



# Services de santé de Chapleau Health Services

<b>Policy Name:</b> Purchasing	<b>Policy Number:</b> ADM-00-16018
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## Subject: Purchasing

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**Policy:** This policy governs the purchasing practices of SSCHS and establishes the authorization limits on the amounts spent in order to obtain goods and services. It is the objective of this policy that goods and services are obtained at the lowest possible cost, consistent with requirements of product and service quality required, in a manner that demonstrates accountability, is transparent, and understood by all.

**Application:** All employees who purchase any goods, services or construction on behalf of the SSCHS.

**Exceptions:** None.

**Resources:**

**References:** Ministry of Ontario Centralizing Procurement – Broader Public Sector (BPS)

### Procedure:

This document is comprised of a number of sections, including:

- Purchasing Limits
- Limit on Purchasing Card Purchases
- Exceptions
- Restrictions
- Pecuniary Interest
- Notification of Procurement Opportunities
- Purchasing Procedures
- Non Competitive Procurement
- Request for Expression of Interest
- In House Bids
- Influence
- Emergency Purchases
- Cooperative Purchasing
- Preference for District Suppliers
- Requests for Quotation

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- Public Tender or Request for Proposal
- Contractual Agreement

### Purchasing Limits

The following chart documents the procurement methods and authorization required for purchases of specific values. See also ADM-00-F023 – Approval of Authority Schedule (AAS).

Despite any other provisions of this policy, the Board of Directors must approve any purchasing contract where the total acquisition cost is greater than \$100,000 or more than the Board of Directors' approved budget for the item.

Purchasing limits are adjusted periodically to reflect current economic conditions and the ability of various levels of SSCHS staff to handle increased responsibility. Changes in spending limits are recommended by the Chief Executive Officer and approved by the Board of Directors prior to implementation.

### Procurement Methods

<b>Dollar Value</b>	<b>Procurement Method</b>
\$1,000 or less	Approved invoice, petty cash, purchasing card, or purchase order. Informal quotes are encouraged.
\$1,001 to \$5,000	Purchasing card or purchase order. Informal quotes are required, including verbal, written or online store catalogue.
\$5,001 to \$20,000	Purchase order. Informal quotes are required, including verbal, written or online store catalogue. Minimum 3 quotes.
\$20,001 to \$100,000	Request for quotation sent to at least three potential vendors and issued purchase order, or request for proposal (where warranted).
\$100,001 and over	<b>Public tender or request for proposal.</b>

### Limit on Purchasing Card Purchases

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A single purchase of goods, services or construction using a purchasing card shall not exceed \$5,000 for the Chief Executive Officer, \$3,000 for Managers or Directors, and \$1,000 for other card holders.

### Exceptions

The purchasing methods described in this policy do not apply to the following goods and services:

- Training and Education;
- Refundable Employee/Board Expenses;
- Employer's General Expenses;
- Utilities and Taxes;
- Annual amendments or new service contracts for services contracted under the Seal of the Board; and
- Provincially/Federally regulated licenses, certificates and other approvals required.

For further clarity, the following expenses are included in each of the categories mentioned above.

- Training and Education including: conferences, seminars, courses and conventions; memberships; periodicals, magazines and subscriptions; and staff training, development and workshops.
- Refundable Employee/Board Expenses including: advances, meal allowances, travel expenses, miscellaneous non-travel related expenses, and hotel accommodations.
- Employer's General Expenses including: payroll deduction remittances; medical and dental expenses; licenses; grants, donations, and levies; payments of damage; petty cash replenishment; tax remittances; charges to/from other government bodies or Crown Corporations; bank charges and underwriting services where covered by agreements; and payroll.
- Utilities and Taxes including: postage, water and sewage charges, electricity, natural gas or propane, telephone service charges, cable television charges, internet service charges, and property taxes.

### Restrictions

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No contract for good, services or construction may be divided into two or more parts to avoid the application of the provision of this policy.

