

North York General Hospital Policy Manual

TITLE: **Procurement Directive**

NUMBER: **VII-45**

CROSS REFERENCE: Approval Authority Policy (XI-140)

ORIGINATOR: Materials Management

APPROVED BY: Senior Leadership Team

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Article I. Procurement Directive

Section 1.01 Procurement Responsibilities

Staff, Volunteers, Doctors, Outsourced Service Personnel, Faculty, Board Governors, and individuals engaged in any steps of the procurement process are responsible for:

- Ensuring they are informed and compliant with the Hospital's Conflict of Interest policy, the Approval Authority Policy as well as the Directive within this document
- Using appropriate procurement methods
- Exercising integrity and good business judgment when requesting products and services on behalf of their department or the Hospital

Management is responsible for:

- Ensuring employees are in compliance with the principles and requirements of the Approval Authority Policy and this Directive
- Understanding and following the Directive set out by the Ministry of Finance in the Broader Public Sector Procurement Directive
- Approving the requisition of goods and services for their areas of responsibility
- Provide approved specifications to purchasing for the sourcing process
- Suggest sources when required for the invitational competitive process
- Recognizing the financial accountability to the Hospital and department budgets for procurement choices
- Ensuring they and their staff are informed and compliant with the Hospital's Conflict of Interest policy
- Ensuring existing procurement contracts are utilized and Hospital spend is compliant with obligations the Hospital has committed to
- Completing only when applicable and required a sole/single source form without prejudice or preference. Sole/single source form should be avoided when possible and will be tracked and reported monthly to the CFO
- Ensuring they have proper justification for all product decisions made, including single/sole source decisions
- Recommending and choosing suppliers with the assistance of the Purchasing department. The authority to execute contracts rests with the Procurement, Department, the Chief Financial Officer and the Chief Executive Officer. Management's role is to approve the Contract Review Form to indicate their approval for execution of the contract based on the procurement process.

Purchasing department is responsible for:

- Ensuring all Purchasing employees are in compliance with the principles and requirements of the Approval Authority and these Procurement Directives
- Adhering to the Directive set out by the Ministry of Finance in the Broader Public Sector Procurement Directive and ensuring all sourcing is done within its rules
- Follow the the Ontario Broader Public Sector Supply Chain Code of Ethics
- The members of the Purchasing department also work within the Plexxus Purchasing Procedures Manual

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- Providing any assistance required by the Hospital and internal departments for goods and services needs
 - Ensuring existing contracts are utilized and spend is compliant
 - Recognizing opportunities for the Hospital to see financial benefits of strategic sourcing, as well as standardizing and simplifying practices
 - Recommending sourcing as a means of ensuring the Hospital is using recommended procurement practices for fair market value of goods and services
 - The Finance Department is also responsible to ensure Value for Money through following the above Directive related to invoices that are processed through accounts payable that are not on a contract.

Section 1.02 Procurement Scope

Purpose

To ensure that goods and services including construction, consulting services and information technology are acquired through a process that is fair, open, transparent, geographically neutral and accessible to qualified vendors.

To specify the responsibilities and accountabilities of North York General Hospital management, the Procurement and Finance Department and of individuals and hospital departments throughout each stage of the procurement process,

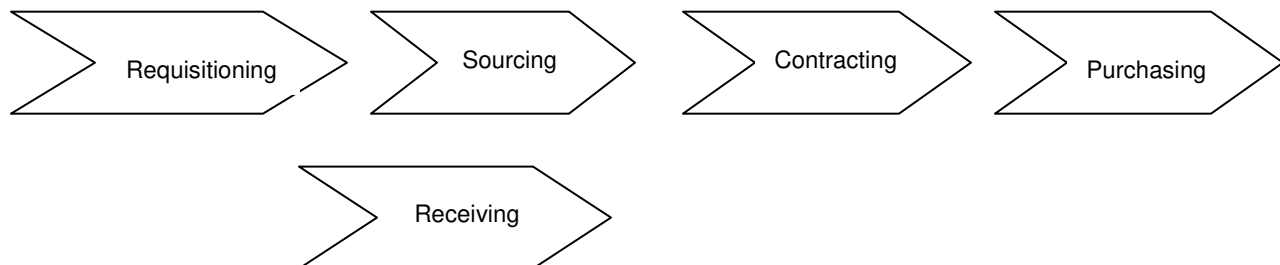
To contribute to a reduction in purchasing costs,

To ensure consistency in the management of procurement related processes and decisions.

To ensure compliance with The Ontario Ministry of Finance Broader Public Sector Procurement Directive.

Scope

The Chief Financial Officer is accountable for all procurement processes at North York General Hospital. The following elements describe the steps in the procurement process, and are sometimes referred to as *supply chain* activities:



Generally, within the Directive described in these procedures, individuals may initiate purchases covered by funds approved in their departmental or program budgets. Final approval of the purchase to commit and expend funds is documented in the Hospital's Approval Authority Policy.

