

SECTION:	FINANCE	POLICY NUMBER:	FN 10-075
SUB-SECTION:	The Purchasing Cycle	EFFECTIVE DATE:	2005-09-08
SUBJECT:	Tenders and Proposals	LAST REVISION DATE:	2011-12-01

DEFINITIONS

Competitive tendering:

- The process of inviting a number of suppliers to make an offer for providing specified goods or services;
- A means of taking a defined need to the market place through an open competitive procurement process to find the most suitable way in which that need may be met;
- A way to ensure a specification is met in the most cost-effective manner and, at the same time, obtain value for money from the purchase.

Single Sourcing: 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.

Sole Sourcing: 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.

POLICY

It is a fundamental principle that the acquisition of goods and services shall be awarded as a result of a competitive process. This includes, but is not limited to, public tendering, a Request for Proposal (RFP) and Request for Quotation (RFQ).

Competition helps to maximize the value received for the use of public funds and promotes openness and transparency with all stakeholders including suppliers. **Cornwall Community Hospital (CCH) promotes sound procurement practices to ensure that suppliers have fair opportunity to participate in the acquisition of goods and services.**

Competitive Procurement Thresholds

1. In accordance with the Agreement on Internal Trade (AIT), the Ontario-Quebec Procurement Agreement, Broader Public Sector Procurement Directive and the Procurement Policies and Procedures (PPP's) principle of transparency, Cornwall Community Hospital will conduct an open competitive process where the estimated value of procurement of goods, services construction or consulting (excluding taxes) is **\$100,000 or greater.**
2. Whereby the value of the estimated goods or non-consulting services are between **\$50,000 and \$100,000:**

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- a) A minimum of three formal submissions must be solicited and obtained through the competitive process (invitational or open);
 - b) Should the minimum number of formal submissions not be obtained, the associated documentation should detail the reasons why;
 - c) All suppliers participating must be qualified to participate;
 - d) All contracts or purchase orders awarded, with associated documentation, must be maintained and stored with Materiel Management;
 - e) Government legislation shall apply to all competitive documentation.
3. Whereby the value of the estimated goods or non-consulting services is between \$5,000 and \$50,000:
- a) A minimum of three formal written quotations/proposals must be solicited and obtained.
 - b) Should the minimum number of formal quotations/proposals not be obtained, the associated documentation should detail the reasons why;
 - c) All suppliers participating must be qualified to participate;
 - d) All contracts or purchase orders awarded, with associated documentation, must be maintained and stored with Materiel Management;
 - e) Government legislation shall apply to all competitive documentation.
4. Whereby the nature of the goods or non-consulting services solicited is **between \$500 and \$5,000** one of the following options shall be used:
- a) A minimum of three verbal quotations/proposals must be solicited to ensure fair market value is delivered to CCH;
 - b) Where possible, written quotations/proposals are preferred.
 - c) Where possible, use a competitive process (invitational or open).
 - d) Enter multi-year agreements, not to exceed three (3) years.
5. Whereby the nature of the goods or non-consulting services solicited is **below \$500** one of the following options shall be used:
- a) A purchase order; or
 - b) A cheque requisition.
6. Whereby the value of the estimated consulting services are below **\$100,000**:
- a) A minimum of three formal submissions must be solicited and obtained through the competitive process (invitational or open);
 - b) Should the minimum number of formal submissions not be obtained, the associated documentation should detail the reasons why;
 - c) All suppliers participating must be qualified to participate;
 - d) All contracts or purchase orders awarded, with associated documentation, must be maintained and stored with Materiel Management;
 - e) Government legislation shall apply to all competitive documentation.

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Tender Submission Acceptance

The Hospital shall not be bound to accept the lowest or any tender, and no tender shall be deemed to have been accepted unless and until notice in writing is provided by the Hospital to the successful supplier in the form of a contract or purchase order.

The tender document, any subsequent written amendment, the offer and the notice in writing of acceptance of the offer shall constitute the agreement between the Hospital and the successful supplier.

Confidentiality of Tenders

Details of tender submissions received are considered confidential. Copies may be provided for internal use by the Hospital only.

Exceptions to the Competitive Process

In certain unique circumstances, the hospital may not have the ability to go through a competitive process for their procurement activity and will have to use one of the two main types of direct awards: Single Sourcing and Sole Sourcing.

1. **Single Sourcing** - Allowable exceptions for competitive procurements include:
 - 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, Cornwall Community Hospital 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 hospital'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.

