

## Corporate Policy

### Procurement

#### Policy Purpose:

The purpose of this Policy is to outline the requirements for the procurement of Goods, Services and Construction by or on behalf of TOH to:

- ensure alignment with TOH corporate strategy,
- mitigate risk associated with supply chain, Procurement and fraud,
- achieve best value for the use of public funds, and
- ensure compliance with other TOH obligations, including applicable legislative requirements and relevant Trade Agreements.

#### Scope:

This Policy applies to any TOH Procurements where public monies are used, equal to or greater than \$100.00 (excluding tax).

Each Procurement by or on behalf of TOH must comply with this Policy, other TOH policies and procedures, applicable Trade Agreements and any laws applicable to hospitals in Ontario. Where an applicable Trade Agreement or applicable law is in conflict with this Policy, the Trade Agreement or applicable law, as applicable, shall take precedence over this Policy.

The following roles and responsibilities apply as follows:

#### Chief Procurement Officer (CPO)

The CPO's role is to act as a steward of hospital assets and ensure effective internal controls are in place to protect such assets. To that end, the CPO will evaluate compliance with this Policy and all related TOH policies and protocols, in conjunction with any other person(s) delegated responsibility for those other TOH policies and protocols regularly to ensure risks are mitigated and identify areas of concern to the Chief Financial Officer of TOH.

With the concurrence of the applicable designated person(s) pursuant to Approval Authority Schedule, the CPO may waive the application of, or compliance with, all or any part of this Policy in respect of any Procurement function or any other matter, act or thing covered by the Policy.

#### Contracting and Procurement Services (CPS) Staff

The CPS department Staff are responsible for complying with this Policy and ensuring this Policy and all related TOH policies and protocols, in conjunction with any other person(s) delegated responsibility for those other TOH policies and protocols are applied consistently. CPS Staff must clearly understand and comply with their obligations and responsibilities and should consult with the CPO in respect of any questions regarding the application or interpretation of this Policy.

#### Customer/End User

It is the role of the Customer/End User to determine that requirements for Goods, Services and Construction follow this Policy and all related TOH policies and protocols. The Customer/End User should clearly understand and comply with its obligations and responsibilities under this Policy and all

related TOH policies and protocols and should consult CPS Staff in respect of any questions regarding the application or interpretation of this Policy.

## **Definitions:**

**Agency Relationship:** An agency relationship exists where TOH, as principal, appoints a person in writing, as agent, to act for and on its behalf.

**Approval Authority Schedule or AAS:** The documented authority delegated by TOH to a person/s designated to occupy a position to approve on its behalf one or more Procurement functions within the plan-to-pay cycle up to specified dollar limits subject to the applicable legislation, regulations and procedures in effect at such time. The documented authority of AAS for the purposes of this Policy is located in Appendix A of the TOH Signing Authority Policy #ADM-IV-300, as it may be amended or replaced from time to time.

**BPSAA:** means the *Broader Public Sector Accountability Act* (Ontario), as may be amended or replaced from time to time.

**Broader Public Sector Procurement Directive or BPSPD:** means the Broader Public Sector Procurement Directive of the Government of Ontario promulgated in conjunction with the BPSAA, as may be amended or replaced from time to time. The BPSPD includes twenty-five specific mandatory requirements that outline how a Procurement should be conducted to ensure a fair way to improve accountability and transparency for Procurement decisions and processes and to maximize the value that Broader Public Sector organizations including TOH receive from the use of public funds.

**Canadian Free Trade Agreement or CFTA:** Means that certain intergovernmental agreement between the federal government and the provinces and territories, dated July 1, 2017 (as amended from time to time).

**Ceiling Price:** Means the dollar value of an individual procurement under the VOR arrangement, above which an Open Competitive Procurement process must be conducted instead of using the VOR arrangement.

**Competitive Procurement:** Any procedure for developing a Contract or PO through a competitive bidding or proposal process. The intent is to solicit fair, impartial and competitive bids. The Procurement document outlines the scope, specifications and terms and conditions of the proposed Contract or PO as well as any criteria that will be used to evaluate the bids. Competitive Procurement may be achieved through:

Invitational Competitive Procurement – means any form of requesting a minimum of three Qualified Suppliers to submit a written proposal or quotation in response to the defined requirements outlined by TOH.

Open Competitive Procurement – means any procedure for developing a Contract or PO through a competitive bidding or proposal process, which may include a RFQ, RFSQ, RFP or RFT that is made readily accessible by all Potential Suppliers and/or Qualified Suppliers, as applicable.

**Comprehensive Economic and Trade Agreement or CETA:** means that certain trade agreement between Canada and the European Union and its member states, signed on October 30, 2016, and entered into force provisionally on September 21, 2017 (as amended from time to time).

