

 Middlesex Hospital Alliance Strathroy Site <input checked="" type="checkbox"/> Four Counties Site <input checked="" type="checkbox"/>	Policy <input checked="" type="checkbox"/> Procedure <input checked="" type="checkbox"/> Standard <input type="checkbox"/> Medical Directive <input type="checkbox"/>	Manual
	<b>Competitive Procurement</b>	
Date Issued: August 2009 Date Reviewed: Date Revised: April 2011	Issued by: Materiel Management	Approved by: MHA Board of Directors
Cross Reference:		

**Replaces: Procurement – Capital Equipment  
Revises – Competitive Procurement**

**PURPOSE:**

Information gathering mechanisms are useful where the corporation has incomplete information about either the procurement that it requires or the capabilities of the market to delivery the material, service or the solution. Any procurement involving significant financial commitments by the MHA must be subject to a competitive procurement process and approved following the Approval Authority Schedule. Open competitive procurement is the contractual acquisition (purchase or lease) by the MHA of any good or service, which enables all suppliers to compete in a fair and open environment. Invitational competitive procurement is the contractual acquisition (purchase or lease) by the MHA of any good or service, which enables some but not all suppliers to compete in a fair and open environment.

**POLICY:**

The MHA is committed to the principles of competitive procurement, the operation of a cost-effective procurement system, pre-authorized approval of expenditures and prevention of unauthorized commitments. The competitive bidding process ensures our stakeholders receive the best overall value for the purchase of goods and services, and includes the qualification of bidders, the solicitation and analysis of bids, negotiations and contract awards.

In accordance with the Broader Public Sector Procurement Directive, the following thresholds have been established for competitive bidding.

Total Procurement Value	Means of Procurement
<\$25,000	Two quotations + Approved Purchase Requisition
Between \$25,000 and up to \$99,999	Invitational Competitive Bidding (3 quotations)
\$100,000 or more	Open Competitive Bidding Processes
* It is recognized that under certain rare circumstances the formal process of competitive bidding may not be feasible. In these circumstances, a completed and authorized Competitive Bidding Exemption Form as well as an approved Purchase Requisition will be required to proceed with the purchase. <b>All competitive bidding exemptions will be reviewed and approved by the CFO.</b>	

**PROCEDURE:**

Procurement Planning – Designated staff, i.e. director of patient care; department leaders must submit requests to Senior Administration. The capital budget process normally commences in May with a

submission date of September 30<sup>th</sup> and should include an outlook encompassing three (3) years. The capital equipment threshold is \$3,000.00

Various information gathering mechanisms used to ensure competitive procurement are:

Request for Information (RFI) – to gather general supplier or product information when the MHA is researching a contemplated purchase and has not yet determined what characteristics the ideal solution would have.

Request for Expression of Interest (RFEI) – Used when the MHA wishes to gain a better understanding of the capacity of the supplier community to provide services or solutions.

A response to an RFI or RFEI does not pre-qualify a potential supplier and must not influence their chances of being the successful proponent on any subsequent opportunity.

A Request for Supplier Qualifications (RFSQ) is to gather information on supplier capabilities and qualifications, with the intention of creating a list of pre-qualified suppliers. This mechanism may be used either to identify qualified candidates in advance of expected future competitions or to narrow the field for an immediate need. An RFSQ can be used to pre-qualify suppliers who are interested in supplying materials or services in the future — if, as and when requested. The typical result of this procedure is a Vendor of Record (VOR) or a preferred suppliers list.

The suggested uses of all three information-gathering mechanisms are summarized in the following table.

<b>Information Required</b>	<b>RFI</b>	<b>RFEI</b>	<b>RFSQ</b>
General supplier or product information	X		
Information on supplier interest in opportunity		X	
Information on supplier capability/qualifications		X	X
Pre-qualified suppliers' list desired			X

### ***Competitive Documents***

For an open competitive process, the MHA will use competitive documents that can be provided to potential proponents to explain the organization's requirements.

Two main types of competitive documents are:

a. Request for Proposal (RFP): The purpose of this document is to request 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.

b. Request for Tender (RFT): The purpose of this document is to request suppliers' bids 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. This document may also be called a Request for Quotation (RFQ) where the MHA has described exactly what needs to be purchased and the evaluation is made solely on price.

In accordance with the Broader Public Sector Procurement Directives, suppliers will not participate in the development of specifications for bids, to ensure objectivity and eliminate unfair competitive advantage.

In accordance with the Broader Public Sector Procurement Directives, all stakeholders who participate on competitive bidding evaluation teams will be required to complete Conflict of Interest and Non-Disclosure forms. Declared conflicts of interest will be reviewed, and appropriately mitigated

The MHA uses a number of electronic tendering systems and services including “BIDDINGO”, St. Joseph’s Healthcare Capital Buying Group, Healthcare Materials Management Services, and HealthPRO Group Purchasing Organization.

When posting open competitive documents a minimum of 15 business days response time must be provided with the closing date clearly stated on the proposal.

