



<b>Manual: Policy &amp; Procedures</b>	<b>Section: Finance Management</b>
<b>Subject: Procurement Policy</b>	<b>Date Approved: November 2022</b>
<b>Approved by: Board of Directors</b>	<b>Date Reviewed: November 2022</b>
<b>Applicability: Board of Directors and staff</b>	

## **Policy Statement:**

### **1. PURPOSE**

Vibrant Healthcare Alliance “Vibrant” is committed to fair and objective business practices at all times and ensuring compliance with and where possible exceeding, legislative and regulatory requirements including alignment with the principles of the Broader Public Sector Accountability Act (“BPSAA”). Our aim is to ensure that goods and services are acquired through a process that is fair, open, transparent, competitive, and accessible to qualified vendors.

This policy emphasizes five key principles:

- accountability;
- transparency;
- value for money;
- quality service delivery; and
- process standardization.

Standardized processes help remove inefficiencies and create a level playing field. This policy specifies the responsibilities of individuals in each stage of the procurement process. This ensures consistency in the management of procurement practices and decisions. Sound procurement procedures contribute to a reduction in purchasing costs.

### **2. DEFINITIONS**

For the purposes of this policy, the following definitions apply:

**“Consulting Services”** mean the provision of expertise or strategic advice that is presented for consideration and decision-making.



**“Non-Consulting Services”** A “Non-Consulting Service Provider” (i.e., Professional Services) is defined as a person or company who is contracted to provide tactical or operational services.

Examples: a training professional to deliver systems training, a communications consultant to prepare a marketing material.

**“Goods and services”** mean any goods, construction, and services, including but not limited to information technology and consulting services.

**“Information Technology”** means the equipment, software, services, and processes used to create, store, process, communicate and manage information.

**“Procurement Value”** means all costs and conferred value associated with a contractual relationship with a third party.

**“Procurement Value Increase”** means that the costs and conferred value associated with a procurement initiative have increased after the procurement approval.

**“Request for Proposal”** (RFP) means a procurement document that requests vendors to supply solutions for the delivery of complex products or services or to provide alternative options or solutions. The RFP process uses predefined evaluation criteria, in which price is not the only factor.

**“Supplier/Vendor”** means any person or organization that, based on an assessment of that person’s or organization’s financial, technical, and commercial capacity is capable of fulfilling the requirements of procurement.

**“Business Credit Card”** (BCC) means the single business credit card identified as such to be used for Vibrant related purchases where a vendor will not issue an invoice, or for online purchases, other than those payments identified as Travel, Meals and Hospitality.

**“Business Credit Card Authorized Limit”** means the total authorized credit approved by the Audit, Technology and Risk Management Committee for purposes of expenditures under this policy.

### **3. SCOPE**

This policy applies to all Vibrant employees involved in the procurement process.



#### **4. PRINCIPLES**

Vibrant must conform to the following key principles:

- The procurement process must focus on value for money. Goods and services will be procured only after consideration of Vibrant's business requirements, alternatives, timing, supply strategy and procurement method.
- Notwithstanding the availability of budgeted funds, all expenditures committed to by Vibrant will be made in a manner of utmost fiscal prudence.
- Access for qualified vendors to compete must be open, fair, and transparent, providing equal treatment to vendors.
- Conflicts of interest, both real and perceived, must be avoided during the procurement process and the ensuing contract.
- The procurement of goods and services must be responsibly and effectively managed through appropriate organizational structures, systems, policies, processes, and procedures.
- Vibrant will consider and/or look for opportunities that embrace its commitment towards diversity in all its business processes and with its external relationships.

#### **5. PROCUREMENT PLANNING**

Vibrant must undertake procurement planning as an integral part of the procurement process to identify the goods and services needed to meet its business requirements. Procurement planning assists in:

- identifying the potential supply source;
- identifying the procurement method most suitable;
- determining what approvals are needed; and
- determining when approvals are needed to ensure that enough time is allowed to complete the procurement process.

As part of its procurement planning, Vibrant must assess the following:

- early identification of needs;
- clear definition of requirements;
- justification for the acquisition;
- compatibility of procurement needs with Vibrant's policy, program, legislative and regulatory requirements;
- adequate timelines for procurement approval, tender period, and evaluation;
- accessibility requirements;
- privacy, security, and confidentiality requirements;
- real or perceived conflicts of interest;



- ownership of deliverables and intellectual property rights including the obligation to ensure that Vibrant does not inadvertently infringe on rights belonging to Third Parties;
- business continuity requirements;
- performance standards and service levels;
- performance management including remedies for non-performance;
- vendor compensation and payment;
- knowledge transfer and training;
- risk allocation and liability;
- dispute resolution;
- early termination provisions; and
- other requirements deemed necessary.