**Confidential Information:** Confidential information means any non-public information belonging to TOH or that a Staff has access to or knowledge of as a result of their employment, engagement or affiliation with TOH. Confidential information includes but is not limited to information relating to applications, research, products, inventions, processes, designs, business plans, services, customers, marketing, finances, or information gained as a result of business relationships or discussions with TOH's Staff. Confidential information includes vendor information such as information relating to goods, services, products, pricing, and quantities of such goods, services, or products purchased by or on behalf of TOH.

**Conflict of Interest:** Any situation in which a Staff member has a personal, professional, occupational or financial relationship or interest that may affect or compromise, or appear to affect or compromise, his or her objectivity, judgment or actions in carrying out his or her TOH duties. A conflict of interest can be real, potential or perceived in nature.

- A real conflict of interest arises where an individual has a bias, or a personal, occupational, professional or financial relationship or interest that may affect or compromise, or appear to affect or compromise, his or her work with TOH.
- A potential conflict of interest incorporates the concept of foreseeability: when an individual can foresee that a private or personal interest might someday be sufficient to influence his or her work with TOH, but has not yet (for example, an identified future commitment).
- A perceived or apparent conflict of interest may exist when a reasonable, well-informed person has a reasonable belief that an individual has a conflict of interest, even if, in fact, there is neither a real nor a potential conflict.

**Construction:** Means construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related thereto unless they are included in the Procurement.

**Consulting Services:** Means expert or strategic advice and related Services for consideration and decision-making.

**Contract:** Means a commitment by the TOH for the purchase of Goods, Services or Construction from a Supplier, which may be evidenced by a written agreement executed by TOH persons with Contract Binding Authority and the Supplier that outlines the terms and conditions of the purchase.

**Contract Binding Authority:** Means a person(s) who has the authority to legally bind TOH by way of Contract as defined in the TOH Signing Authority Policy AAS.

**Customer or End User:** TOH, UOHI, OHRI, EORLA or any other affiliated entities, and their respective directors, officers, employees, representatives, agents, advisors and consultants, administrative, clinical and medical staff, trainees and volunteers, as may be applicable.

**Goods:** Means moveable property (including the costs of installing, operating, maintaining or manufacturing such moveable property) including raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous or electronic form, unless they are procured as part of a Contract for Construction.

**Group Purchasing Organisation or GPO:** Means a not-for-profit entity that helps public sector organisations including TOH realize savings and efficiencies by aggregating purchasing volume and using that leverage to award and/or negotiate contracts with manufacturers, distributors and other vendors.

**Just Culture:** A framework used to ensure consistency in how breaches of duty are addressed in a supportive, just and ethical environment. The Just Culture supports honest reporting of breaches of duty with the goal of continuous improvement in TOH.

**Limited Tendering:** Means “limited tendering” as such term is defined in each of the CFTA and CETA.

**MERX:** Means a single point of access tendering system that provides Suppliers with access to information related to Competitive Procurements and allows TOH to publicly post its solicitations. Notwithstanding reference to Merx, for the purposes of this Policy any such single point of access tendering system may be used by TOH, from time-to-time, as it may determine.

**Non-Competitive Procurement Approval Form:** Means TOH's mandated form that is completed to document and justify the reason why a Procurement is a permitted Non-Competitive Procurement.

**Non-Competitive Procurement:** Means the acquisition of Goods, Services or Construction without a solicitation for a submission of bids from multiple Suppliers. TOH's use of Non-Competitive Procurement will be consistent with relevant Trade Agreements requirements related to Limited Tendering.

**Paymaster:** Is defined by the Ministry of Health (or any successor) in instances where one health care organization receives funds from Home and Community Care Support Services (or any successor) or Ministry of Health for transfer to another health care organization. These types of transactions are usually for a defined service or program and are funded on an annual basis.

**Policy:** Means this Corporate Policy – Procurement.

**Potential Supplier:** Means a vendor, person or organization that may supply Goods, Services or Construction to TOH.

**Procurement:** Means the acquisition of Goods, Services or Construction by any means, including purchasing, renting or leasing from a Supplier.

**Procurement Card (P-Card):** A TOH credit card program primarily used for low-cost, non-inventory, non-capital items, such as office supplies. The card allows End Users to obtain Goods and Services without going through the Procurement Requisition. P-cards may be set up to restrict use to specific purchases with pre-defined Suppliers or stores and offer central billing.

**Procurement Requisition:** TOH's mandated form of electronic document (often referred to as i-Procurement within TOH) that is used as a means for an End User to order Goods, Services and Construction under a current Contract or PO. The document must be approved by the appropriate level of authority as per the TOH Signing Authority Policy AAS.