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- g) Where only one supplier is able to meet the requirements of procurement in the circumstances (sole sourcing).
2. **Sole Sourcing** - In accordance with the AIT, in the situation where only one supplier is able to meet the requirements of a procurement, the Cornwall Community Hospital may use sole sourcing in the following circumstances:
- a) To ensure compatibility with existing products and equipment, to recognize exclusive rights, such as exclusive licenses, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its 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.
 - l) For the procurement of real property.

Delegation of Authority

1. Cornwall Community Hospital shall segregate at least three of the five functional roles. Responsibilities for these functions will lie with different departments or at a minimum with different individuals.

Functional Role	Explanation	Authority
Requisition	Authorize the supply chain department to place an order	Customer requesting the product or service
Budget	Authorize that funding is available to cover the cost of the order	Departmental budget holder
Commitment	Authorize release of the order to the supplier under agreed-upon contract terms	Purchasing role in the supply chain department
Receipt	Authorize that the order was physically received, correct and complete	Individual receiving the goods

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Payment	Authorize release of payment to the supplier	Accounts Payable role within the finance team
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2. The Cornwall Community Hospital will have authority levels that identify the approvals required for various dollar levels of purchasing. These delegated authority levels will be complied with for every item that is purchased. CCH will seek the necessary approval authority for all procurements prior to conducting the procurement. Approvals for procurements will be based on the total estimated value of the procurement, including any agreed-upon renewals but excluding taxes.,

See CCH Policy No. FN 10-025 Expense Authorization

PROCEDURE

Commencement of Procurement Process

1. Materiel Management will:
 - a) Seek the necessary approval for all procurements prior to conducting the procurement.
 - b) Develop evaluation criteria, in conjunction with the budget manager prior to the commencement of the competitive process.

Prequalification

1. Materiel Management will:
 - a) Require, where necessary, suppliers participating in the tendering process with the Hospital to qualify prior to receiving the tender documents. It is noted that not all tenders require pre-qualification.
 - b) Add a supplier, once qualified, to the vendor list for that commodity for future tender document submissions.
 - c) Ensure that a response to a Request for Information (RFI) or Request for Expression of Interest (RFEI) will not pre-qualify a potential supplier and will not influence their chances of being the successful proponent on any subsequent opportunity.
 - d) Ensure that the terms and conditions built into the Request for Statement of Qualifications (RFSQ) contain specific language to disclaim any obligation on the part of the hospital to actually call on any supplier as a result of the pre-qualification to supply such materials or services.

Procurement Documents

1. Materiel Management will:
 - a) Identify clearly in the tendering documents the place, date, time and contact for tender document closing.
 - b) Develop, review and approve the evaluation criteria prior to commencement of the competitive procurement process.

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- a) Include the evaluation criteria in the competitive documents.
- b) Identify in the competitive documents, the evaluation criteria that are considered mandatory and any technical standards that need to be met. The evaluation criteria cannot be changed or altered once the competitive process has begun.
- c) Allocate the maximum justifiable weighting to the price/cost component of the evaluation criteria.
- d) Alter the evaluation criteria only by means of addendum to the competitive procurement documents.
- e) Disclose fully the evaluation methodology and process to be used in assessing a supplier's submission.
- f) Identify in the evaluation criteria of the Request for Proposal the method to resolve a tie score, including weighting if applicable. Tie-break criteria are also subject to the rules of non-discrimination.
- g) Set out in the procurement document the term of the agreement and any options to extend the agreement. Changes to the term of the agreement may change the procurement value. 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 Cornwall Community Hospital must seek appropriate approval authority prior to proceeding.
- h) Communicate the bid protest procedures for suppliers in all competitive and procurement documents to ensure that any dispute is handled in a reasonable and timely fashion, and ensure that the process is compliant with the bid protest procedures as set out in the AIT and the Ontario-Quebec Procurement Agreement.
- i) Include in general the following in all tender documents:
 - o clearly define the contractual obligations of the parties
 - o use general conditions within tender documentation that are standard in the industry with appropriate special conditions only where necessary
 - o provide sufficient detail of all supplies and/or services required by the tender document
 - o provide information known to the Hospital which may affect the risks in the project
 - o clearly identify any special conditions or obligations within the tender document which are not normally part of the standard conditions
 - o specify any supporting information required from suppliers
 - o identify a person(s) for the provision of additional information
 - o specify the precise format required of the tender submissions
 - o specify whether or not alternative submissions and part submissions are acceptable
 - o specify obligations regarding identification of and relationship with third parties
 - o where appropriate, consider quality assurance procedures for work and service
 - o provide guidance to suppliers as to the process of evaluation of the tender submissions, and measurement of performance of the eventual contract.
 - o provide encouragement to suppliers to incorporate innovation, by allowing submission of alternatives, while still satisfying the Hospital's objectives.
 - o ensure compliance with standards/regulatory requirements
 - o request details as to delivery/completion time

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- request warranty provisions in maintenance or actual operation of equipment
 - request direct, indirect and operational costs
 - request financial capability, technical and managerial capacity to fulfill the requirement
- j) Maintain for a period of seven (7) years all procurement documents, as well as any other pertinent information for reporting and auditing purposes, and make them available in recoverable form if requested.

