

STATEMENT of POLICY and PROCEDURE

Manual:	Finance and Accounting	SPP No.	FN 2.08
Section:	Purchasing Cycle	Issued:	Nov 25 2011
Subject:	PURCHASE CONTRACTS AND TENDER/BIDS	Effective:	Nov 25 2011
Issue to:	All Manual Holders	Page:	1 of 6
		Replaces:	May 29 2009
Issued by:	Finance Audit and Risk Management Committee	Dated:	Nov 25 2011

1 POLICY

1.01 This policy outlines the approved process for the purchasing of goods and services on behalf of the Institute.

2 PURPOSE

2.01 This Statement of Policy and Procedure provides guidance to the Purchaser or Designate regarding purchasing contracts and the tender/bidding process.

3 SCOPE

3.01 The policy applies to transactions on supplies, material and/or services and construction work with an estimated unit price greater than \$10,000 and/or covered by a contractual agreement.

Purchasing services are contracted through a service agreement with TBRHSC.

From time to time, emergency orders, single source, and/or price to formalize specifications is too expensive to justify the tender process. In such cases, purchase transactions may be exempted from this policy based on documentation supporting such an exemption being provided. Any exceptions to the policy require approval from the CEO or the COO.

4 RESPONSIBILITY

4.01 The Purchaser or Designate is responsible for:

- Using purchasing contracts and/or the bidding/tendering process when the Institute gains an advantage by doing so. Consideration should include the need for vendor notification, bid analysis and summary, competitive invitations, instructions to bidders, policy statement of bid awards and sealed bid envelopes.
- Identifying and investigating a full range of potential suppliers before selecting a supplier for exclusive contracts
- Obtaining appropriate authorization for all purchasing contacts

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- Obtaining legal assistance or advice if necessary for any non-standard clauses in purchasing agreements

5 DEFINITIONS

- 5.01 **“Burden of administration”** means the cost of administering the flow and paperwork associated with supplies. This concept is used when assessing the value of an exclusive contract with a supplier of regular non-standard supplies, such as office equipment or gasoline purchases.
- 5.02 **“Exclusive rights”** means an arrangement with a supplier whereby the purchaser undertakes to obtain related supplies only from that supplier.
- 5.03 **“Purchaser or Designate”** means the person, persons or department responsible for the purchasing functions of the Institute.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP FN 2.01 — Expense Authorization

7 PROCEDURES

7.01 Supplier Contracts – Process

- (a) Supplier contracts must be originated by the Purchaser or Designate; no other employee except the CEO or CEO delegate has the authority to enter into a supplier contract. Supplier contracts must be approved according to the Expense Authorization policy (see SPP FN 2.01 — Expense Authorization).
- (b) Supplier contracts representing exclusive rights or a commitment spanning more than a single fiscal year must also be approved by the COO or CEO. Exclusive contracts should not exceed 2 years and be reviewed at a minimum of every two years or upon expiry.

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- (c) At least 3 months prior to the expiration of a supplier contract, the Purchaser or Designate, in consultation with the department, shall perform an analysis of alternative suppliers, the quality of the current supplier's goods and fulfilment services, as well as a review of the current supplier's prices, discounts and payment terms in order to negotiate the best possible terms at the time of contract renewal.

7.02 Competitive Bid Contracts

- (a) For contracts greater than \$100,000 or two years, a competitive bidding process consisting of detailed Requests For Proposal (RFP), comprehensive assessment of quotes and final selection authorization will be undertaken.

7.03 Award Policy

- (a) The following factors in combination but not limited by, will be considered in reviewing bids and awarding contracts: prices, bidder's previous record of performance and service, ability of bidder to render satisfactory service, researcher specific requirements, financial statements proving their viability and quality, conformance to specifications and other criteria as determined relevant for the purchase evaluation. Purchasing will retain a copy of the summary results of the weighted criteria and resultant scoring
- (b) Preference to local companies will only be applied when scoring weighted criteria is equal.
- (c) The Institute reserves the right to reject any and all bids, and to contract as to the best interest of the Institute.

7.04 Tender and Bid Process

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- (a) Bid requests should be typed with complete information, including but not limited to, quantity, description, delivery requirements, drawings, duration, specifications, warranties, and date information required.
- (b) Answers to technical questions should be covered by the Purchasing department with end user input.
- (c) A minimum of three suppliers is acceptable, providing the Tender in question is not unique to one vendor
- (d) Where only one vendor is acceptable the manager/scientist shall provide documentation supporting the single sourcing decision. Where possible pricing of similar equipment will be obtained for comparison.
- (e) Bids will be solicited only from vendors whom the Institute knows are qualified or can be qualified to meet all requirements. All requests for quotations/proposals must be forwarded and received by the Purchaser or Designate.
- (f) Determination of the successful bidder will be made by the following: the requisitioner and the Purchaser or Designate.
- (g) The Institute will reveal to a vendor the bids if he/she personally attends the public opening of tenders, unless otherwise stated in tender documents. In the case that proprietary information is covered in the bid, particular details will not be disclosed. Prices will remain in the public record if disclosed as open bid in the Request for Proposal document.
- (h) In order to ensure that vendors contacted have responded to a bid request, the Purchaser or Designate will identify on the requisition all vendors solicited and responses.
- (i) All unsuccessful bidders shall be notified of the successful bidder.

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- (j) Unless a specific exception has been obtained from the COO or CEO, and Purchasing Director, bids shall not be solicited from, nor any order placed with, any company that:
- a. Is owned, controlled or actively influenced by any Institute Director, member of medical or research staff, Board Directors or the immediate relative of the aforementioned;
 - b. Employs in management, consulting or sales capacity on a full time basis any person who is an Institute employee, member of medical or research staff or Board of Directors;
 - c. Employs in any capacity an Institute employee, member of medical or research staff or member of the Board of Directors who is in a position to influence the selection of, or conduct business with, such supplier.
- (k) The Purchaser or Designate will maintain a source list for all potential vendors.

7.05 Bid Request Procedure

- (a) Tenders with a value between \$5,000 and \$50,000 need a minimum of three written bids solicited by telephone.
- (b) Tenders with a value between \$50,001 and \$100,000 must be written and forwarded to prospective bidders using the vendor bid list.
- (c) Tenders with a value over \$100,000 must be advertised in a local and/or national newspaper or advertised on the Electronic Bid Board found on the Internet.
- (d) In circumstances where emergency action is needed the above rules may be waived upon clearance from the CEO and Purchasing Director and if material, reported to the Board.

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- (e) Any problems with interpretation should be referred to the Purchaser or Designate due to the ramifications of legislated Ontario-Quebec Bilateral Trade Agreement relative to the solicitation of bids on supplies, services and construction projects.

7.06 Approval Limits

- (a) All contracts with a value exceeding \$25,000 which were budgeted but exceed the price by 10% must be reviewed by the CEO.
- (b) All contracts with a value exceeding \$200,000 and not within the approved operating or capital budget will be approved by the Board prior to the award.

7.07 Construction Tenders

- (a) In addition to the above, all construction tenders exceeding \$100,000 in value must be publicly tendered. The following supplementary conditions will apply;
- i. The minimum limit of general liability insurance will be \$2,000,000 per occurrence and \$5,000,000 if in a patient care related area.
 - ii. The minimum limit for a performance bond provided by a recognized bonding Institute in the amount of 100% of the bid price is required unless otherwise approved.
 - iii. The minimum limit for labour and materials payment bond provided by a recognized bonding Institute, in the amount of 100% of the bid price is required unless otherwise approved.

8 ATTACHMENTS

None.