**Product Evaluation and Standardization Committee or PESC:** The committee consists of interdisciplinary members from across TOH whose role is to ensure that the Procurement of new medical/surgical Goods is aligned with hospital-wide policies, legislative requirements, supports the mitigation of risk and enhances cost effectiveness by enabling the efficient use of resources, common processes and Goods, reducing the opportunity for error and supporting optimal patient outcomes.

**Purchase Order or PO:** Means TOH's mandated form of commercial document that is issued by TOH to a Supplier indicating types, quantities, agreed prices and other terms and conditions for Goods, Services and Construction that the Supplier will provide to TOH. A PO may be issued on its own or under a Contract.

**Qualified Supplier:** Means a supplier or vendor that satisfies the conditions for on-going participation in a Procurement, prior to it becoming a Supplier.

**Quotation or Quote:** Means a formal statement of promise (often submitted in response to a Request for Quotation or a Request for Tender) by a Potential Supplier to supply the Goods, Services or Construction required, at specified prices and terms, and within a specified period.

**Request for Expression of Interest or RFEI:** Means a document issued by TOH to gather information on supplier interest in an opportunity or information on supplier capabilities/qualifications, including to gain a better understanding of the capacity of the supplier community to provide certain Goods, Services, or Construction. A response to an RFI does not pre-qualify a Potential Supplier or influence its chances of being the successful proponent on any subsequent procurement opportunity.

**Request for Information or RFI:** Means a document issued by TOH to Potential Suppliers to gather general supplier, Goods, Services, or Construction information. It is a procurement procedure whereby Potential Suppliers are provided with a general or preliminary description of a problem or need and are requested to provide information or advice about how to better define the problem or need, or alternative solutions. A response to an RFI does not pre-qualify a Potential Supplier or influence its chances of being the successful proponent on any subsequent procurement opportunity.

**Request for Proposal or RFP:** Means a document used to request as applicable, Potential Suppliers and/or Qualified Suppliers to supply solutions for the delivery of complex Goods, Services, or Construction or to provide alternative options or solutions. It is a process that uses predefined evaluation criteria in which price is not the only factor.

**Request for Quotation or RFQ:** Means a document used to request, as applicable, Potential Supplier and/or Qualified Supplier responses to supply Goods, Services or Construction based on stated delivery requirements, performance specifications, terms and conditions where TOH describes what needs to be purchased and the evaluation is based solely on price (i.e. the lowest priced quotation is awarded the business).

**Request for Supplier Qualifications or RFSQ:** Means a document used to gather information on capabilities and qualifications with the intention of creating a list of Qualified Suppliers, including to be part of a Vendor of Record Arrangement or a Standing Offer. This mechanism may be used either to identify Qualified Suppliers in advance of expected future competitions or to narrow the field for an immediate need. The RFSQ will not create any obligation on the part of TOH to call on any Supplier to provide Goods, Services, or Construction as a result of the pre-qualification.

**Request for Tender or RFT:** Means a document used to request as applicable, Potential Supplier and/or Qualified Supplier responses to supply Goods, Services, or Construction based on stated delivery requirements, performance specifications, terms and conditions. An RFT usually focuses the evaluation criteria predominantly on price and delivery requirements.

**Service:** means all activities, services, matters and things required to be done, delivered or performed by the Supplier under a Contract and/or PO, as applicable.

**Shared Service Organisation or SSO:** Means a not-for-profit entity that provides the consolidation of supply chain business operations of its healthcare provider members.

**Signing Authority:** Means the ability to take certain actions to approve types or aspects of financial or contractual obligations or undertakings on behalf of TOH, combined with the responsibility of conducting appropriate due diligence prior to giving such approval. As set out in the TOH Signing Authority Policy No. ADM-IV-300, authority can be divided into the following types: Accounting Authority; Budget Authority; Contract Binding Authority; and Payment Authority. In the event there is a conflict between this Policy and the Signing Authority Policy in effect at the time of the transaction, the authorities outlined in the Signing Authority Policy take priority.

**Social Enterprise:** Means a business (not-for-profit and for-profit) driven by a social or environmental purpose. Their profits are not just used to ensure their financial viability but are re-invested in the business and/or community to achieve, sustain and further the organization's social or environmental purpose.

**Staff:** Anyone who works on behalf of TOH. This includes permanent or temporary, full-time, part-time, casual or contract employees, trainees and volunteers. This also includes administrative and clinical personnel like administrative assistants, physicians, residents, interns, researchers and students.