Managers and Directors should communicate their annual procurement requirements to the Director Strategy and Operations and CEO as part of the budget preparation process. Every effort will be made to include all foreseeable expenses as part of the annual budget, which is approved by Vibrant's Board.

When an unforeseen or emerging business need arises, which results in the need for goods or services not contemplated in the budget, the CEO should be advised as soon as possible. Any expenses not contemplated in the Vibrant budget will be presented to the Vibrant Board for approval, if it has an impact on the approved operating budget.

While Vibrant does its budgeting on an annual basis, it is not required to engage in a competitive process for each good or service each year. Vibrant may enter into multi-year contracts with suppliers. In most cases, the timeframe for review of contracts is three years and ongoing vendor arrangements do not exceed six years without a new competitive process. However, there are some vendors where long-term strategic partnerships are beneficial. Examples include, but are not limited to, technology, telecom, financial, audit, and legal services. As well, there may be opportunities to take advantage of government negotiated agreements with Vendors of Record (VOR), where negotiated agreements exceed three years.

In recognition of the fact that there may be instances where it is beneficial to have longer contracts, the maximum timeframe for review of contracts must not exceed five years. Ongoing vendor arrangements must not exceed a maximum of six years without a new competitive process. If there are extenuating circumstances and a compelling business case to have a contract that exceeds these maximum review or renewal periods, the matter may be reviewed by the Internal Affairs Committee of the Board.



## **6. PROCUREMENT VALUE:**

Vibrant must determine the Procurement Value in order to determine the appropriate procurement approval authority and procurement method. To determine the Procurement Value, Vibrant must include all costs and benefits associated with entering into a contractual relationship with a third party.

Costs and benefits may include, but are not limited to:

- price/cost of the goods and/or services;
- one-time costs such as site preparation, delivery, installation, and documentation;
- ongoing operating costs including training, accommodation, support, and maintenance;
- sales tax and applicable duties;
- disposition costs;
- premiums, fees, commissions, and interest;
- options to renew;
- direct payments by Vibrant to the successful vendor;
- indirect payments by third parties to the successful vendor; and
- any conferred value by Vibrant to the successful vendor.

When determining the appropriate approval authority required for a Procurement, the Procurement Value does not include sales taxes.

## **7. PROCUREMENT OR CONTRACT VALUE INCREASES:**

In the event that the cost of the procurement increases, approval from the appropriate authority, based on the increased procurement value, must be sought prior to proceeding with or continuing the procurement or amending an existing contract. Procurement Value Increases may be caused by, but not limited to, price increases, volume uptake, increase in the scope of work, added contractual terms, project delays or other unforeseen circumstances.

A change order addendum must be established which outlines the changes to any existing contractual terms including any increase in total maximum contract value. If the new contract value moves the contract to a higher purchasing authority, the necessary approved processes must be followed. Business cases may be prepared for any required process exemptions based on contract changes (for example if the contract value increase now exceeds 100,000 but an open competition was not originally held) and approved by the appropriate authority.



**8. SUPPLY SOURCE:**

Prior to conducting procurements, Vibrant must validate that there is a compelling need for the acquisition (i.e., internal resources are not available) and determine the appropriate supply source for the required goods or services.

When considering supply sources for goods or services, Vibrant may consider the Ontario Government’s List of Vendors of Record (VOR). Vibrant is not required to use a VOR but may consider providers on the list in the procurement process.