No contract for services will be awarded where the services would result in the establishment of an employer-employee relationship.

### **Pecuniary Interest**

Where an employee involved in the award of any contract has a direct or indirect pecuniary interest in the contract, the employee shall:

- Immediately disclose the interest to his/her superior and describe the general nature of the interest;
- Not take part in the award of the contract; and
- Not attempt in any way to influence the award of the contract.

These same provisions apply when an employee or Board member also has a conflicting duty or responsibility as a result of employment or a governance relationship with another organization.

An employee has an indirect pecuniary interest in any contract in which SSCHS is concerned if:

- a) The employee or his/her spouse, partner or relative
  - (i) Is a shareholder in, or a director or senior officer of a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
  - (ii) Has a controlling interest in or is a director or senior officer of a corporation that offers its securities to the public that has a pecuniary interest in the contract, or
  - (iii) Is a member of an incorporated association or partnership that has a pecuniary interest in the matter; or
- b) The employee or his/her spouse, partner or relative is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

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All members of the Board of Directors conduct themselves in accordance with Board policy in relation to conflict of interest.

### Notification of Procurement Opportunities

Notification of procurement opportunities for goods, services or construction with a total acquisition cost up to \$5,000 will be provided in the local newspaper only when the Chief Executive Officer agrees.

Notification of procurement opportunities in relation to construction, with a total acquisition cost of more than \$20,000, will be provided in the local newspapers.

Notification of procurement opportunities for goods, services or construction with a total acquisition cost of more than \$100,000 will follow the “Centralizing Procurement – Broader Public Sector (BPS) Interim Measures: implemented by the Ontario Government. Under the measures, the organization must report and submit a Procurement Rationale Report to the Government if processes are implemented by SSCHS. However, collaborative contracts or purchases conducted through shared services organizations or group purchasing organizations such as the Northern Supply Chain, also satisfy the intent of the interim measures and do not require the submission of a Procurement Rational Report.

### Purchasing Procedures

The Chief Executive Officer establishes purchasing policies consistent with the purposes, goals and objectives of this policy in relation to:

- The form, content and use of forms, including requisitions, purchase orders, bonds, letters of credit and other forms of guarantee or surety, tender, proposal and other contract documents;
- The identification of other goods, services and construction which are more effectively acquired through cooperative purchasing and the level of SSCHS involvement in this purchasing exercise;
- The designation of duties to any other properly authorized employee or manager, any part or parts of the responsibilities indicated in this policy; and
- Any other aspect of process or procedure not specifically provided for in this policy.

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- Energy Star Products will be the preference or mandated on equipment that is categorized in this manner. Green products will also be prioritized.

### Non Competitive Procurement

All purchases are to be competitive when feasible; however, circumstances may make this impossible or not in the best interest of SSCHS. Goods, services or construction may be purchased without a competitive bidding process when:

- The purchase is an emergency;
- The item is covered by an exclusive right, such as a patent, copyright or exclusive license;
- The purchase is already covered by a lease-purchase agreement where payments are partially or totally credited to the purchase;
- It is necessary to ensure compatibility with existing products or to avoid violating warranty/guarantee requirements when service is required;
- No bids were received in a competitive process;
- The required item is in short supply due to market conditions;
- Competitive sources for low value procurement are uneconomical or would not attract bids; or
- Competitive procurement may be found to be impractical as outlined under the Exceptions heading.

### Request for Expression of Interest

The Chief Executive Officer, Director or Manager may conduct a request for expression of interest for the purpose of determining the availability of suppliers of any good, service or construction and for the purpose of keeping a list of available suppliers.

### In House Bids

In house bids may be used for the procurement of goods, services or construction in circumstances where the Chief Executive Officer considers it appropriate to do so.

### Influence

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No person, company, corporation or organization shall attempt in any way, either in private or in public, to influence the outcome of any SSCHS purchasing or disposal process.