**Standing Offer:** Means a Procurement method whereby a Qualified Supplier has been selected further to a Competitive Procurement process, on terms and conditions set out in the RFSQ or other applicable process

which will result in call-ups in the form of a Contract, or a PO being issued against the Standing Offer to the Qualified Supplier selected based on the conditions set forth in the RFSQ. No second stage Competitive Procurement process is required, unless otherwise determined by TOH.

**Supplier:** Means a Potential Supplier, Qualified Supplier or any other vendor, person or organization that, based on an assessment of its financial, technical, legal, commercial and other capacities, is capable of fulfilling the requirements of Procurement and has entered into a Contract with TOH or has been issued a PO by TOH.

**Supply Ontario:** The Government of Ontario's supply agency that operates as a single supply chain organization for the Ontario Public Service (OPS), Broader Public Sector (BPS) and health sector.

**TOH:** means The Ottawa Hospital.

**Total Sourcing Value:** The estimated maximum total value of the Procurement over its entire duration, whether awarded to one or more Suppliers, taking into account any options and optional extension terms. If the Contract or PO, as applicable, is for an indefinite period, the estimated monthly instalment multiplied by 48.

**Trade Agreements:** Means any trade agreement applicable to TOH and/or a Procurement, including those to which Ontario is a signatory (e.g., Canadian Free Trade Agreement, Ontario-Quebec Trade and Cooperation Agreement, Comprehensive Economic Trade Agreement between Canada and the European Union).

**Vendor of Record Arrangement or VOR:** A supply arrangement that authorizes TOH to select a Supplier from Qualified Supplier(s) through a formal second-stage competitive process, for a defined period, on terms and conditions set out in the RFSQ and VOR arrangement.

## Policy Statements:

### 1. Principles and Ethics

It is acknowledged that TOH has obligations in respect of its Procurements, including under or in connection with applicable laws and the BPSA and BPSPD, derived from Trade Agreements and from other sources. In accordance with this Policy, TOH intends conduct its Procurements in a competitive, open, fair and transparent manner and with regard to value for money.

Without limiting these obligations, the five key principles expressed in the BPSPD to achieve value for money while following a procurement process that is fair and transparent to all stakeholders are:

***“Accountability*** – Organizations must be accountable for the results of their procurement decisions and the appropriateness of the processes.

***Transparency*** – Organizations must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.

***Value for Money*** – Organizations must maximize the value they receive from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.

***Quality Service Delivery*** – Front line services provided by Organizations, such as teaching and patient care, must receive the right Product, at the right time, in the right place.

***Process Standardization*** – Standardized processes remove inefficiencies and create a level playing field.”

TOH has also adopted the BPSPD Supply Chain Code of Ethics, as is set out below, and will conduct its Procurements in accordance with it.

## SUPPLY CHAIN CODE OF ETHICS

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

### **I. Personal Integrity and Professionalism**

*Individuals involved with Supply Chain 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 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**

*Individuals involved with purchasing or other Supply Chain Activities must comply with this Code of Ethics and the laws of Canada and Ontario. 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.”*

## **2. Structure**

### **Centralized Procurement**

TOH operates a centralized Procurement service through the Contracting and Procurement Services department (CPS). All Purchase Orders, Contracts and formal solicitation processes must be led and undertaken by CPS strategic sourcing Staff.

### **Collaborative Procurements, Buying Groups and Similar Arrangements**

Where it may do so in compliance with its obligations, including any applicable legislative requirements and relevant Trade Agreements, TOH may engage in collaborative, buying group and other similar procurement arrangements where it is in its best interests, such as:

- buying groups contemplated in the CFTA;
- leveraging contracts (commonly known as ‘piggybacking’) of other agencies and authorities; and
- participating in regional and national group purchasing procurements where GPOs or SSOs act for and on behalf of TOH and organisations.

TOH CPS must provide prior written approval of such arrangements. If and as required under TOH’s obligations, applicable legislative requirements or relevant Trade Agreement, TOH will report its participation in any such arrangements.

TOH will participate in provincial procurement initiatives and as directed by Supply Ontario.

### **Affiliations**

TOH is also the Procurement agent for the following affiliated entities: University of Ottawa Heart Institute (UOHI), Ottawa Hospital Research Institute (OHRI), Eastern Ontario Regional Laboratory Association (EORLA) and other affiliated entities as approved by TOH Senior Management. TOH CPS will apply this Policy when providing Procurement services to such affiliated entities, unless otherwise directed to do so by the senior administration of TOH and the affiliated entity.

TOH and its affiliated entities are independent corporations, each with their own senior administration and Board of Governors. Each corporation understands that they must comply with the current legislative requirements as it applies to their respective operations and mandates. Each affiliated entity is solely responsible and accountable for their legal and financial obligations including their own operating expenses, capital expenditures, accumulated deficits and debt.