**9. PROCUREMENT METHODS AND PURCHASING AUTHORITY:**

*9.1 Procurement of Goods and Services*

Generally speaking, when purchasing goods and services, Vibrant is to select and use the applicable procurement process and obtain the appropriate approvals as set out in the chart below, which is based on the value of the procurement excluding applicable sales taxes (e.g., HST, GST, etc.). These values apply for all procurements including Consulting services, non-consulting services, IT, and other Goods:

**Goods and Non-Consulting Services**

<b><u>PROCUREMENT VALUE</u></b>	<b><u>PROCESS TO BE FOLLOWED</u></b>	<b><u>APPROVAL AUTHORITY</u></b>
Under \$10,000	Informal (1 to 3 written supplier quote)	Program Manager/ Director
\$10,001 to \$25,000	Invitational Competitive	Director
\$25,001 to \$99,999	Invitational Competitive	CEO
Over \$100,000	Open Competitive	Board of Directors



**Consulting Services**

<b><u>PROCUREMENT VALUE</u></b>	<b><u>PROCESS TO BE FOLLOWED</u></b>	<b><u>APPROVAL AUTHORITY</u></b>
Under \$25,000	Invitational Competitive	Program Manager/ Director
\$25,001 to \$99,999	Invitational Competitive	CEO
Over \$100,000	Open Competitive	Board of Directors

No action shall be taken to reduce the value of the procurement in order to avoid any of the requirements regarding competition or approval levels.

*9.1.1 Procurement Processes*

**Informal procurement** is achieved by requesting one (1) to three (3) quotes from supplies for goods and non-consulting services.

**Invitational competitive procurement** is achieved by requesting a minimum of three (3) qualified vendors to submit a written or electronic proposal in response to Vibrant’s requirements.

**Open competitive procurement** is achieved by using an open tendering process that is publicly accessible such as a Request for Proposals (RFP).

**Non-competitive procurement** process must be supported by a business case that aligns with an Allowable Exception (as noted below) or seeks approval for an exemption where no Allowable Exception exists.

There are some allowable exceptions to a competitive procurement process, which are set out in Section 9.2.



## 9.2 Allowable Exceptions

There are some exceptions to the requirement for competitive procurement processes listed above, as follows:

- **Ad Hoc Service Requirements**  
From time to time, Vibrant will require specialized professional services to support its regulatory activities (e.g., external legal counsel to defend against a lawsuit or to prosecute a matter in times of high workload for in-house counsel). Given the nature of these activities, it will not be possible to determine in advance the value of the contract. Further, time constraints in dealing with such matters may make it impossible to meet the full requirements of this policy.
- **An Unforeseen Situation of Urgency**  
An unforeseen situation of urgency does not occur where has failed to allow sufficient time to conduct a competitive procurement process.
- **Expense**  
The expense of a competitive process would clearly outweigh the prospective savings to be achieved by using a competitive process for the cost of the goods or services being sought.
- **Confidential or Privileged Information**  
Where the services revolve around confidential or privileged information and the disclosure of those matters through a competitive procurement process could reasonably be expected to compromise confidentiality, cause economic disruption or otherwise be contrary to the public interest.
- **Absence of Bids**  
Where there is an absence of any other bids in response to a competitive procurement process.
- **Only One Supplier Able to Meet Requirements of Procurement (i.e., sole sourcing)**  
In rare circumstances, only one supplier may be able to meet the requirements of the procurement to ensure compatibility with existing products or the supplier is a statutory monopoly. The vendor is the only provider for a particular service under a previous contract.

**A documented justification is required for any non-competitive procurement.**





In circumstances where a non-competitive procurement process is required for products or services **below** \$25,000, the justification must be documented in a written business case by the requisitioning department manager and maintained on file. The business case must be approved by the CEO.

In circumstances where a non-competitive procurement process is required for products or services **above** \$25,000, the justification must be documented in a written business case by the requisitioning department manager and maintained on file. The business case must be approved by the CEO and the Board of Directors.

### *9.3 Consulting Services & Consultant Expenses*

Consulting services refers to the provision of expertise or strategic advice that is presented for consideration and decision-making. Whenever possible, Vibrant will require consultants to incorporate all costs into their quotes for service so that no additional expenses will be added. Where Providers of consulting services are to be reimbursed for reasonable expenses, the details regarding what expenses will be considered will be set out in the contract with the service provider depending on the requirements of the particular project.

## **10. PROCUREMENT PROCESS**

### *10.1 Procurement Documents (e.g., requests for proposal, requests for services and quotations)*

To enable fair comparison of vendor submissions, procurement documents must be in writing and include sufficient details concerning the submission requirements for prospective vendors to prepare a bid.