Call for Tender/Proposals

1. Materiel Management will:
 - a) Call for competitive procurements:
 - through an electronic tendering system that is equally accessible to all Canadian suppliers, in accordance with the Broader Public Sector Procurement Directive;
 - through an electronic tendering system and/or one or more of the following methods for construction contracts between \$100,000 and \$250,000 as they are not subject to the requirement of AIT:
 - Publication in one or more predetermined daily newspapers that are easily accessible to all Canadian suppliers; or
 - The use of source lists, such as Vendors of Reference (VOR's) or preferred suppliers lists.
 - b) Provide suppliers a minimum response time of 15 calendar days for procurements valued at \$100,000 or 30 calendar days for procurements of high complexity, risk, and/or dollar value.
 - c) Ensure that the closing date is set on a normal working day (Monday to Friday, excluding provincial and national holidays); submissions delivered after the closing time will not be considered.

Changes to Tender Documentation

1. Materiel Management will:
 - a) Make interpretations in reply to queries from suppliers in the form of written addendum (facsimile/electronic).
 - b) Initiate the issuance of an addendum when it becomes necessary to revise, delete, substitute or add to a released tender document.
 - c) Forward the addenda to each participating supplier who obtained tender documentation.
 - d) Provide on the addendum the tender closing date extension if, in certain cases, the addendum requires additional time commitment from the suppliers to meet the requirement.

Condition for Tendering Document Closing

1. Materiel Management will:

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- a) Accept tender submissions delivered in person and via courier.
 - b) Accept electronic format, such as facsimile and e-mail, if stated as acceptable on the tender documentation.
 - c) Refuse to consider tenders conveyed orally.
 - d) Refuse to consider tender submissions received after the specified closing time and date unless the supplier provides explicit and conclusive evidence that the tender submission was delivered to the issuing office in time and that under normal circumstances, the tender submission would not have been received late.
2. Materiel Management may:
- a) Reject any tender submission that does not meet mandatory requirements stated within the tender documentation. Any tender submissions in which information is not legible are liable for rejection.

Conditions for Tender Submissions

1. Materiel Management will:
- a) Assume that the submission of a tender means the supplier has obtained all information necessary for its accurate preparation.
 - b) Reserve the right, on behalf of the Hospital, to accept a tender submission for all of the items or for each or any item.
 - c) Reserve the right, on behalf of the Hospital, to exercise its diligence, by interview or inspection of the premises of any supplier prior to contract or order allocation.
2. Materiel Management may:
- a) Call upon the supplier to supply information additional to that shown in the tender submission.
3. The Supplier will:
- a) Comply with requests to supply information additional to that shown in the tender submission within the time specified.
 - b) Submit in writing all tender submission information and responses to inquiries and follow the request format as outlined in the tender document. Content of the submission may be incorporated into and be made part of any contract or order between the Hospital and the supplier.
 - c) Include in the tender submission net pricing (less all discounts), including all direct and indirect costs, ensuring the standard of service called for is maintained consistently throughout the contract or order.
 - d) Refrain from applying taxes to the unit pricing of goods or services in the tender submission.
 - e) Provide sufficient information on all criteria together with any other information that is available to allow an accurate assessment of their tender submissions.

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4. The Supplier may:
 - a) Submit alternatives if allowed within the tender document. Where an alternative is offered, the supplier shall include a fully detailed description, which allows its technical acceptability, methodology, time and price to be fully assessed, and to state clearly the manner in which it differs from that specified. Separate prices are required for any alternative offers.