### **3. Environmental, Social and Governance (ESG)<sup>1</sup>**

#### **Environmental**

TOH recognizes the value of improving planetary-health and environmental sustainability and in compliance with this Policy may elect to procure from Suppliers who strive to achieve the lowest environmental impacts of their products and services and/or incorporate criteria into the evaluation of a Competitive Procurement process.

TOH will consider environmentally responsible and sustainable Goods, Services, and Construction when making Procurement decisions.

#### **Social**

TOH recognizes the value of corporate responsibility and social value and in compliance with this Policy may elect to procure from Social Enterprises and Indigenous or minority owned businesses and/or incorporate criteria into the evaluation of a Competitive Procurement process.

All Goods, Services, and Construction for TOH must consider accessibility designs, criteria and features by consulting with key stakeholders when appropriate, including but not limited to Staff with disabilities, local accessibility consultants and or the TOH Coordinator for Accessibility.

#### **Governance**

TOH uses public funds to procure Goods, Services and Construction required for the provision and support of patient care. TOH shall act in accordance with any and all legislative requirements that govern hospital Procurement practices in the Province of Ontario. These include and are not limited to the BPSAA and the BPSPD, the *Accessibility for Ontarians Disability Act*, and Trade Agreements.

TOH must attest to compliance with the BPSAA and BPSPD, annually reporting to the Ministry of Finance by June 1<sup>st</sup>, and publicly posting on the TOH external website by August 1<sup>st</sup>.

The following TOH policies also relate to procurement governance:

- Conflict of Interest Policy ADM II 370
- Fraud Awareness and Prevention Policy ADM IV 310
- Gifts Policy ADM X 260
- Travel, Meals and Hospitality Expenses Policy ADM V 140

### **4. Oversight of Purchases**

The CPS department monitors compliance with this Policy and maintains control of the acquisition of Goods, Services, and Construction on behalf of TOH.

#### **Existing Contracts and Purchase Orders**

- Where a signed written Contract or PO is already in place with a Supplier, the Customer/End User will use the contracted Goods, Services or Construction if they meet its requirements.
- A Contract or PO for Goods, Services or Construction shall not be considered legally binding on TOH unless it has been signed by one of the Contract Binding Authorities, or their authorized delegate as defined in the Signing Authority Policy.

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<sup>1</sup> Further details will be made available in the TOH ESG Procurement Guide, to be developed

- An agreement between TOH and the Supplier must be formally defined in a signed written Contract before the provision of Goods, Services or Construction.
- Where a signed written Contract is not in place, the terms and conditions of the PO will act as the agreement.
- Where an immediate need exists for Goods, Services or Construction, and TOH and the Supplier are unable to finalize the Contract as described above, an interim PO may be used.
- All negotiations of terms and conditions for the Procurement of Goods, Services or Construction under a Contractor and/or PO must be led or facilitated by a representative of CPS or its procurement agent under an Agency Relationship.

### Procurement Requisitions and Purchase Orders

Goods, Services or Construction may not be acquired or paid for without the issuance of a PO. The PO will be created and issued by CPS upon receipt of an appropriately completed and approved Procurement Requisition using TOH's electronic procure-to-pay system i.e. Oracle iProcurement. Payment without a PO can only be approved by the CFO; a list of payee exceptions is reviewed and approved by the CFO annually.

All Procurement Requisitions must be approved by the appropriate level of authority as per the TOH Signing Authority Policy AAS.

The CPS department has sole responsibility for administering POs. The issuance of a PO can only be completed by CPS Staff with some delegated responsibility provided to Facilities (out of hours, emergency POs only), and Medical Device Reprocessing (special requests only).

Change or increases in the overall value to a Contract or a PO made through a subsequent amending Procurement Requisition must follow the dollar thresholds outlined in the Signing Authority Policy AAS. If the overall value of the Contract or PO is increased by the change and it exceeds the original approver's Signing Authority threshold, then the next higher level of authority, as per the Signing Authority Policy AAS will need to approve the revised cumulative value and the Procurement Requisition prior to an amendment being made to the PO. Non-financial changes to a PO may not require an approved Procurement Requisition and can only be made by Procurement e.g. notes, instructions and catalogue number updates but no change in value of the PO or Supplier.

### P-cards and Gift Cards

The use of corporate P-cards is strictly limited and managed by TOH Finance Department. All applications to banking institutions for P-cards must be made by TOH Finance Department.

Ad-hoc, low value online purchases >\$100, where payment by credit card is required and iExpense is not used, can be authorized by submitting an iProcurement requisition. Purchases that require recurring payments by P-card are not permitted.

