activities, to address environmental issues and risks material to the organization, its clients and its other stakeholders. The organization will provide to its Equity Member Hospitals innovative, practical and cost-effective products and services to promote environmentally sustainable choices.

XXXVIII. [Summary of Policies](#)

POLICY STATEMENT:

The following Shared Support Services Southeastern Ontario (3SO) Sourcing and Procurement Policy summary is to be followed by 3SO employees for procurements.

Policy Summary Objective:

To provide a high level overview of the detailed Sourcing for Procurement Policy. To ensure that 3SO implements ethical, efficient and accountable sourcing, contracting and purchasing activities on a day to day basis.

1.0 Code of Ethics

To ensure an ethical, professional and accountable supply chain, 3SO will ensure that personal integrity, professionalism, accountability, transparency, compliance and continuous improvement are integral and consistent elements of the procurement process.

2.0 Segregation of Duties

3SO shall segregate at least 3 of the five functional procurement roles: Requisition, Budgeting, Commitment, Receipt and Payment.

3.0 Approval Authority

Approval authorities for goods, non-consulting and consulting services must be established, Board approved and adhered to for all purchases.

Approval authorities can be delegated as necessary to ensure business continuity.

For non –competitive goods and non-consulting service procurements, approval authority is one level up from the established organizational approval authority. For non-competitive consulting service procurements valued under \$1,000,000 approval authority required is CEO level. Board of Directors approval is required for non-competitive procurement for consulting services valued at \$1,000,000 or greater.

4.0 Competitive Procurement Thresholds

Competitive procurements where more than one supplier has the opportunity to submit a bid. Competitive procurements can be invitational or posted on an open electronic public forum. Procurements valued at \$100,000 or more must be posted on an open electronic public forum.

The overall value of procurement cannot be reduced by dividing it up into smaller procurements in an effort to circumvent the competitive procurement process.

3SO has established competitive procurement thresholds that dictate the procurement method required based upon the value of the overall purchase.

5.0 Information Gathering and Supplier Qualification Processes

Requests for Information (RFI) or Requests for Expression of Interest (RFEI) are formal processes to be used to gather information about products or services. Suppliers that respond to RFI and RFEI processes are not prequalified for participation in future procurement processes.

Request for Supplier Qualification (RFSQ) allows 3SO to gather information about supplier capabilities and qualifications in order to prequalify them for current or future competitions.

6.0 Open Competitive Procurement Processes (\$100,000 or greater)

Bid Submissions

Suppliers must be provided a minimum of 15 days to respond to an open competitive procurement. Where the requirements are complex, value of the purchase/overall risk is great, a minimum of 30 response days may be considered.

Bid submissions/closing dates must be during regular business days (excluding national/provincial holidays) during regular business hours. Submissions received after closing shall be returned to suppliers unopened.

Changes to the details of the procurement document cannot be made once the procurement document is posted except through formal addenda.

Bid Evaluations

Evaluation criteria (mandatory technical standards criteria, alternative solutions criteria, weightings, ratings etc) must be developed prior to call for competition and included/fully disclosed in the procurement documentation. Process for evaluation, tie score resolution, and bid dispute resolution including disqualification criteria must be included.

Evaluation team members must be fully apprised of and understand their confidentiality requirements. They must sign confidentiality agreements and non-disclosure agreements before they can participate in the procurement process.

At time of bid evaluation, all Evaluation Team members must complete an evaluation matrix (based upon the criteria disclosed in the procurement documentation) in a fair, factual and defensible manner. The highest scoring supplier that meets all mandatory requirements must be declared the winning bid.

Discrimination or preferential treatment in awarding a contract to a supplier is prohibited.

Contract Execution

A formal signed agreement must be in place before the provision of goods and services. In the event that an immediate need exists for the goods/service(s) an interim PO can be established while the form of the contract (issued with the publically posted procurement documentation) is executed.

Termination or cancellation clauses should be included in the contract.

Terms of the agreement must be set out in the procurement documentation prior to public posting. Changes to the terms must be approved by the appropriate approval authority.

Extensions to the term which change the value or deliverables of the contract are considered non-competitive procurements.

Upon contract award, notification of the award shall be posted in the same public forum as was the procurement documentation. Unsuccessful suppliers shall be notified of their right to a debriefing within 60 calendar days of contract award notification posting.

7.0 Non-Competitive Procurement

Non-competitive procurements can only be employed where the allowable exceptions and/or exemptions are clearly met.

8.0 Contract Management

Once a contract/agreement has been established, the receiver of the goods/services must ensure that the supplier performance is managed. Deliverables of the agreement must be received as per agreed to milestones and payments made according to any milestone obligations in the contract.

9.0 Document Retention

All documentation related to procurements must be retained in an electronic recoverable format for 7 years.

Addendum I

The Basics of Contract Law

Effective procurement in the public sector is a balance between the principles of fair, open, and transparent procurement, obligations imposed by law, and business considerations. A completed procurement cycle results in an agreement between hospital and a supplier for the provision of goods, services, or construction in exchange for some form of consideration. This agreement, which most often takes the form of a service contract or a purchase order, is referred to as the performance contract. The performance contract, which is referred to as a Contract B, is between the successful bidder or proponent and the hospital.

Note: The term bidder is used to describe vendors submitting bids, quotes, or tenders in response to an Invitation to Quote (ITQ) or an Invitation to Tender (ITT). The term proponent is used to describe vendors submitting proposals in response to a Request for Proposals (RFP).

When a competitive process is used to select the best supplier for the performance contract, another type of contract is created: a bid contract. An ITT, an ITQ, and an RFP are all types of solicitation documents used to invite submissions from which a successful bidder or proponent is selected. These competitive processes result in the establishment of a Contract A, or bid contract, between the hospital and all bidders/proponents.

Common law with respect to contracts applies to both the final form of the agreement and to the competitive process that led up to the agreement. This is an important distinction for hospital employees to understand as both contracts that result from a competitive process—Contract A and Contract B—create legal obligations to the hospital. The guidance that should be promoted should be one that supports a procurement process that is both efficient and consistent with common law.

Finally, contract law applies to any contract, regardless of whether it is a written or verbal contract, for the supply of goods, equipment, or services. A contract results when there is the combination of an offer and an acceptance of that offer. If hospital staff do or say anything to create a verbal offer, acceptance of such an offer by a vendor can create a verbal contract on behalf of the hospital, without the protective language found in standard contract templates. For this reason, it is recommended that the hospital adopt a core policy explicitly stating that hospital staff must not do or say anything to create a verbal contract on behalf of the hospital.

Safekeeping of the process

It is important to maintain the integrity of the bidding process. Here are some suggestions.

Identifying a contact person

Every proponent should receive the same information. The organization should identify one contact person and insist that while the Request for Proposal is open, all communication with the hospital be through that person. This is often part of Procurement Service's role.

Responding to enquiries

The contact person will receive questions, obtain answers, distribute the answers to all known proponents, and issue amendments as necessary.

Handling of proposals received before closing time

Ideally, proposals will be marked with the date and time of their receipt. Proposals shouldn't be read by anyone until after the closing time.

Closing time

All bids received by the closing time will be evaluated. Any proposals received even one minute late should be returned to the proponent, unopened, with a covering letter. The contact person must make sure there is no uncertainty about when a proposal was received.

Contact with proponents

All contact with proponents during the process (questions, answers, discussions about couriers, etc.) should be formal, and should be documented.

Evaluating proposals

Although the evaluation committee won't be needed for evaluation of proposals until after the closing date, if the committee is involved in drafting the Request for Proposal, and particularly in preparing the evaluation criteria, evaluation tends to go more smoothly.

Structure of the Committee

The committee might be composed of some or all of following people:

- a) Program director/manager
- b) technical person
- c) financial person
- d) client representative
- e) Procurement Services representative
- f) Wildcard

The number of people will depend on the requirement but if the committee is too large it becomes awkward; three to ten as a core group is usually comfortable. These people should all be present for the entire evaluation period and should all be involved in reviewing all proposals. It is not unusual for the evaluation committee to ask for help from other areas of the hospital, e.g., asking the financial services group to run a spread sheet to make pricing easier to assess, but where feasible the evaluation committee will usually be responsible for assigning a score to the proposals based on the recommendation of the advisor.