From the start date to the deadline for submitting bids all communication must be managed by the bid administrator either by addendum to the proposal or a question-and-answer response. Any other communication is strictly prohibited.

Evaluation criteria must be clearly stated on the competitive procurement document outlining mandatory, rated and other criteria that will be used to evaluate submissions including the weighting of the criteria. Submissions that do not meet the mandatory requirements will be disqualified. This evaluation criteria (scorecard) must be used when selecting the winning submission. Each member of the evaluation team must complete a scorecard and is retained for audit purposes.

MHA will not discriminate or exercise preferential treatment in awarding a contract to a supplier.

### ***Selection Criteria***

The following list of factors will be given consideration in the final product/service selection.

- price, however, the lowest price may not necessarily be selected
- ability to match product specification
- past performance and references of the company
- ability to service the product
- environmentally responsible
- financing options
- regional standardization

### **Contract Award**

The submission that receives the highest evaluation score and meets all mandatory requirement set out in the proposal must be declared the winning bid.

Once the competitive process has been completed and the preferred supplier has been selected, the MHA must now go through the process of awarding the contract to the preferred supplier.

The agreement between the MHA and the successful supplier must be defined formally in a signed written contract before the provision of the goods, services or construction commences and signed by Materiel Management (M.M.) and the approving manager responsible for the cost centre.

The contract must be finalized using the appropriate form of agreement and must include appropriate cancellation or termination clauses.

The term of the agreement and any options to extend the agreement must be set out in the procurement document.

Once these steps are complete, communication can resume with the participants of the competition subject to confidentiality requirements stated in the contract.

All suppliers participating in the bid must be notified of the contract commitment and be provided with an opportunity for a debriefing session.

### ***Exemptions from the Competitive Process***

In certain unique circumstances, the MHA will not have the ability to go through a competitive process for their procurement activity.

There are two main types of direct awards.

- a. Single Sourcing is the use of a non-competitive procurement process to acquire goods, services or construction from a specific supplier even though there may be more than one supplier capable of delivering the same goods, services or construction.
- b. Sole Sourcing means the use of a non-competitive procurement process to acquire goods or services where there is only one available supplier for the source of the goods or service.

### **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 non-competitive procurement is required due to an urgent situation, the MHA 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 MHA's ability to maintain security or order or to protect human, animal or plant life or health;
- f. Where there is an absence of any bids in response to an open competitive process that has been conducted in compliance with this document; and
- g. Where only one supplier is able to meet the requirements of procurement in the circumstances (sole sourcing).

### **Sole Sourcing**

In accordance with the Agreement on Internal Trade (AIT), in the situation where only one supplier is able to meet the requirements of procurement the MHA may use procurement procedures that differ from those described above in the following circumstances:

- a. To ensure compatibility with existing products, 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 (i.e. raw materials purchased locally);
- e. For work to be performed on or about a leased building or portions thereof that may be performed only by the leaser;
- f. For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
- g. For a contract to be awarded to the winner of a design contest;
- h. For the procurement of a prototype or a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases;
- i. For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases;
- j. For the procurement of original works of art;
- k. For the procurement of subscriptions to newspapers, magazines or other periodicals; and
- l. For the procurement of real property.

#### Non-Competitive Procurement Documentation

When the MHA bypasses the competitive process for any of the situations identified above, formal documentation must be completed to support and justify the decision. This documentation must be completed and approved by Administration and may be used as supporting documentation in the case of a competitive dispute.

#### *Environmental Sourcing*

The MHA will consider environmentally responsible and sustainable products and services as part of their purchasing decisions. The objectives of environmental sourcing are to:

- a. Provide an environmental role model for public procurement by making it a priority to use environmentally responsible products and services, where feasible and cost effective;
- b. Support a healthier working environment for employees and for citizens in general through the purchase of environmentally preferable goods and services;
- c. Increase demand for environmentally responsible products and services, which may ultimately enhance their quality and cost competitiveness; and
- d. Increase the conservation of resources through the use of more reusable products, and/or products and services that require less energy and materials to produce or use.

#### **Contract Management**

Payments will be made in accordance with the provision of the contract. Supplier performance should be monitored and managed by the user department.

**Procurement Documents and Records Retention**

All procurement documents, as well as any other pertinent information for reporting and auditing purposes, must be maintained for a period of seven years and be in recoverable form if requested. These documents are maintained by Materiel Management.

**Conflict of Interest**

The MHA must consider any conflicts of interest during procurement activities applicable to all employees, external consultants or suppliers. The organization must require any individual involved in supply chain-related activities to declare all actual or potential conflicts of interest.

**Bid Protest Procedures**

The MHA must 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. The process will be compliant with the bid protest procedures as set out in the AIT and the Ontario-Quebec Procurement Agreement.

**Reference** (list reference material used in creating this document)

Broader Public Sector Procurement Directive April 2011-04-28

Agreement on Internal Trade (AIT)

Ontario-Quebec Procurement Agreement