Gift cards are considered cash advances and cannot be purchased using public funds.

### Funding

When conducting a Procurement that is funded by private donations or non-public monies TOH will adhere to this Policy, to the extent applicable, and TOH standard contracting and procurement procedures.

## **5. Urgent or Emergency Procurement**

Applicable requirements of this Policy may be waived in a situation of urgency or emergency to the extent necessary to facilitate the Procurement of Goods or Construction in an expedited manner when consistent with Trade Agreement and applicable law requirements (i.e. the urgency is brought about by events unforeseeable by TOH.)

Whenever possible, the Procurement must be authorized by the CPO and all approval authorities identified in the AAS. If it is not possible to obtain their authorization in advance, the individual(s) involved in the urgent or emergency Procurement must report the Procurement to the CPO and applicable approval authorities as soon as reasonably possible and no later than the first business day after the date of the emergency occurrence.

Any Goods purchased, or Services or Construction rendered as a result of an urgent or emergency situation shall have the appropriate documentation and approvals sent to CPS as soon as possible but no later than the first business day after the date of the urgent or emergency occurrence.

## **6. Competitive Procurement Requirements**

Subject to this Policy, all Goods, Services and Construction valued at equal to or greater than \$100,000 must be procured through a Competitive Process. Different requirements apply based on the Total Sourcing Value and the type of Goods, Services and Construction being procured.

### **Total Sourcing Value**

The Total Sourcing Value of any given Contract or PO is determined by the annual dollar spend for specific Goods, Services or Construction multiplied by the number of years the Contract or PO will be in place (including any optional extension years). The threshold of \$100,000 is used to determine if a Procurement initiative must be publicly posted, is based on this Total Sourcing Value.

It is the Total Sourcing Value of the specific Goods, Services or Construction for a specified period of time that determines the type of Procurement to be used and not the annual dollar spend with a specific Supplier. It is possible for TOH to have multiple Contracts or POs for different Goods, Services, or Construction with one Supplier and such Contracts or POs may have been established through varying types of competitive or Non-Competitive Procurement processes

### **Procurement Strategy/Mean of Procurement**

The strategic sourcing strategy and type of Procurement process to be undertaken will be determined by CPS in collaboration with End User management, and/or TOH Senior Management, depending on the strategic impact and complexity of the desired outcome. This may include use, as determined by CPS, of one or more of:

- Request for Information
- Request for Expression of Interest
- Request for Supplier Qualification
- Request for Quotations
- Request for Proposal
- Request for Standing Offer
- Request for Tender
- Use of a Vendor of Record Arrangement or Standing Offer
- Other procurement processes, as may be determined by TOH

Competitive Procurements equal to or greater than \$100,000 must be approved at the start of the process

using the Approval to Commence the Competitive Procurement Process form, as per the Signing Authority Policy AAS.

#### Evaluation Committee Non-Disclosure and Conflict of Interest

All persons selected to be an Evaluation Committee member for a particular Competitive Procurement must agree to and sign a non-disclosure and Conflict of Interest form which shall be consistent with the Conflict of Interest Policy ADM II 370.

Proposed Evaluation Committee Members who are aware of an actual, potential, and/or perceived Conflict of Interest must declare the conflict immediately. In an effort to maintain the integrity of the Competitive Procurement process, a proposed Evaluation Committee Member may be asked not to participate if it is determined that there is an actual, potential, or perceived Conflict of Interest.

Research funding and fellowships shall not be contemplated within the Procurement process, as these arrangements may be considered a Conflict of Interest.

Refer to the TOH Conflict of Interest Policy ADM II 370 for more information.

#### Vendor of Record

When a Vendor of Record Arrangement or a Standing Offer is established through an RFSQ process it must not exceed a term of three years unless there is an annual process to pre-qualify new Qualified Suppliers. The RFSQ must clearly specify:

- The type and specifications of Goods, Services or Construction to be provided with a necessary level of detail;
- Upper limits of the Ceiling Price;
- Time duration the Qualified Supplier list, VOR arrangement or Standing Offer will be valid;
- The method(s) and time intervals by which additional Qualified Suppliers can be placed on the list; and
- That any Qualified Supplier who does not participate in the pre-qualification or does not appear on the list may be excluded from opportunities.

#### Agency Relationship

When an Agency Relationship exists and a party acts as an agent for TOH to procure Goods, Services, or Construction, this Policy may, if and as is determined by TOH CPS to be necessary and appropriate in the circumstances, apply to such procurement activities.