Conflict of Interest

Committee members (and, for that matter, anyone involved in preparation of the Request for Proposal) should declare any potential conflicts of interest. This may be particularly relevant if the evaluation committee member is a contractor rather than a hospital employee. Conflict of interest can occur when a member of the evaluation committee:

- Has a friendship or familial relationship with one of the proponents;
- Has a strong bias for or against one of the proponents;
- Has a direct or indirect financial interest in a proponent's business;
- Has assisted in preparation of a proposal; or
- Has received a gift from one of the proponents.

Situations that can result in a conflict of interest are not limited to the examples provided. Should you believe that a potential conflict of interest exists; appropriate action should be taken immediately. At a minimum, the potential conflict of interest should be declared. Frequently, withdrawal from the process is the suitable option. The circumstances will help define what's appropriate.

General

During evaluation it is important to treat all proponents fairly and equally, and to evaluate their proposals in accordance with the process described in the Request for Proposal. Care must be taken throughout the process not to take any actions or make any decisions that could be construed as providing an unfair advantage to any proponent(s).

Confidentiality

As they will be entrusted with or have access to information governed by the Freedom of Information and Protection of Privacy Act committee members must be aware of the need for confidentiality. Evaluation committee members will be expected to

- a) keep the proposals, and any notes they might make relating to them, in a secure place where others will not have access to them;
- b) not discuss the proposals or disclose their contents to anyone other than their fellow committee members;
- c) retain copies of all notes and memoranda in accordance with the requirements of the Freedom of Information and Protection of Privacy Act;
- d) keep all notes, discussions, and point ratings confidential and not disclose their substance or details to anyone;
- e) evaluate the proposals strictly in accordance with the evaluation criteria stated in the Request for Proposal;
- f) evaluate proposals solely on information contained therein, not on the committee's previous knowledge of the proponent or its business; and
- g) score proposals strictly in accordance with the established points ratings.

The chair person often asks committee members to sign something to indicate their agreement with the foregoing. This is particularly valuable where members of the committee are from outside the organization.

Reading Proposals

Before meeting to score the proposals, each committee member will need time to read through all proposals and make notes as to the extent they meet the evaluation criteria. This initial meeting of the committee might be a short one, just to get agreement on confidentiality requirements, give out the proposals and the draft score sheets, review the evaluation criteria, and make plans for subsequent meetings.

Keeping notes

One of the members of the evaluation committee should be assigned the responsibility for making a master record of the scores and keeping notes explaining each score. This information forms part of the permanent record and may be made available to proponents. It is important to write supporting comments for both high scores and low scores. (Even though a natural tendency is to put more emphasis on documenting the areas in which the proponent falls short, a benefit of documenting both is that when it comes to a debriefing meeting the experience is a more pleasant one for everyone if the committee is able to praise the proposal's strengths as well as point out its weaknesses.)

Mandatory Requirements

The first thing the evaluation committee will do when it gets together to score the proposals is check each proposal in turn for its compliance with the mandatory criteria. (Alternatively this can be done by the Procurement lead or the chair person separately, before the committee sits to evaluate proposals.) Assessing the mandatory criteria should be a matter of the proposal either meeting or not meeting each criterion; any proposal not fully meeting every one of the mandatory criteria must be rejected without further consideration. (Procurement would be pleased to advise if, as occasionally happens, it is found at this point that the Request for Proposal was ambiguous and it is unclear whether or not a proposal should be rejected.)

Evaluation of points rated requirements

After the mandatory criteria have been evaluated, those proposals that meet all the mandatory requirements are assessed against the stated desirable criteria. The two main methods of scoring the desirable criteria are

- a) the proponent's response to each criterion is discussed and team members come to agreement on the score; or

b) team members individually score the proposals and the proponent's score is an average of the individual scores.

The committee can decide which would work better. One proposal will usually be evaluated at a time and will be compared to the stated criteria. Because the criteria reflect the hospital's needs, this is a more supportable approach than that of comparing each proposal to the others. An exception to this can be the evaluation of price.

When assigning points for price organizations frequently use the formula whereby the lowest price gets the full points available for price, and the other proposals are pro-rated, i.e., each proponent's score for price is reached by multiplying the total number of marks available for price by the lowest priced proposal and dividing the answer by the proponent's price.

Formula: $S = \frac{\text{Min} \times M}{P}$

S = score

Min = lowest priced proposal

P = price on this proposal

M = total marks available for price

However, there are a number of ways to score price; this is just one option. Another pricing scoring is the Value for Money Formula. To avoid bias, the price formula should be established before starting a review of proposals.

Creating a short-list and inviting presentations

If you like the idea of creating a short list of qualified proponents, and inviting them to make a presentation to the committee or to attend an interview, it has to be explained in the Request for Proposal and the scoring mechanism described. If the Request for Proposal did not mention it, this step cannot be introduced during the evaluation process.

Reference checks

Where references were to be provided, they are usually checked after most of the marking is complete. If the Request for Proposal said the references were to form part of the overall mark, they will have to be checked for all proponents who meet the mandatory requirements. Only referees supplied by the proponent should be contacted. Questions asked should relate directly to the evaluation criteria and the same questions should be put to all referees. Reference questions should be objective, e.g., "How did you find the company's ability to respond to customer complaints?" Both questions and answers are to be recorded. Under the Freedom of Information and Protection of Privacy Act proponents may be entitled to know what was said about them by their references. It is preferable that the evaluation committee provide the score, rather than having the reference do it. For example instead of asking, "Out of 15 points how would you rate the company's ability to meet deadlines?" it might be better to say, "Please describe the company's ability to meet deadlines", and then have the committee assign a score to the response. If the referee has to be prompted, the same prompt may have to be given to the next referee.

Identifying the Winner

It depends on which evaluation method you have selected for price, but generally the committee will complete the evaluation, add up the points and the top ranked proponent will be the winner. If the scores of two proponents are very close, the higher one is still the winner.

Sign-off

At the end of the evaluation process, all evaluation committee members should sign the bottom of the summary spread sheet to indicate their agreement with the committee's conclusions.

Negotiating a contract

Once you have selected a winner, you will be ready to negotiate the contract. Ideally, everything from the proposal can be written into the hospital's contract and the proponent will readily sign it. This is the case in the vast majority of contracts. Occasionally, though, you have to work out some of the details with the proponent, hence the negotiation.

What can be negotiated?

If the best proposal would be unacceptable without significant change, you should announce that the Request for Proposal process has concluded and no suitable proposal was received. If, however, the details that have to be worked out are relatively minor, you can proceed to negotiation of a contract with the lead proponent. Fairness to the other proponents has to be maintained. The contract cannot change the requirement so much that the other proponents could reasonably claim they would have submitted a different proposal had they known this was what you really wanted. And no matter how tempting, you cannot incorporate into the contract any ideas you've gleaned from an unsuccessful proposal.

Negotiation Strategy

Without a clear and well thought-out plan, you will not do well during negotiation. Procurement will be able to help you work out a negotiation strategy.

Planning for negotiation

Preparing for negotiation is of vital importance. It is necessary to spend time and effort doing it. Some ideas:

- Consider gathering information on the industry sector and on the company. For example, you might want to know who the proponent's other major clients are, or the current trends in the industry.
- Anticipate the other party's position(s) and identify and consider as many options as possible.
- Take time to consider the best and worst alternative to a negotiated solution with the proponent. If you absolutely must come out of negotiation with a contract you are in a weak position from the outset and will have to plan accordingly.
- Consider the other party's best and worst alternatives to coming to agreement with you.
- Find out where your authority ends. Do you have the authority to approve the contract or to call off a negotiation?

During negotiation

Some suggestions, this time on what you might do once you are face to face with the potential contractor:

- Take a collaborative approach.
- Be aware that you are negotiating a long term relationship. Both parties have to feel satisfied with the outcome.
- Don't be defensive or aggressive.
- Give the other party lots of opportunity to speak.
- Take time to consider everything that's presented.
- Keep negotiation focused on issues or interests rather than positions or personalities.
- Identify and build on areas of common interest.
- Openly document areas of agreement so they don't get revisited later.
- Be willing to leave the table to conduct research as necessary. (For example, the proponent might tell you that everyone else is getting the same deal. You will want to confirm this with a couple of colleagues.)