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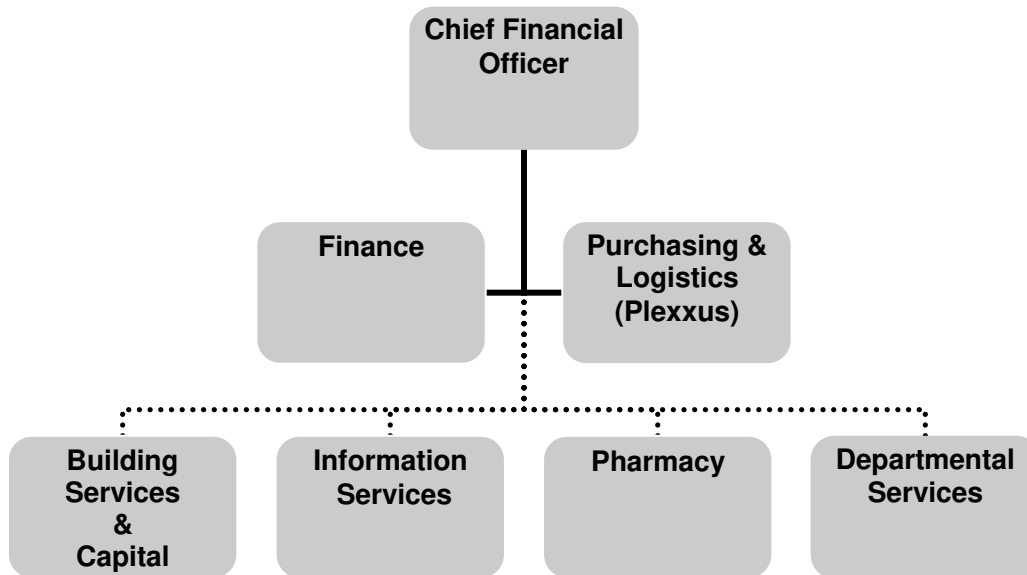
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The Purchasing Department, under the management of Plexxus, will work with all Hospital departments to conform to good procurement practices by simplifying and standardizing, wherever possible, like requirements. The Purchasing Department in partnership with the Finance Department is also responsible to communicate all developments in the field of procurement.

The specific procurement steps are outlined in more detail in this manual, organized by order of supply chain activities as illustrated above. All hospital procurement is the responsibility of the Purchasing Department.

Pharmacy Services will manage all pharmaceutical procurement according to processes described in Section 1.04 (c). Finance will periodically review documentation to ensure compliance.

The Hospital will endeavour to participate with other organizations in collaborative procurement initiatives where it is in the best interest of the Hospital to do so. The hospital also values sustainable supply chain practices and corporate social responsibility.



Section 1.03 General Definitions

Requisitioning

This activity refers to a department's desire to fulfill the need for goods, services or capital items in a one-time or ongoing purchase requirement. Purchase requisitions may be either manual or electronic, provided that they are approved and are in compliance with these procedures and the Hospital's signing authority policies.

Sourcing

This activity refers to vendor selection. It is the objective of the hospital to select the vendor who will provide the best value for money, in all procurement instances.

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All hospital departments are expected to follow the hospital's Approval Authority Policy, as it pertains to vendor sourcing. Should the good or service being acquired meet the criteria laid out in the Approval Authority Policy and require an RFP (Request for Proposal), the department requesting the goods or services is to partner with the Purchasing department to execute the RFP. The Purchasing department has adopted the Plexxus Purchasing Procedures Manual and the hospital's Approval Authority Policy which are in compliance with the Broader Public Sector Procurement Directive.

At the conclusion of the vendor sourcing and the selection of the successful vendor, the Purchasing department must complete a New Vendor Form for any new vendors. The form signatories certify that the vendor selected has the capability to deliver the product or service, and the vendor is financially viable. A vendor form is required for new vendors before Finance will process any vendor payments. The Finance Department will be accountable for the Vendor Form Database and ensure it is complete, accurate and includes only those vendors who meet the criteria to do business with at North York General Hospital.

Contracting

This activity refers to formalizing the agreed to terms of procurement identified during sourcing, in a legal document. All departments are to adhere to the hospital's Approval Authority Policy as it relates to contract authorization. All contracts must be maintained centrally in Purchasing, with a copy in the originating department.

Purchasing

This activity refers to placing orders against a duly authorized Requisition. All departments are to adhere to the hospital's Approval Authority Policy as it relates to purchasing authorizations.

Receiving

This process refers to acceptance of vendor products or services at a central location in the hospital as managed by the Logistics department, or delivery to an end user. In certain instances departments acknowledge acceptance (i.e. after hour deliveries, service) ensuring packing slips and service orders are forwarded to Logistics and Purchasing respectively.

Section 1.04 Requisitioning

A purchase requisition is required to initiate a goods or service requirement for a department, request for quotation (RFQ) or a RFP and must be based on a budget estimate. It must, at a minimum, contain the following:

- a. Accounting codes;
- b. Shipping address;
- c. Quantity required and unit of measure (i.e. case or each);
- d. A complete description of the goods and/or services required including complete technical specifications (as appropriate to the complexity of the Procurement event);
- e. Delivery date required;

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- f. In the case of single/sole source transactions, the Purchase Requisition must be supported with a completed, signed and approved Single/Sole Source certification form.
- g. Budgeted amount.