## **Procurement Thresholds and Limits for Competitive Procurement**

### **Goods, Non-Consulting Services (including Construction)**

<b>Total Cumulative Value (excluding tax)</b>	<b>Minimum Means of Procurement</b>
\$0 - \$99.99	Reimbursement via iExpense
\$100 to less than \$100,000	One written pricing Quote or Invitational Competitive Procurement - invitation to minimum of three (3) Qualified Suppliers
\$100,000 and higher	Open Competitive Process (posted publicly)

### **Consulting Services**

<b>Total Cumulative Value</b>	<b>Means of Procurement</b>
\$0 and less than \$100,000	Invitational Competitive Procurement - invitation to minimum of three (3) Qualified Suppliers or Open Competitive Process (posted publicly)
\$100,000 and higher	Open Competitive Process (posted publicly)

### **External Vendor of Record, compliant with BPSPD**

<b>Total Cumulative Value</b>	<b>Minimum Second Stage Requirements</b>
\$100 to less than \$250,000	One written pricing quote
\$250,000 to less than \$750,000	Invitational Competitive Procurement – invitation to minimum of three (3) or all Qualified Suppliers, if less than three (3)
\$750,000 to less than \$10 million or the Ceiling Price, whichever is the lower	Invitational Competitive Procurement – invitation to minimum of five (5) or all Qualified Suppliers, if less than five (5)
Greater than the lower of \$10 million or the Ceiling Price	Open competitive Process (posted publicly)

## **7. Non-Competitive Procurement (NCP)**

TOH should employ Competitive Procurement processes to achieve optimum value for money and the other objectives of this Policy. It is recognized, however, that special circumstances may require the use of Non-Competitive Procurement. TOH may utilize Non-Competitive Procurement only in a situation outlined in the exemption, exception or non-application clauses of the relevant Trade Agreement/s, including the Canadian Free Trade Agreement (CFTA) and Comprehensive Economic and Trade Agreement (CETA) or other Trade Agreement, provided that it does not use this provision for the purpose of avoiding competition among Suppliers or in a manner that discriminates against Suppliers or protects certain Suppliers. The exemption, exception or non-application clauses are listed on the TOH Non-Competitive Procurement approval form.

Making material changes to a Contract or PO, including extending its term beyond that set out in the Competitive Procurement document may in certain circumstances amount to Non-Competitive Procurement, particularly where the extension affects the value and/or stated deliverables of Procurement. Staff are to consult with the CPS before making any such changes.

Non-Competitive Procurement shall be approved using the Non-Competitive Procurement approval form and process and any exceptions reported annually as part of the TOH attestation process.

## **8. Medical Equipment and Goods**

### **Health Canada Standards**

The Procurement of Goods used within TOH for patient use or other use must meet Health Canada standards and regulations as well as any other applicable legislative requirements including but not limited to the *Accessibility for Ontarians with Disability Act*. In addition, and for further clarification TOH will not pay for medical devices that have not been licensed for use in Canada by Health Canada.

### **New Goods for patient use**

Any new product (non-equipment) introduced into TOH premises for patient use may only be purchased or acquired after they have been reviewed and approved by the Product Evaluation and Standardization Committee (PESC), unless they are procured through a competitive process, in compliance with this Policy. PESC will not approve medical devices that have not been licensed for use in Canada by Health Canada.

The introduction of new products or new product technology within TOH premises must go through the PESC process prior to use within the hospital to ensure the safety of patients and Staff and reduce the likelihood of any other related risks associated with the integrity of the Procurement process and established standards.

### **Equipment<sup>2</sup>**

Equipment trials may not be undertaken without the authorization of CPS. All equipment trials occurring on TOH premises must have a “No charge PO” issued by CPS and must be accompanied by the appropriate regulatory documents to ensure all legislative requirements have been met.

Medical equipment trials must be coordinated through the Biomedical Engineering department following authorization from CPS to proceed.

Infection Prevention and Control (IPAC) must be consulted prior to the acquisition or purchase of new medical equipment. Documentation of IPAC approval is required prior to a PO being issued for said equipment. CPS will ensure that all Competitive Procurements undertaken on behalf of the End User for medical equipment will include a consultation with IPAC prior to the release of the solicitation documents to ensure appropriate specifications have been included to ensure compliance with IPAC standards.

## **9. Paymaster for Health Services**

Trade Agreement Government Procurement rules do not apply in the procurement or acquisition of health services. In order to efficiently set up and process payments, when TOH acts as “Paymaster” only, the acquisition of health services will be exempt from the Policy per the table below. The CFO in consultation with the CPO will determine when this exception can be applied. This does not mean a competitive process cannot be undertaken if there is greater value in doing so. Please refer to the TOH contract management standard

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<sup>2</sup> The purchase of Equipment is also subject to the Equipment Acquisition Standard Operating Procedure.

operating procedure for details on retention of these types of agreements.