Put it in Writing

Whatever is agreed between the parties must end up in the written contract. For example, if the proponent has agreed to assign certain staff to the contract, and you want these to be the ones who do the actual work, the contract should identify them by name. Whatever goes into the contract should be written clearly. Plain Language is the order of the day. Try to avoid interim agreements such as Letters of Intent or Memoranda of Understanding. When negotiating a contract, ideally the only written agreement will be the final contract.

Some of the types of bid requests commonly used

Request for Quote, type 1 (generally is not considered formal) Primary Features:

- Small \$ amounts
- Generally no shalls or musts
- Price/technology driven
- No closing date
- May be more than 1 vendor
- Generally phone-based (price-shopping)
- Sporadic contact with Vendors

Request for Quote, type 2

- Small / Moderate \$ amounts
- Shalls and musts predominate
- Price and technology driven
- Closing date and evaluation criteria
- More than one vendor
- Issued in written form
- Issued to all vendors at the same time

Request for Market Information (generally not a regulated process)

- Part of the preliminary process: determine if organization - 'want to date'
- No pricing requested
- Major area of risk: use by organization of vendor-supplied pricing / information to evaluate others vendors - may be confidential /proprietary info
- No closing dates
- All parties (organization and supplier) have no obligations to each other
- Issued in written form

Request for Tender

- Generally technically based
- Price driven
- Reliant on specifications
- Written form, generally complex in nature

Request for Proposal

- Broader scope, solution outcome not predetermined
- Concept(s) higher priority than price
- Reliant on conceptual solutions
- Written form, can be complex
- Mandatory Terms (for the final contract) to be included

In Canada, the bid process can get derailed by some of the following common causes:

Understanding and ensuring Rights (express terms) are clear to both sides (the owner and bidder)

-
- Right to pause the bid (stall and restart the process)
 - Right to cancel - before or after closing
 - Right to award to many bidders
 - Right to use submitted information (copyright/confidential information issues)
 - Right to clarify (submission not clear)

Major vs. Non-Major Bidding Non-Compliance (the use of must or shall in the bid document) - some things to consider:

Major: (unlawful to accept a bid containing any major non-compliances)

- Timing - at or by a time (i.e. bid due - at 2:00 p.m. or by 2:00 p.m. have different meanings)
- Bids accepted after bid closing
- Pricing (allowed changes, errors on face of bid, may impact on who the successful bidder becomes)
- Quality (change the specifications to that which was issued)
- Terms (changing major conditions ultimately set in a contract)
- Service (changing aspects to the how/when)
- Accepting bids that don't meet the Express Terms requirements, i.e. Missing specifications, bid security missing, etc.

Minor: has no bearing on changing the ranking of a bidder in the evaluation process (the least risky of non compliances)

- Initials missing on a bid submission page
- Information - more than requested

Understanding Bidding Evaluation Criteria

- Criteria must be handled and developed with care and must be able to withstand possible disputes from unsuccessful bidders - The way this can be accomplished is by ensuring that the criteria and the resulting bidders scores could be reviewed by someone not involved in the process and not have any biases - one way or the other.
- A bid is to have evaluation criteria established prior to bid response being viewed and evaluated by the owner
- The evaluation criteria must be followed - no exceptions
- All bid criteria ratings are to be documented (also all meetings/emails must be recorded and put in a bid file in the case of litigation down the road)

The following list suggests some methods to manage the bid process that are relevant for Canada:

- In unregulated environments, document competitive bidding policy and processes, and find out if any internal policies and processes apply that you may not be aware of;
- Ensure the bid document is complete and is unambiguous;
- Obtain top management support (all stakeholders) throughout the process;
- Have knowledgeable/experienced staff involved in bidding activities - the law doesn't exclude negligence or ignorance;
- Consider project management and finance skills for the bid team;
- Document the rules and rights of the bid - follow them throughout the process;
- Limit external contact with bidders to one designate while the process is underway;
- Keep impeccable records of the entire process;
- Acknowledge if and when a mistake occurs in the process - stall (pause) or cancel the bid; and
- If debriefing unsuccessful bidders, tie feedback only to criteria, not other bidders responses.

One final note: Bid awards may not always be based on the lowest price. 'Best value' should consider financial stability, experience and capability, etc. of the bidder. If a bid process is executed well by all parties, it should provide competition, reduce costs, and provide value to everyone (bidder and owner) during and after the contract award.

Addendum II

Public Sector Professional Procurement Practices

Adding Value to the Process

Professional purchasers, particularly in the public sector, receive specific training in the area of RFP development and evaluation, for the express purpose of ensuring best value in addition to fairness and accountability.

In many organizations, the procurement people are the guardians of public policy. They are the ones who ensure that the process is “fair and open”.

Value Added Through Professional Procurement: A Checklist of Important Tasks

Needs Definition Phase

- Assists in defining the requirements.
- Provides advice on alternative products/services.
- Recommends different procurement approaches (e.g., obtaining the equipment and related maintenance services in the same RFP).
- Advises on quality assurance alternatives.
- Provides information on corporate standards, priorities, policies and in-house resources.

Planning Phase

- Provides advice on the time and nature of work required to conduct market research, research existing contracts, co-ordinate procurement with other users, source potential vendors, investigate solutions at other companies, prepare and issue the RFP, evaluate proposals, negotiate contracts, secure all internal approvals.
- Build in process steps to ensure fairness and acceptability.

Research Phase

- Assesses economic and political environment to determine any impact on the planned procurement. For example, are tax laws changing? Is the value of the dollar rising? What are the transportation logistics?
- Assesses internal information to determine if there have been vendor performance problems experienced by others.
- Assesses external information in the industry to determine what opportunities exist, and degree of competitiveness in the marketplace.
- Determines the organization's relative position of strength and the factors that will maintain this, and considers the potential risks in the procurement.

·Devises alternative acquisition methods when a creative solution is required and recommends a method consistent with policies, by-laws, best practices, etc.

·Recommends changes to the plan to reflect market and internal conditions which may affect the results.

Sourcing Phase

·Assembles or creates suitable terms, conditions, instructions and special provisions which reflect the best approach after considering the research information. Considers life-cycle and cost/benefit in determining price schedules.

·Secures acceptance of all participants (other departments or co-operative partners) of the solicitation package and process.

·Develops a list of potential bidders and issues and receives all public documents.

·Receives and documents enquiries during the RFP or negotiations process, arranges vendor briefings as required and co-ordinates technical enquiries through the client.

·Plans and conducts negotiations in accordance with standards for professional procurement.

·Assesses critical information items for documenting in the corporate record in the event of a dispute or litigation.

Analysis Phase

·Conducts independent public openings and documents all official bid results.

·Reviews all proposals received for irregularities and develops spreadsheets of bid amounts, irregularities, and pertinent information for consideration by client. Also monitors results for compliance with internal and external policies and the Competition Act.

·Conducts evaluation or provides assistance, determines treatment of irregularities and requests for additional information outside of the official process. For example, pricing after the fact for missed items.

·Co-ordinates all the parties and seeks consensus on the recommended vendor(s).

Awards Phase

·Regularly updates a standard award report form for senior management and prepares final reports for corporate-wide procurements or assists client in this.

·Notifies unsuccessful bidders, conducts debriefings, and handles bid protests in accordance with standard policy and procedures.

·Creates and communicates corporate standards for contracting utilizing the solicitation terms, conditions, as amended during contract negotiations.

·Develops implementation and performance monitoring strategies and ensures expectations of both parties (client and vendor) are clear and that vendor delivery and billings are acceptable.

·Implements automatic payments and payment discount procedures.

Contract Management Phase

·Handles performance disputes between client and vendor and takes appropriate action including holdbacks and other remedies to discharge the contract.

·Establishes and maintains files to begin new acquisition cycle upon expiry of established contracts.