Procurement documents should include the following information, where applicable:

- a. A description of the required goods or services.
- b. Disclosure of the evaluation criteria and the process to be used in assessing submissions. For example, in addition to the price or cost, factors such as quality, quantity, delivery, service, experience of the vendor or service provider and other criteria related to the procurement may be taken into account in evaluating submissions. No process should unduly favour or disadvantage any vendor.
- c. The name, telephone number and location for the person to contact for additional information on the procurement documents.
- d. Conditions that must be met before obtaining procurement documents such as confidentiality agreements, if appropriate.



- e. The method, address, date and time limit and system access, encryption or other delivery instructions required for submitting responses to procurement documents. Responses received after the closing date and time must be returned unopened.
- f. Declaration that the vendor has not given, directly or indirectly, a benefit of any kind to anyone employed by, or otherwise connected with Vibrant, for the purpose of receiving favourable treatment or otherwise obtaining an advantage in connection with a Vibrant procurement activity.
- g. Conflict of interest provisions that:
  - i. define conflict of interest to include situations or circumstances that could give the vendor an unfair advantage during the procurement process or compromise the ability of the vendor to perform its obligations;
  - ii. reserve the right of Vibrant to solely determine whether any situation or circumstance constitutes a conflict of interest;
  - iii. reserve the right to disqualify prospective vendors from a procurement process due to conflict of interest;
  - iv. require prospective vendors participating in a procurement process to declare any actual or potential conflict of interest;
  - v. require vendors to avoid any conflict of interest during the performance of their contractual obligations for Vibrant;
  - vi. require vendors to disclose any actual or potential conflict of interest arising during the performance of an agreement;
  - vii. reserve the right to prescribe the manner in which a vendor should resolve a conflict of interest;
  - viii. allow Vibrant to terminate an Agreement where a vendor fails to disclose a conflict of interest; and
  - ix. allow the Agreement to be terminated where a conflict of interest cannot be resolved.
- h. Other information or policy requirements as appropriate.

### *10.2 Bid Response Time*

Sufficient time will be given to vendors to prepare and submit bid responses, taking into account all relevant factors such as, but not limited to, time needed by the vendor to properly disseminate the information, complexity, risk, seasonality, and best practices within the relevant industry.

### *10.3 Evaluation Process*

Vibrant will evaluate the responses received in accordance with the evaluation criteria set out in the procurement document. Lowest price or cost may not be the main factor in



assessing responses. Other considerations such as quality, quantity, delivery, customer service, experience of the vendor or service provider, or other criteria related to the procurement may be taken into account as well.

Ultimately, the contract shall be awarded to the most qualified and responsive vendor or service provider whose proposal meets the requirements and criteria set out in the procurement document and whose bid is determined to be the most advantageous for the organization.

Vibrant will not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.

## **11. AGREEMENTS OR CONTRACTS FOR GOODS OR SERVICES**

Any agreement or contract for goods or services between Vibrant and a vendor must be in writing and include the following:

- A description of the goods or services to be provided
- The total cost for the specified goods or services, if known
- If it is a consulting or professional services agreement or contract, it should state the hourly rates or fees for service
- If it is a consulting or professional services agreement or contract, it should outline any expenses of the consultant that Vibrant is expected to cover
- Payment terms
- Timeframe for delivery or completion of the project
- Confidentiality provisions
- Conflict of interest provisions
- Dispute resolution clauses – Ideally, there should be opportunities to remedy any issues that could arise informally or through mediation prior to commencing legal action
- Appropriate termination clauses
- Appropriate mechanisms for amending the agreement or contract if necessary (e.g., change orders)

Vibrant staff may wish to consider obtaining legal advice with respect to procurement documents and agreements or contracts for goods or services.

## **12. BUSINESS CREDIT CARD (BCC)**

For a limited type of smaller purchases of non-consulting goods and services, certain vendors will not accept cash or cheque as payment and require an authorized credit card in order to render the goods and/or services. Through its financial institution, Vibrant has obtained a commercial credit card. The BCC will be maintained by the Director, Strategy and Operations.



Where possible, employees will ask vendors to invoice Vibrant for goods and/or services rendered in accordance with the applicable policy. Where this is not possible, the BCC may be used as a permissible form of payment.

All such payments must be pre-approved by a member of the Leadership Team. If a payment is requested by a member of the Senior Leadership Team (i.e., Directors), the CEO shall pre-approve the purchase.

### **13. DOCUMENT AND RECORDS RETENTION**

The Director of Strategy and Operations shall maintain a centralized resource for all purchases and all contracts for consulting or professional services, including the original quote information, supporting documentation, contracts, and invoices.