Non-Competitive Procurement Form	Non-competitive procurement approval for each transaction would not be required.
Purchase Order	Not required. The payment controls for reconciliation, approval and payment will provide adequate internal controls.

## **10. Non-Compliant Orders**

Goods arriving at TOH before a Contract has been executed or a PO has been issued by TOH will be considered non-compliant and may be returned to the Supplier. This includes Goods for the purpose of a trial.

Services or Construction rendered to TOH or its affiliates prior to a Contract has been executed by TOH or a PO being issued by TOH will be considered non-compliant.

Goods, Services or Construction that are determined to be 'non-compliant' by TOH are unauthorized, may not be accepted and may be returned or rejected by TOH, in whole or in part, in its discretion, at no cost, expense or liability to TOH.

All Procurement Requisitions for the purposes of executing a Contract or issuing a PO for Goods, and Construction that arrive at TOH or where Services have already been rendered without proper approval will be reported to the CPO who will follow up with the responsible individual and may make such reporting and/or impose such discipline measures as are necessary or desirable in the circumstances.

Requests for the issuance of a non-urgent/emergency PO after the order is placed by the End User and the Goods and Construction have arrived or the Services rendered (PO after the fact) will require the respective Executive Vice-President (EVP) approval for the Procurement Requisition. The PO will not be issued unless the EVP of the program or department has authorized the Procurement Requisition.

## **11. Confidential Information**

In the course of employment, engagement or affiliation with TOH, Staff may have access to Confidential Information, including Supplier information. All Staff must comply with the confidentiality agreements signed upon hire or engagement throughout the course of their employment, engagement or affiliation with TOH, including when handling TOH corporate records or otherwise participating in TOH business. Staff obligations include:

- Maintaining confidentiality of Confidential Information and not disclosing Confidential Information to anyone outside TOH without prior written approval of TOH;
- Not discussing with or disclosing to other Staff any Confidential Information if they do not need to know the Confidential Information for the purposes of their duties;
- Only accessing or using as much Confidential Information as required to carry out their duties; and
- Not accessing, using, copying, retaining, or sharing Confidential Information for the Staff's own purposes, for the purposes of other Staff, or the purposes of someone outside TOH.

Anyone who breaches this obligation of confidentiality may be subject to a Just Culture investigation as outlined in Corporate Policy - Employee Accountability, other disciplinary action and/or other rights or remedies as may be determined by TOH.

## **12. Reporting**

Activities described in and compliance with this Policy will be monitored by CPS and will be reported in accordance with any requirements applicable to TOH, including annual reporting under the BPSAA and notification of awards of Contracts or POs under Trade Agreements.

Non-compliance and suspected fraud in connection with the Policy will be reported to the CFO by any individual/Staff which has knowledge thereof. Staff can also report in accordance with Corporate Policy – Whistleblower Ethics Reporting Program, where appropriate. Non-compliance and fraud in connection with the Policy could result in disciplinary action up to and including termination and/or such other actions, rights or remedies as TOH may in its discretion pursue.

### **Related Documents:**

- Cheque Request Standard Operating Procedures C-SOP IV 180
- Conflict of Interest Policy ADM II 370
- Contract Management Standard Operating Procedures C-SOP IV 301
- Equipment Acquisition Standard Operating Procedure C-SOP V 160
- Fraud Awareness and Prevention Policy ADM IV 310
- Gifts Policy ADM X 260
- Petty Cash Standard Operating Procedures C-SOP IV 190
- Retention and Destruction of Corporate Records Policy ADM III 310
- Signing Authority Policy ADM IV 300
- Vendor Code of Business Conduct ADM IV 320
- Non-competitive Procurement Approval Form
- Approval to Commence the Competitive Procurement Process form
- Contracting and Procurement Services Standard Operating Procedures

### **Related Legislation or Regulatory Requirements:**

- *Accessibility for Ontarians with Disabilities Act*
- *Broader Public Sector Accountability Act, 2010, S.O. 2010, c. 25* (BPSAA) (includes Expense Directive, Procurement Directive and Annual Reporting requirements)
- *Broader Public Sector Procurement Directive* (BPSPD)
- *Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities), 2019*
- Canadian Free Trade Agreement (CFTA)
- Canada-European Union: Comprehensive Economic and Trade Agreement Implementation Act (CETA)
- *Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. F.31*

### **References:**

- BPSPD Implementation Guidebook
- Chapter 5, Canadian Free Trade Agreement (CFTA)
- Chapter 19, Comprehensive Economic and Trade Agreement (CETA)
- MGCS Website: Doing Business with the Government – Information for Buyers
- Supply Ontario