Addendum III

Related Documentation

[3SO Procedure: Competitive Bidding](#).....Pg 23
[3SO Template: Sole Source/Competitive Bidding Exemption Form](#).....Pg 26
[3SO Procedure: Group Purchasing Participation](#).....Pg 27
[3SO Procedure: Strategic Sourcing Plan](#).....Pg 30
[3SO Procedure: Contract Formation](#).....Pg 32
[3SO Procedure: Proponent Evaluation](#).....Pg 34
[3SO Procedure: Relationship Management](#).....Pg 36
[3SO Procedure: Measurement & Reporting](#).....Pg 38
[3SO Procedure: Conflict Of Interest](#).....Pg 40
[3SO Template: Evaluation Team Non Disclosure Agreement Template](#).....Pg 42
[3SO Template: Evaluation Team Conflict of Interest Template](#).....Pg 44

Ministry of Finance Supply Chain Procurement Directives



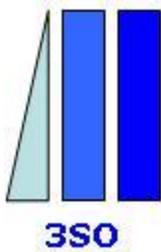
BPS Procurement
Directive_April 2011_

Freedom of Information and Protection of Privacy Act

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90f31_e.htm

Agreement on International Trade

http://www.ait-aci.ca/index_en/ait.htm



Purchasing

Manual Section	Scope of Document	Document Type:
Purchasing	Corporate	Procedure
Document Number:	Issue Date:	Review/Revision Date:
	Pending/Draft	

Procedure: Competitive Bidding

Policy Statement:

To ensure a fair and transparent environment all procurement activities undertaken by the 3SO Procurement Team will be conducted in a competitive manner with open access to compliant suppliers. A formalized and documented bid process will be used to foster a competitive environment whenever feasible.

Definitions:

Bid – A procurement tool where Supply Partners submit pricing for a defined good and/or service

Formal Bid – A bid that is produced by a Supply Partner(s) in compliance with instructions produced by the 3SO Procurement Team and contained in a documented request (RFx)

Informal Bid – A bid that is conducted verbally, often via telephone and where response is required in a short time frame

Compliant Bid – A bid response that satisfies all mandatory requirements as laid out in either a formal or informal bid process

Procedure:

1. Bids are recommended when:
 - 1.1. the value of a single item is greater than \$5000 (each)
 - 1.2. the value of a single purchase is over \$10,000
 - 1.3. the anticipated annual value of a product, product line or service is over \$50,000.

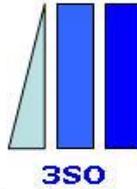
-
2. Informal (quotes) bid request may be used when:
 - 2.1.1.the value of a single item is less than \$5000 (each)
 - 2.1.2.the value of a single purchase is less than \$10,000
 - 2.1.3.the anticipated annual value of a product, product line or service is below \$50,000.
 - 2.2. Accurate communication records must be kept at all times and retained for future reference or audit.
-
3. Bids are to be considered when:
 - 3.1. the value of a single item is over \$2,000 (each)
 - 3.2. the value of a single purchase is over \$5,000
 - 3.3. The anticipated annual value of a product, product line or service is over \$20,000
 - 3.4. any other purchase where it would be advantageous to seek bids
-
4. Formal Bids are:
 - 4.1.1. required based on competition guidelines as laid out by relative governing bodies as outlined within the Ministry of Finance's Supply Chain Procurement Directives:

Specifically to ensure fair and equitable competitive bidding on contracts or equipment valued at \$100,000 or over, all RFP's will be posted on an electronic tendering network (Merx)
 - 4.1.2. used when it is believed by the 3SO Procurement Team that optimum value can be gained from the marketplace.
 - 4.1.3. completed as part of a level setting exercise for long term strategic initiatives when recurring "Take to Markets" may not be feasible in future state
 - 4.2. The bid process is to be managed by the contract authority as designated by the "Director of Strategic Sourcing & Procurement"
 - 4.3. The "Contract Authority" (CA) as an initial step in the process is to construct a "Scope of Work" (SOW) document through consultation with a cross-functional stakeholder group or Evaluation Team (ET). This group is typically made up of product/service end users, finance and engineering, ensures that the entire organization's needs are met and minimizes and potential for selection gaming or perception of selection gaming. Through collaborative efforts the CA will also document the performance expectations of the product/service being sought from the marketplace. These performance expectations will also be used in the preparation of the formal RFX to identify mandatory and non mandatory requirements. Both the SOW and the performance expectations are to be vetted through the ET.
 - 4.4. The CA through consultation with the ET will also document the proponent list. This agreed to list will assist in developing an open and transparent process of proponent selection
 - 4.5. The CA will then build the RFX document meeting the needs of the combined organization. This document will contain:
 - 4.5.1. Cover Page: identifies relevant information such as bid request name and number, date issued, submission due date, contract authority
 - 4.5.2. Background Statement: provides background on the organization and changes only minimally from document to document

-
- 4.5.3. Instructions to Proponents: assists the proponents with completion of their submission and provides clear guidelines as to expectations of 3SO
 - 4.5.4. Scope of Work: clearly specifies the goods and/or services being sought including mandatory requirements
 - 4.5.5. Service Level Expectations: used to stipulate expectations of performance of the goods being sought
 - 4.5.6. Notice of Bid/No Bid form: standardized communication tool for proponents to provide notice of their intent either to bid for the goods and/or services or decline
 - 4.5.7. Proponent Clarification Form: standardized communication tool for proponents to request further information of the CA in the event that information provided in the bid request is not clear and concise
 - 4.5.8. Pricing Sheet: a formalized document used for the proponent to identify pricing of the goods and/or services being sought through the bid request
 - 4.5.9. Evaluation Criteria: the document which identifies for the proponents the methodology under which the selection will be made.
 - 4.5.10. Request for Debrief: as a final step in the process and in the interest of fostering favourable relationships with proponents this communication tool is to be used by proponents, not the successful bidder and seeking information on the award result
 - 4.6. Once assembled the entire RFX document is to be vetted through the ET. This final vetting allows all users to share in the solution. The CA is to retain one copy of the final draft in hard copy and secure signatures on the document by the complete ET.
 - 4.7. After final vetting the completed package is to be sent to the predetermined proponent list. Timeliness is key and to ensure fairness in process the package is to be sent to all proponents at the same time.
 - 4.8. Within one week following the bid request issuance the CA must ensure that either a “Bid” or “No Bid” notification is received from each proponent. Should either of these not be received a follow communication is to be made to the errant proponent to ensure compliance to process.
 - 4.9. From the date of issue through to one week prior to the scheduled date of submission proponents can:
 - 4.9.1. apply to the contract authority for extension and/or
 - 4.9.1.1. it is recognized from time to time that additional time is required to complete submissions beyond what was originally believed however in the interest of a fair and transparent process extensions wherever possible should be discouraged
 - 4.9.2. seek clarification via the clarification form provided within the RFX package
 - 4.9.2.1. clarification answers are to be provided back to all bidding proponents in such a manner as to not divulge the source of the clarification request.
 - 4.10. At the submission deadline date all proponent bid packages are to be time-stamped at a predetermined receipt point as defined in the “Instructions to Proponents” portion of the package
 - 4.11. The CA is responsible for coordinating the evaluation process with the ET. This includes the evaluation sheet submission, product trials, site visits and other activities as defined in the “Instruction to Proponents”. Final evaluation score tabulation is to be completed with the ET present.
 - 4.12. Once the evaluation process is complete and by consensus the successful bidder is identified CA is to schedule a process debrief meeting with the Director of Strategic Sourcing & Procurement. The final decision to accept the successful bid or use other purchasing means rests with the Director of Strategic Sourcing & Procurement. The

Director will confer with affected departmental and administrative managers before making this decision and seek their agreement as required. This final endorsement is required in writing from the Director of Strategic Sourcing & Procurement to the CA prior to any further action being taken.

- 4.13. Once endorsement is received by the CA letters of award and regret shall be provided to the successful and unsuccessful proponents respectively and debrief meetings will be scheduled as required.



Single/Sole Sourcing Approval Form

Briefing Note

Date: xxxx

Subject: Single or Sole Sourcing Approval Sign-Off

Background

Explanation of the product or service (what it is, how it is used, where it is used, why it is needed, who made the request) and how it fits with organizational objectives. Describe the circumstances that have created this situation. Describe any risks or implications.

Justification

Explain why approval is requested for a single or sole sourcing award. Need to clearly explain why bypassing the competitive process is necessary and justify why this exception is required. Provide details on what due diligence was performed to confirm the situation.

If this is a renewal, explain how the original decision was made (i.e., how this product or service was selected).

Actions Taken

Explain the cost/benefit analysis (if applicable) including details of the value proposition for the organization given the single/sole sourcing circumstances.

Required Timing

State when the product or service is required (helps to ensure sign-offs completed in time).