Selection

1. Evaluation team members will:
 - a) Possess the relevant skills and knowledge appropriate to the value and importance of the requirement, and be free of any ***conflict of interest*** which might undermine the objectivity of the assessment. Where conflict of interest is identified, affected individuals shall be disqualified from the evaluation process, a replacement shall be sought.
 - b) Be aware of the restrictions related to confidential information shared through the competitive process;
 - c) Refrain from engaging in activities that may create or appear to create a conflict of interest;
 - d) Sign a Conflict of Interest declaration and non-disclosure agreement;
 - e) Complete an evaluation matrix rating each of the proponents; records of evaluation scores must be auditable.
 - f) Be aware that everything they say or document must be fair, factual, and fully defensible and may be subject to public scrutiny.
2. The selecting Manager/Group will:
 - a) Take into account the following criteria in determining the successful supplier:
 - o Completeness (basic tender document compliance)
 - o Conformity with specified requirements
 - o Price in relation to the tender document
 - o comparative evaluation based on achieving best value for money
 - o past performance
 - o local factors
 - o total cost of ownership/whole of life cost
 - o quality including equipment/method to be used
 - o timeliness
 - o alternative proposals and innovations where permitted
 - o environmental factors
 - o known commitments
 - o financial capability and technical and managerial capacity
 - b) Select only the highest ranked submission(s) that have met all mandatory requirements set out in the related procurement document. In responding to procurement documents, suppliers may sometimes propose alternative strategies or solutions to the Hospital's business needs. Unless expressly requested in the

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procurement documents, the manager/group must not consider alternative strategies or solutions proposed by a supplier and must establish criteria to evaluate alternative strategies or solutions prior to commencement of the competitive procurement process.

- c) Refrain, in compliance with the AIT, from any discrimination or preferred treatment in awarding a contract to the preferred supplier from the competitive process.

3. Materiel Management will:

- a) Ensure that an agreement between Cornwall Community Hospital and the successful supplier is defined formally in a signed written contract before the provision of the goods, services or construction commences.
- b) Use the form of agreement/contract that was released with the procurement document to finalize the contract.
- c) Obtain the supplier signatures before obtaining the designated hospital's signature when executing the contract.
- d) Include in all contracts the appropriate cancellation or termination clauses and seek appropriate legal advice on the development of these clauses.
- e) Post, for purchases valued at \$100,000 or greater, in the same manner as the procurement documents were posted, the name(s) of the successful supplier(s):
 - i) Contract award notification must occur only after the agreement between the successful supplier and Cornwall Community Hospital has been executed.
 - ii) The contract award notification must include the agreement start and end dates, including any options for extension.
- f) Inform, for purchases valued at \$100,000 or greater, all suppliers who participated in the procurement process of their entitlement to a debriefing.
- g) Allow unsuccessful suppliers 60 calendar days following the date of the contract award notification to request a debriefing.

4. Materiel Management may:

- a) Use a letter of intent, memorandum of understanding (MOU) or interim purchase order in situations where an immediate need exists for goods or services and the purchasing organization and the supplier are unable to finalize a contract to allow for the immediate needs to be met, while final negotiations take place towards finalizing the contract.

Contract Management

1. The appropriate authority level will:

- a) Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.

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- b) Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Directive and ensure all expenses are claimed and reimbursed in accordance with these rules.
- c) Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.

2. Materiel Management will:

- a) Manage procurements and the resulting contracts responsibly and effectively.
- b) Insure payments are made in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.
- c) Document assignments properly. Supplier performance must be managed and documented, and any performance issues must be addressed.
- d) Include a dispute resolution process in contracts as to manage disputes with suppliers throughout the life of the contract.
- e) Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.

Exemptions from the Competitive Process

1. The appropriate authority level will:

- a) Complete and approve the formal documentation to support and justify the decision to bypass the competitive process.

2. Materiel Management will:

- a) Ensure that formal documentation is completed to support and justify a decision to bypass the competitive process; this may be used as supporting documentation in the case of a competitive dispute.

Conflict of Interest

1. Materiel Management will:

- a) Consider any conflicts of interest during procurement activities applicable to all employees, advisors, external consultants or suppliers.
- b) Require any individual involved in supply chain-related activities to declare all actual or potential conflicts of interest

APPENDICES:	None
REFERENCE DOCUMENTS:	City of Cornwall Ontario Public Buyers Association Inc. Purchasing Management Association of Canada

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	University of Regina “Policies and Procedures” Ministry of Finance, Broader Public Sector Procurement Directive	
REPEALED POLICIES:		
APPROVAL PROCESS:	Senior Administration Team – March 22, 2011 Finance and Audit Committee – November 23, 2011 Executive Committee – November 24, 2011 Board of Directors – December 1, 2011	
APPROVAL SIGNATURE:		Jeanette Despatie Chief Executive Officer and Secretary of the Board

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