The bid, quotation, or proposal of any person, company, corporation or organization that does attempt to influence the outcome of any SSCHS purchasing or disposal process will be disqualified and the person, company, corporation or organization may be subjected to exclusion or suspension.

### Emergency Purchases

Where an emergency exists that requires the immediate procurement of goods, services or construction, a Manager, Director or the Chief Executive Officer may purchase the required goods, services or construction by the most expedient and economical means, notwithstanding any other provision of this policy.

As soon as practicable, the Manager or Director shall:

- a) Report the purchase with full particulars to the Chief Executive Officer and Finance Manager (where the purchase exceeded \$5,000); and
- b) Forward a requisition to the Finance Manager for transaction completion.

### Cooperative Purchasing

SSCHS may participate with another government agency or public authority in cooperative purchasing where it is in the best interest of SSCHS to do so and where the purposes, goals and objective of this policy are complied with by the government agency or public authority.

SSCHS' participation in cooperative purchasing only takes place where:

- Advanced notification is extended by the other party;
- Active participation by SSCHS is welcomed; and
- SSCHS' program, procedural and financial requirements will be met or are foreseen to be met.

The policies of other government agency or public authority calling the cooperative bid solicitation will be accepted policy for that particular purchase.

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If the results of the cooperative purchasing bid solicitation are, in the end, not advantageous to SSCHS, and the terms of the bid solicitation preclude SSCHS' subsequent withdrawal, a written report will be provided to the Chief Executive Officer.

### Preference for District Suppliers

The Discriminatory Business Practices Act (RSO 1990) was established to prevent discrimination in Ontario on the grounds of race, creed, colour, nationality, ancestry, place of origin, sex, or geographic location of persons employed or engaging in business. The provisions of this Act are applied to SSCHS' purchasing policies and procedures.

### Requests for Quotation

See policy ADM-00-16019: Purchasing – Request for Quotation

### Public Tender or Request for Proposal

See policy ADM-00-16020: Purchasing – Goods and Services Over \$100,000: where public tender and/or request for proposals will be conducted following the “Centralizing Procurement – Broader Public Sector (BPS) Interim Measures” implemented by the Ontario Government in collaboration with the supply chain or purchasing group when applicable. A percentage allowance local contractors or businesses will not be allowed.

### Contractual Agreement

The award of contract over \$500, not made by a purchasing card, is made by way of an agreement or as a purchase order.

A purchase order is used when the resulting contract requires only SSCHS' standard contractual terms and conditions.

A formal agreement is used when the resulting contract is complex and will contain terms and conditions other than SSCHS' standard contractual terms and conditions.

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It is the responsibility of the Chief Executive Officer to determine if it in the best interest of SSCHS to establish a formal agreement with the supplier.

Where a formal agreement is required, the agreement is reviewed and approved for execution by the Chief Executive Officer, and executed in the name of SSCHS.

Where a formal agreement is issued, the Manager or Director may issue a purchase order incorporating the formal agreement.

Where a formal agreement is not required, the Manager or Director may issue and execute a purchase order incorporating the relevant terms and conditions.

### **Revision History:**

<b>Revision Date</b>	<b>Version</b>	<b>Revision Description</b>
2009-Oct-08	1.0	New policy issued.
2010-May-12	1.1	Policy revised to include alternate and energy efficiency
2010-June-17	1.2	CEO solely authorizes purchases of \$5,001 to \$20,000.
2014-Feb-11	1.3	Removed reference to Director of Operations. Moved reference to advertise on Merx to more intuitive section.
2014-Jun-04	5.0	Reviewed. Changes versioning to reflect Medworxx versioning.
2016-Aug-31	6.0	Revised limits throughout the policy, based on input provided during peer review.
2020-Apr-29	7.0	Revised to follow the Centralizing Procurement – Broader Public Sector (BPS) Interim Measures. Added reference to Approval Authority Schedule.

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