Single/Sole Sourcing Approval Form

1. Identify non-competitive procurement type:
 Sole Sourcing >= \$25,000 Single Sourcing >= \$25,000
2. Specify the exception code: _____ (see attached Appendix - Exception Codes)
3. Estimated Total Cost: _____
4. Name of Recommended Supplier: _____
5. Is the recommended supplier the manufacturer? Yes No N/A
6. Does the manufacturer sell the item(s) through distributors? Yes No N/A

ACKNOWLEDGEMENT

I am aware of the Organization's competitive procurement process and criteria for approving Single and Sole Sourcing. I am comfortable the necessary due diligence has been conducted to support the recommendation. I have fairly and clearly outlined the background, justification, actions taken and required timing of this purchase in the briefing note.

Briefing note prepared by: Name: _____

Title: _____ Department: _____

Signature: _____ Date: _____

APPROVAL SIGNATURES

First Sign-Off: Department Director: _____ (name)

Signature: _____ Date: _____

Second Sign-Off: Procurement: _____ (name)

Signature: _____ Date: _____

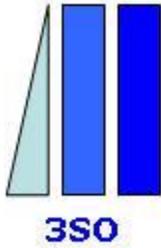
Name: _____ Signature: _____ Date: _____

Final Sign-Off: Department Vice President: _____ (name)

Signature: _____ Date: _____

Single/Sole Sourcing Approval Form – Exception Codes

<u>Appendix A - Sole Source</u>	<u>Appendix B - Single Source</u>
<p>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.</p> <p>In accordance with the AIT, in a situation where only one supplier is able to meet the requirements of a procurement, an organization may use sole source strategy when one or more of the allowable exceptions are met.</p> <p>Allowable exceptions for competitive procurements include:</p> <ul style="list-style-type: none"> a. To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative; b. Where there is an absence of competition for technical reasons and the goods or services can only be supplied by a particular supplier and no alternative or substitute exists; c. For the procurement of goods or services, the supply of which is controlled by a supplier that is a statutory monopoly; d. For the purchase of goods on a commodity market; e. For work to be performed on or about a leased building or portions thereof that may be performed only by the leaser; f. For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work; g. For a contract to be awarded to the winner of a design contest; h. For the procurement of a prototype or a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases; i. For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases; j. For the procurement of original works of art; k. For the procurement of subscriptions to newspapers, magazines or other periodicals; and l. For the procurement of real property. 	<p>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.</p> <p>Allowable exceptions for Single Source competitive procurements include:</p> <ul style="list-style-type: none"> a. Where an unforeseen situation of urgency exists and the goods, services or construction cannot be obtained by means of open procurement procedures. Where a non-competitive procurement is required due to an urgent situation, organizations may conduct the procurement prior to obtaining the appropriate approvals provided that the urgency has been justified in writing; b. Where goods or consulting services regarding matters of confidential or privileged nature are to be purchased and the disclosure of those matters through an open competitive process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest; c. Where a contract is awarded under a cooperation agreement that is financed, in whole or in part, by an international organization only to the extent that the agreement includes different rules for awarding contracts; d. Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt compound and pre-mixed concrete for use in the construction or repair of roads; e. Where an open competitive process could interfere with the 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 requirements of procurement in the circumstances (sole sourcing).



Purchasing

Manual Section	Scope of Document	Document Type:
Purchasing	Corporate	Procedure
Document Number:	Issue Date:	Review/Revision Date:
	Pending/Draft	

Procedure: [Group Purchasing Participation](#)

Purpose:

Group Purchasing Organization (GPO) – An organization that represents many hospitals and healthcare institutions in negotiations with suppliers and uses this volume of expected business to secure favorable pricing for goods and services.

3SO supports the concept of group purchasing and will make purchasing decisions with this in mind.

3SO on behalf of the equity member hospitals is an active member of the following Group Purchasing Organizations:

1. HealthPRO
2. CAHO / St Joes Capital Equipment Committee

Procedural Steps:

3SO will participate in Group Purchasing practices and contracts when such participation provides demonstrated value and / or cost benefits. The purchasing department will act as the main conduit between the 3SO and any Group Purchasing Organizations. The GPO's represent a large number of member hospitals and in most cases offer the 3SO better pricing as a result of the volume leveraging they have with suppliers.

An example of the competitive process a GPO such as HealthPRO will conduct in awarding contracts on behalf of their members is as follows:

HealthPRO issues a Request for Information to the manufacturers who we know can supply the product(s) being considered for contract renewal or a new contract. In addition, we post the opportunity on an electronic bulletin board.

Samples are received and evaluated by their Clinical Advisory Committee. When required products are evaluated on site in their member hospitals utilizing the evaluation criteria developed by the Clinical Advisory Committee. In order for a product to meet the pre-qualification standards for a HealthPRO contract, 80% of evaluating facilities must find the product acceptable. Products that do not meet these high standards are not pre-qualified and therefore not eligible for a HealthPRO contract.

The Clinical Advisory Committee

The Clinical Program utilizes the technical support and expertise of the Clinical Advisory Committee. The Clinical Advisory Committee is comprised of senior nursing staff representing the geography of their shareholders and the types of member facility. This committee defines acceptable criteria for all products. In addition, HealthPRO employs an experienced Registered Nurse with a wide breadth and depth of product knowledge gained in an acute care setting. This position provides HealthPRO with a high level of credibility in the area of clinical contracting and ensures that contract awards are made for the *best* products.

Specialized Clinical Task Forces

When required, HealthPRO will assemble a Task Force to assist in the review, evaluate, analyze, and make recommendations for a clinical product not handled by their standing Clinical Advisory Committee. The most qualified end users and managers of a department that can provide HealthPRO with the most direct clinical input are represented on these task forces. These task forces are comprised of managers and clinical staff who have access to physicians for comment and input, as well as representatives from purchasing and materials. These special task forces will play a critical role as we expand their product lines to include more invasive and clinical products.

HealthPRO issues a contract commitment survey to their shareholders. Fully appraised of the pre-qualified brands, their shareholders can make an informed decision about whether or not their facility can commit to a contract.

A Request for Proposal is issued only to the manufacturers who represent the pre-qualified brands. Financial proposals are analyzed and HealthPRO utilizes the expertise of their Materials Management Advisory Committee in making contract award decisions. The Materials management Advisory Committee is comprised of Directors/ or Managers of Materials and Purchasing representing the geography and types of facilities within their membership. This group assists HealthPRO to fine tune the contracts to meet the needs of their members. HealthPRO utilizes their weighted criteria and proposal analysis tool to validate their decisions.

The final details of the contract are negotiated with the suppliers. Their shareholders can download the new contracts from their web site no later than one month prior to the expiry of their contract allowing adequate time for purchasing departments to implement the new contract and their suppliers to gear up to service their customers. Detailed contract information is provided to *every* committed participant and contains product description and sizes, supplier, price, package sizes, product codes, unit pricing, percent price changes from previous contract prices etc. Future developments will include latex content and other member desired information

Contract Monitoring and Vendor Performance

HealthPRO will continually monitor the progress and performance of their contracts with both the suppliers and their participating members. They encourage feedback from their members on product quality and supplier services issues. Their web site contains a Contract Problem/Complaint Form for easy e-mail access. Whether working with the supplier to ensure a HealthPRO shareholder receive credits due or following up on products problems, HealthPRO will work on behalf of their shareholders to ensure you receive value from their contracts.

They keep a record of all of the feedback we receive during the course of a contract. This information is then considered at the time that the contract is renewed, completing the contract process cycle.

Occasionally 3SO will not contract with the supplier who has been awarded the group contract. This can occur if for instance, 1) the product specifications for the group contract does not

satisfactorily meet our own. 2) if there is an existing contract in effect 3) if certain conditions of the contract exist (such as minimum order quantities) that are not feasible for the 3SO Equity Member Hospitals to comply with. **Group contract pricing is not to be used as a basis upon which to sign an improved contract directly with a supplier who was not successful in securing a tender bid through a group purchasing organization.**

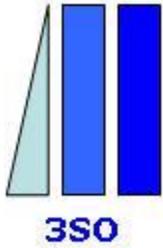
3SO will evaluate and determine the participation in the following Group Purchasing Organization programs.

HealthPRO

- a) General Medical & Surgical supplies
- b) Special Services i.e. Natural Gas program
- c) Dietary Services
- d) Pharmaceutical Services

CAHO / St. Joseph's Health Care Capital Committee

- a) Capital Equipment Procurement Services



Purchasing

Manual Section	Scope of Document	Document Type:
Purchasing	Corporate	Procedure
Document Number:	Issue Date:	Review/Revision Date:
	Pending/Draft	

Procedure: [Strategic Sourcing Plan](#)

Purpose:

Strategic Sourcing refers to an organization-wide process of continuously improving and re-evaluating sourcing activities. Sourcing activities include (but are not limited to) Spend & Contract Analysis, needs assessments, Market Analysis, sourcing document generation, evaluation, contract creation and process & contract management.

The goals of applying the principles of Strategic Sourcing to 3SO's Equity Member Hospitals are to:

- Deliver a high-degree of end-user satisfaction
- Increase value for money
- Create lasting and high-performing vendor relationships

Strategic Sourcing requires contributions from and collaboration with all departments involved in sourcing activities, such as: End User Departments; Purchasing; Inventory Management; Planning; Accounts Payable, Logistics and Distribution. It is therefore critical that Strategic Sourcing is supported at the most senior levels of your organization and that this support be diffused across the entire organization. In short, to be successful Strategic Sourcing must be embraced as an organization-wide philosophy.

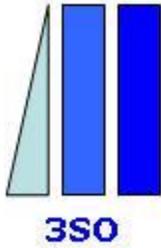
Policy Statement:

The mandate of the Procurement Team within 3SO is to develop long range solutions with respect to the supply of goods and services. To achieve that result a formal structure has been placed around that strategy to ensure targets and goals are met.

The plan is to be reviewed annually and adjusted according to changing needs and market conditions.

Procedure:

-
- I. Throughout the operational year performance data is collected from the Supply Partners, the Equity Member Hospitals and the Procurement Team. This data, compiled by the Procurement Analyst will include (where applicable)
 - a. Supply Partner Delivery Performance
 - b. Unresolved relationship issues logged as part of the formalized Relationship Management process
 - c. Performance issues as defined by the mandate of the Procurement Team with respect to the various Equity Member Hospitals
 - d. Internal statistics maintained internally within the Procurement Team
 - e. Changes to governance documents both internal and from the wider organization
 - II. During that same operational year each member of the Procurement Team will endeavor to seek out the opinions and thoughts of both Supply Partners and Equity Member Hospitals to determine areas where improvement is not only possible but needed as part of ongoing business relations.
 - III. In the sixth month of the operational year (currently September) the Director of Strategic Sourcing & Procurement will formally seek out the opinions of the Equity Member Hospitals with respect to their current expectations and future needs relative to the supply of goods and services.
 - IV. In the eighth month of the operational year (currently November) the Procurement Team will participate in a one day strategy review session facilitated by the Director of Strategic Sourcing & Procurement. At this meeting each member of the Procurement Team will formally present the activities for the previous twelve months providing quantified data and causal analysis of successes and failures.
 - V. Based on the information derived the Director of Strategic Sourcing & Procurement will develop a draft document identify the targeted goals of the Team inclusive of any adjustments to current performance metrics. This draft document will identify:
 - a. Upcoming projects and initiatives based on both internal and external needs assessments
 - b. Areas requiring improvement associated with both Supply Partners and Procurement Team performance
 - c. Strategic Initiatives from the broader organization which the Procurement Team is expected to participate.
 - VI. Once completed the draft document will be vetted through the entire Procurement Team to secure input and a constructive critique towards the final document.
 - VII. Based on the above vetting the Director of Strategic Sourcing & Procurement will finalize the document for presentation, socializing and final approval among all stakeholders. Significant effort may be required to gain the required support and may require several iterations.
 - VIII. Upon final approval the Strategic Document will form the basis of the coming year's core activities.
 - IX. On a monthly basis throughout the operational year the overall plan is to be reviewed by the Procurement Team to ensure compliance to expected goals and initiatives. This is done by way of a formal Procurement Team meeting facilitated by the Director of Strategic Sourcing with participation of all Team members.



Purchasing

Manual Section	Scope of Document	Document Type:
Purchasing	Corporate	Procedure
Document Number:	Issue Date:	Review/Revision Date:
	Pending/Draft	

Procedure: [Contract Formation](#)

Policy Statement:

All procurement commitments are in themselves contracts however within the environment of 3SO, contracts are further differentiated as purchase orders or time commitment contractual obligations. For the purposes of this procedure the latter are defined as “Contracts”. It is a requirement that regardless of type both are entered into the organization’s ERP system.

At no time will a commitment be made by 3SO on behalf of its Equity Member Hospitals without being entered into the ERP system.

Definitions:

Contract	An agreement put in place between 3SO acting as agent for the Equity Member Hospitals and a Supply Partner(s) over a fixed term
Purchase Order	A commitment to purchase goods with a known quantity and a known delivery schedule.
Equity Member Hospitals	Those organizations on whose behalf 3SO acts in a procurement function

Procedure:

4.14. Contracts are required as a result of:

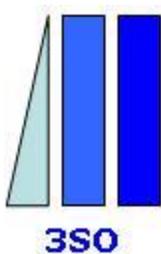
4.14.1. A replacement for a pre-existing contractual commitment

4.14.1.1. On a monthly basis the Procurement Specialist will create from the ERP system a Contract Report based on their accountabilities as assigned. In order to effectively manage workload this report should be run with a planning horizon of six months.

4.14.2. A need as identified by the 3SO Procurement Team

4.14.2.1. This is determined by way of ongoing needs assessment by the Procurement Specialist in keeping with the policy and strategic direction of the organization.

-
- 4.14.2.2. Acting within the organization's policy it may be necessary to complete the Bid Process to determine the appropriate market conditions
 - 4.14.3. A need put forward by internal stakeholders to the 3SO Procurement Team.
 - 4.14.3.1. This generally will take the form of an electronic requisition clearly identifying the need for a contractual commitment expressed by the Stakeholder but may also be communicated in other ways.
 - 4.14.3.2. As in the above case and again acting within the organization's policy it may be necessary to complete the Bid Process to determine the appropriate market conditions
 - 4.15. The Procurement Specialist will then complete the necessary analysis and prepare a Briefing Note complete with the recommendation either to contract or not.
 - 4.16. In the event that the recommendation is not to contract and an alternative solution is desirable this information will then will be communicated back to the appropriate origin for discussion and resolution to the satisfaction of both parties. It is the responsibility of the Procurement Specialist to "socialize" and seek approval the intention of contracting for the goods or services with all required parties prior to input into the ERP system.
 - 4.16.1. Should the creation of a contract be recommended then the Procurement Specialist shall complete the Briefing Note with the following information.
 - 4.16.1.1. Origin of the need for goods or services including forecasted volumes
 - 4.16.1.2. Market conditions along with pricing as provided by various proponents
 - 4.16.1.3. Special Terms and Conditions expected for the contract including length of term and Service Level Expectations
 - 4.16.1.4. Other information deemed pertinent by the Procurement Specialist
 - 4.17. The Briefing Note will then be forwarded:
 - 4.17.1. In the case of a renewal or 3SO Procurement Team initiative to the majority consumer of the goods and/or service
 - 4.17.2. in the case of a stakeholder origination, to that source as well as the majority consumer of the goods and/or service
 - 4.18. Upon successful consensus the Procurement Specialist then ensures all required data is entered into the ERP system.



Manual Section	Scope of Document	Document Type:
Purchasing	Corporate	Procedure
Document Number:	Issue Date:	Review/Revision Date:
	Pending/Draft	

Procedure: Proponent Evaluation

Policy Statement:

3SO in support of the Province of Ontario Supply Chain Procurement Directives works under the principles of a fair and transparent process for procurement of goods and services. Critical to that intent is the need to conduct all Proponent and Supply Partner evaluations in a quantifiable manner. This procedure provides an overview in the steps required to achieve that result. Any deviations from this procedure must take into consideration the over-riding procurement policy of the organization

Definitions:

Key Supply Partners	Those Supply Partners that have been identified as strategic and are managed under the formalized Relationship Management process
---------------------	---

Procedure:

Proponent and Supply Partner evaluations are conducted on an ongoing basis and are required when:

Assessing various marketplace providers for their ability to satisfy the needs of the organization.

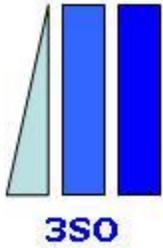
- a. On an ongoing basis the 3SO Procurement Team will be approached by companies wishing to be considered as Supply Partners to the organization.
- b. To ensure the soliciting organization the Procurement Specialist accountable for that category will provide to the inquiring company a copy of the proponent Questionnaire
- c. Upon completion of the questionnaire by the proponent the information shall be assessed to ensure all mandatory requirements are met.
- d. Should mandatory requirements be met the proponent shall be advised that they meet the minimum requirements and their contact information will be retained for future goods and/or services searches (bidders list).

A new tendering process is underway

- a. As part of each new RFx, 3SO supporting documentation shall identify the conditions under which the evaluation is to be made for that specific RFx. This evaluation is to identify quantifiable expectations of the successful proponent and communicate those expectations to the submitter
- b. A weighting is to be assigned to each component and the evaluation is then completed consistently with each submitter.
- c. The evaluation itself is to be completed by a cross-functional team selected prior to issuance of the RFx and endorsed by the Director of Strategic Sourcing & Procurement
- d. Upon completion of the evaluation all associated documentation is to be retained as part of the RFx file.

As part of the ongoing assessment of current Key Supply Partners performance with respect to the provision of goods and service delivery to the organization.

- a. As defined within the Procedure Relationship Management, the Procurement Specialist shall maintain a fixed schedule for performance reviews of the organization.
- b. At these reviews assessments shall be made with respect to the expected performance based on the agreed to Service Level Agreement between the Supply Partner and 3SO.
- c. All performance related evaluations are to be retained by the Procurement Specialist for the purposes of current contract discussions and future evaluations.



Purchasing

1. Manual Section	2. Scope of Document	3. Document Type:
Purchasing	Corporate	Procedure
4. Document Number:	5. Issue Date:	6. Review/Revision Date:
	Pending/Draft	

Procedure: [Relationship Management](#)

Policy Statement:

In order to achieve strategic solutions for its Equity Member Hospitals while conducting normal business, 3SO applies a formalized process to relationship Management with its Key Supply Partners. This process includes Performance Metrics, Issue Resolution and Opportunity Assessment on an ongoing basis. 3SO will engage those Supply Partners that are deemed of significant value and / or strategic through this process and communicate results on an ongoing basis.

Procedure:

On an annual basis through the strategic planning process, parameters are defined to identify those Supply Partners that are deemed of primary importance to the success of the organization. This grouping is incorporated into the formal strategic plan.

Each Key Supply Partner is assigned to a specific Procurement Specialist for Management and that Procurement Specialist then assumes accountability for the ongoing relationship. Some Supply Partners will cross over several categories and assignment of a Procurement Specialist is then determined through consensus and consultation with the Director of Strategic Sourcing and Procurement.

Once the assignment has been made the Procurement Specialist will establish a recurring meeting schedule with the Supply Partner with a specific and set agenda:

4.19. Performance Measurement

- 4.19.1. Agreement is made between the Supply Partner and the Procurement Specialist as to what standards of performance are to be delivered. These standards are to also be vetted through the relationships primary users to ensure the expected result will meet their needs.
- 4.19.2. Once agreed upon service level results will be discussed at each scheduled meeting to ensure that standards are being met.
- 4.19.3. In the event that performance falls below the set standard for one period, the Supply Partner shall deliver to the Procurement Specialist a formalized plan (Cure Plan) to recover the performance to acceptable standards.
- 4.19.4. Two consecutive failures will require escalation to the Director of Strategic Sourcing & Procurement for appropriate discussion and ultimate correction and actions as required.

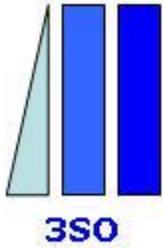
4.20. Issue Resolution

- 4.20.1. It is expected that through the normal course of the relationship day to day issues will be resolved between all parties. In the event that an ongoing issue is not being resolved to the satisfaction of one or more participants then it is to be brought forward and documented by the Procurement Specialist assigned to the Supply Partner. After discussion it is required that an owner of the issue be identified as well as a timeline for resolution.
- 4.20.2. If the issue cannot be resolved after the first reporting period then it is to be escalated to the Director of Strategic Sourcing & Procurement for appropriate action

4.21. Opportunity Assessment

- 4.21.1. Through the strategic planning process Supply Partners are identified that will provide long term solutions to organizational challenges and to ensure that these solutions are not lost both the Supply Partner and the Procurement Specialist will put forth opportunities that they believe will deliver benefits to the organizations. If deemed significant, formal plans will be created to investigate these opportunities and if feasible actions for success.

Following each meeting formalized documentation will be completed by the Procurement Specialist and communicated to the Director of Strategic Sourcing & Procurement.



Purchasing

7. Manual Section	8. Scope of Document	9. Document Type:
Purchasing	Corporate	Procedure
10. Document Number:	11. Issue Date:	12. Review/Revision Date:
	Pending/Draft	

Procedure: [Measurement & Reporting](#)

Policy

To ensure compliance with the Broader Public Sector Procurement Directives, 3SO engages in ongoing monitoring of activities relevant to the procurement of goods and services. Information is compiled from relationships with supply partners to ensure compliance to service level agreements in place and internal performance of the 3SO Procurement Team.

Scope

This procedure targets agreed to and formalized performance metrics between Supply Partners and the 3SO organization as well as internal performance of the 3SO Procurement Team in compliance with the Ministry of Finance's Broader Public Sector Procurement Directives- Metrics.

Activity	Responsible	Accountable	Consulted	Informed
Service Level Agreements	Procurement Specialist	Director of Strategic Sourcing & Procurement	Business Owners, Supply Partner	User Group
Supplier Performance Data	Supply Partner	Procurement Specialists	Business Owners, Supply Partner	User Group
Supply Partner Performance Reporting	Procurement Specialist	Director of Strategic Sourcing	Business Owners, Supply Partner	User Group
Team Performance Data	Procurement Analyst	Director of Strategic Sourcing & Procurement	Business Owner, Procurement Team	Business Owner, User Group
Cure Plan	Supply Partner	Procurement Specialist	Business Owner	Director of Strategic Sourcing & Procurement

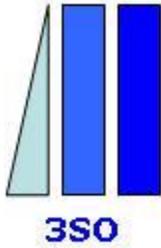
Procedure

I. Supply Partners

- a. As part of the Relationship Management Process the Procurement Specialist reviews performance for each closing period. At each review meeting the Supply Partner presents their performance against the agreed to standards and this is then vetted through the Procurement Specialist and the user group for the goods and/or services provided.
- b. Once the information is confirmed by all parties as correct the results are documented and entered into a shared file within the 3SO Procurement Team.
- c. If all measured results are within acceptable standards no further action is required for the Procurement Specialist. The information which has been provided is then tabulated by the Procurement Analyst and reported monthly to the Director of Strategic Sourcing & procurement.
- d. In the event that results are not at an acceptable standard then based on the Relationship Management process the Procurement Specialist will then seek out from the Supply Partner a "cure plan to identify the planned corrective action to achieve the desired standards.

II. 3SO Strategic Sourcing &Procurement Team

- a. The Ministry of Finance has identified by way of Supply Chain Procurement Directives specific standards of performance to be reported by each procurement group.
- b. Each year as part of the Strategic Planning process the 3SO Procurement Team will review as a group the above standards metrics and identify those relevant to the organization for reporting. These identified metrics will become the basis for the Annual Strategic Plan
- c. A mechanism will be put in place for calculation and reporting frequency by the Procurement Analysts and vetted through the larger team.
- d. For each reporting period the Procurement Analyst shall compile performance metrics based on the Strategic Plan and report this information along with Supply Partner Metrics.
- e. If all measured results are within acceptable standards no further action is required by the Procurement Analyst. The information is then tabulated by the Procurement Analyst and reported monthly to the Director of Strategic Sourcing & procurement.
- f. In the event that results are not at an acceptable standard then discussions are to be held within the 3SO Procurement Team to determine the root cause of the failure and establish an internal Cure Plan to correct the performance issue.
- g. The Cure Plan is then presented to the Director of Strategic Sourcing & Procurement for endorsement.
- h. At each subsequent period review, reporting will be completed by assigned individuals to ensure attempts are made to resolve the failure.
- i. Ultimate accountability for performance will rest with the Director of Strategic Sourcing & Procurement with the support of the entire 3SO Procurement Team.



Purchasing

13. Manual Section	14. Scope of Document	15. Document Type:
Purchasing	Corporate	Procedure
16. Document Number:	17. Issue Date:	18. Review/Revision Date:

Procedure: Conflict Of Interest

Purpose:

A conflict of interest occurs when a person preparing specifications, selecting or negotiating for goods or services has a personal interest in the outcome of the acquisition process.

Policy Statement(s):

All individuals with the ability to purchase or influence the purchase of goods or services for the organization will do so without favor or preference based on personal considerations. Further, such individuals will report all actual or potential conflicts of interest. *Note: This policy is not intended to mitigate any employee's rights or responsibilities under the organization's Corporate Compliance Policy.*

Procedure:

1. Employees, members of the voluntary staff, and medical staff members of the organization:
 - a) Shall not engage in any activity, have any personal or financial interest (as defined herein), or have any other relationship that may impair their independence or judgment when acting on behalf of the organization.
 - b) Shall adhere to a strict rule of honest and fair dealing in all transactions touching upon their duties to the organization, and
 - c) Shall not use their positions or confidential information gained there from for personal advantage.

2. Each employee and member of the voluntary staff and medical staff is responsible for recognizing the possibility that a conflict of interest exists and disclosing it according to the procedure set forth in this policy.

3. A conflict of Interest is defined as any activity that violates, could potentially violate, or gives the appearance of violating the standard set forth in paragraph A above. It can exist whenever an individual who acts on behalf of the organization receives improper gain or advantage for himself or herself, another individual or organization.

Examples of a conflict of interest include, but are not limited to, the following activities by employees, voluntary staff, or medical staff, or members of their immediate families:

- I. Solicitation or acceptance of gifts, gratuities, payments, loans or other consideration of any kind from a supplier of products services or any other entity doing, or

seeking to do, business with the organization. For the purposes of this policy, gifts, gratuities, payments etc. shall be considered any item or items of a nominal value.

- II. Frequent business meals or business meals of unusual cost.
- III. Service as a director, trustee, officer, partner, employee, manager or consultant for, or performance of other activity on behalf of, a supplier or any other entity doing, or seeking to do, business with the organization.
- IV. Direct or indirect financial or other interest in or relationships with any supplier or other entity, which has business, financial or other relationship with the organization. This includes ownership of 1% or more of the outstanding shares of an entity whose shares are publicly traded.
- V. Any of the above relationships with a competitor of the organization.
- VI. Disclosure or use of inside information including purchase or bid prices.

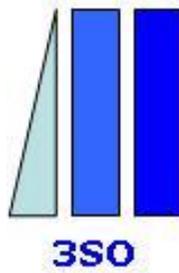
4. While the immediate family generally refers to parents, grandparents, siblings and children, this policy also applies to any personal relationship where such relationship could be lead to or appear to lead to questionable judgments.

5. Procedure for disclosure:

- I. Any such employee who believes he or she has a conflict of interest shall disclose such conflict in writing (*complete the Conflict of Interest Declaration Form*) to the member hospitals most Senior Vice President, or in his/her absence the Director of Strategic Sourcing & Procurement.
- II. All organizational management staff, all purchasing employees, and salaried physicians will complete a conflict of interest disclosure statement annually. These will be sent to and maintained by the Human Resources Department. Any conflicts that occur between annual statements will be directed as mentioned above.
- III. Any staff physician who believes he or she may have a conflict of interest shall disclose such conflict in writing their department chief / chair. The department chief will then forward this notification to the member hospitals most Senior Vice President or in their absence the Director of Strategic Sourcing & Procurement.
- IV. Any other member of the voluntary staff who believes he or she may have a conflict of interest shall disclose such conflict in writing their department Director. The department Director will then forward this notification to the member hospitals most Senior Vice President, or in his/her absence the Director of Strategic Sourcing & Procurement.
- V. The Director of Strategic Sourcing & Procurement will be made aware of any conflicts that could affect any purchasing or contract negotiations or decisions.

6. Any person when faced with a situation where a potential conflict of interest could interfere with a sound and objective decision should withdraw himself or herself from the decision making process to the extent possible. If withdrawal is not possible, all parties involved should be made aware of the conflict, and the ultimate decision should be well documented.

7. Failure to adhere to this policy shall be considered a serious breach of an individual's obligation to the organization.



Evaluation Team Non Disclosure Agreement Template

TO BE COMPLETED BY EACH PROCUREMENT EVALUATION TEAM MEMBER

RE: [RFP Number and Title]

In accordance with the BPS Procurement Policies and Procedures, BPS Organizations must consider any conflicts of interest during procurement activities.

I am a participant of the procurement initiative for the Request for Proposal ("RFP") **[RFP Number and Title]** as a **[Role and Title]**.

I acknowledge that I will acquire certain knowledge or receive certain written or oral information (collectively, the Information) which is non-public, confidential or proprietary to the proponents responding to the RFP. If unauthorized parties receive the Information, the interests of either the proponent or **[Name of Org]** may be severely damaged.

I agree that, unless required by law or in the course of the procurement process, I will keep all the Information confidential. I will not, without the written consent of the **[Name of Org]** reveal or disclose it to anyone. Nor will I use it directly or indirectly for any purpose other than to gather requirements, develop RFP content, evaluate the proposals or advise **[Name of Org]** regarding the selection of the proponent for the procurement initiative.

I further agree not to copy or circulate the Information except as a result of the written direction of **[Name of Org]**. I agree to keep all the procurement documents and templates and written information relating to the RFP in a secure place and to return this documentation to

[Name of Org] at their written request. I also agree not to initiate or respond to any external inquiry relating to the RFP.

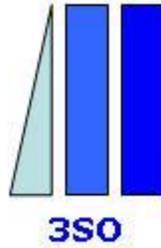
In addition, unless otherwise required by law, or having obtained the written consent of the **[Name of Org]**, I will not disclose to any person (other than persons authorized by **[Name of Org]**) any information about the project and the proposals submitted in response to the RFP. This includes the terms, conditions or other facts relating to the project, the evaluation, the matters discussed by the Evaluation Team and the proposals. This also includes, but is not limited to, the fact that discussions are taking place with respect to these things and their status, or the fact that the Information has been made available to me.

I understand and agree that any delay or failure by **[Name of Org]** in exercising its rights, powers or privilege does not free me from these obligations. Nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege there under.

I have completed a Conflict of Interest Disclosure (attached).

_____	_____	_____
Signature	Print Name	Date

Please return to **[Procurement Lead]** Thank you.



Evaluation Team Conflict of Interest Template

TO BE COMPLETED BY EACH SUPPLY CHAIN EMPLOYEE

I have read the Supply Chain Code of Ethics (attached) and understand the expectations for ethical conduct. Consistent with the Supply Chain Code of Ethics, I am capable of identifying a situation that constitutes a Conflict of Interest, such as but not limited to:

- I. Engaging in outside employment;
- II. Not disclosing an existing relationship that may be perceived as being a real or apparent influence on my objectivity in carrying out an official role;
- III. Providing assistance or advice to a particular vendor participating in a competitive bid;
- IV. Having an ownership, investment interest, or compensation arrangement with any entity participating in the bid process with the organization;
- V. Having access to confidential information related to the procurement initiative; and
- VI. Accepting favours or gratuities from those doing business with the organization.

I agree to abide by Supply Chain Code of Ethics and the Procurement Policies and Procedures in all of my procurement activities. I declare that there are no actual or potential conflicts of interest arising out of my participating in procurement activities, except for the following:

1. _____

2. _____

Signature

Print Name

Date

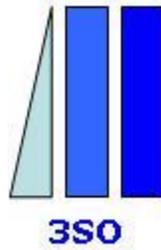


KGH KINGSTON
GENERAL
HOSPITAL



Perth and
Smiths Falls
District Hospital





SUPPLY CHAIN CODE OF ETHICS

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

I. Personal Integrity and Professionalism

All individuals involved in purchasing or other supply chain-related activities must act, and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to all supply chain activities within and between BPS organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. Participants must not engage in any activity that may create, or appear to create a conflict of interest, such as accepting gifts or favours, providing preferential treatment, or publicly endorsing suppliers or products.

II. Accountability & Transparency

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

III. Compliance & Continuous Improvement

All BPS supply chain participants must comply with this Code of Ethics and the laws of Canada and Ontario. Participants should continuously work to improve supply chain policies and procedures, to improve supply chain knowledge and skill levels, and to share leading practices.