(a) Clinical Goods, Services and Capital Requisitions

Procurement of all medical, surgical and diagnostic supplies, through the purchase or lease of goods or services, is managed by the Purchasing department. The Purchasing department also procures all hospital medical and non-medical equipment.

Requisitioning

Individuals wishing to requisition any of the above goods or services are required to contact the appropriate department with a duly approved requisition to initiate the purchase as per Appendix A and B.

(b) Information Technology and Services Requisitions

All information technology acquisitions, through purchase or lease of goods or services, are managed by the Information Services Department to allow for standardization and ensure all products are within the IS Strategy

Items considered of an information technology nature, include the following:

- Personal Computers (PCs)
- Printers
- Computer software applications (standalone or strategic project related)
- Computer peripherals (e.g. mouse, memory stick, etc.)
- Smart phones, cell phones and pagers
- Annual software maintenance contracts
- Cabling and telecommunication
- Information Technology consulting contracts

Requisitioning

Individuals wishing to requisition any of the above goods or services are required to contact the appropriate department with a duly approved requisition to initiate the purchase per the Requisition and Signing Authority chart attached as Appendix A.

(c) Pharmaceutical Purchasing

All pharmaceutical procurement, including special access, as well as investigational study medications, is managed by Pharmacy Services. Pharmaceuticals purchased and dispensed through the Inpatient Pharmacy incorporate acute and ambulatory services and include the following:

- All medication and dosage forms, including total parental nutrition and

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supporting therapies (e.g., multivitamin solution, trace elements)

- Anaesthetic gases
- Systemic Chemotherapies and biologicals,

Purchasing

Pharmacy Services will place all pharmaceutical orders directly with the vendors, without the assistance of Materials Management. All purchases will be either entered in the pharmacy access database, generating a pre-printed purchase order, or recorded manually by the Pharmacy Services department.

The hospital purchases the majority of pharmaceuticals through a Group Purchasing Organization (GPO) Health Pro. On an annual basis, the sourcing arrangements are reviewed by Pharmacy with the GPO and pharmaceutical providers to ensure that there will be available supply for the hospitals.

Group Purchasing Organizations

Purchases through the GPO satisfy the Broader Public Sector Procurement Directive requirements for competitive bidding. No additional vendor bids are required for purchases through this GPO. Pharmacy Services may also, from time to time, work with another GPO for the purpose of contracting and sourcing.

The GPO consolidates expenditures across its members and manages the procurement process. Upon the award of business, the GPO will provide a pricing agreement and the Pharmacy Services Department will facilitate the agreement between the Hospital(s) and the supplier who is awarded the business.

Sourcing

Background: Drug prices from pharmaceutical vendors are transparent in the electronic pharmaceutical wholesale distribution system and can be readily audited at anytime. Pharmacy Services determines drug selection based on GPO (the lowest available price) and/or therapeutically appropriateness in some cases.

Process: For pharmaceuticals, a single sourcing could be justified based on clinical experience. For example, for a particular drug there may be a generic and a brand medication, in which the brand may have documented and preferred clinical efficacy.

Pharmaceutical Back Orders occur when pharmaceutical suppliers are unable to provide product due to insufficient supply. Back orders affecting patient care are considered emergency situations and are exempt from the competitive process and will follow the Directive for non-competitive procurement.

Controls & Documentation:

All pharmaceutical purchase orders and supporting documents are retained in the Pharmacy Access data base or historical manual records (prior to September 2009) and are retained indefinitely.

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Receiving

All receiving will be handled directly by Pharmacy Services.

The responsibility of the department's compliance to this policy rests with the Pharmacy Services Department. The responsibility of Hospital Compliance to the Broader Public Sector Procurement Directive rests with Finance and Purchasing and Pharmacy will provide Finance and Purchasing access to periodically review the procedures and documentation.

(d) Building Services and Capital Planning

All building services purchases are managed by the Building Services Department. Items considered building services in nature, include the following:

- Utilities
- Building maintenance supplies (electrical, plumbing etc.)
- Renovations and alterations
- Construction
- Property rentals or leases,

Requisitioning

Individuals wishing to requisition any of the above goods or services are required to contact the appropriate department with a duly approved requisition to initiate the purchase per the Requisition and Signing Authority chart attached as Appendix A.

Sourcing

Where the Building Services and Capital Planning department performs the sourcing role, the department will maintain the sourcing documents in the P.O. file as required in this procedure. In all other cases, the Materials Management process will be followed, or the Prime Consultant will perform this role.

Contracting

Where a formal contract is created by Building Services and Capital Planning, the department is responsible for maintaining the documents as required in this procedure, and forwarding a copy of the contract to Finance.

The Building Services and Capital Planning department will place all P.O. orders through Materials Management for non-construction related activities. The performance to contract for construction related activities will be managed by the Prime Consultant or internally by the department. However, the accountability still rests with the Building Services Department.

Receiving

Goods and services purchased by the Building Services and Capital Planning department may be receipted by Logistics department, or by the department depending on the nature of

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the goods and services. Direct shipment packing slips and service work orders are forwarded to Logistics and Purchasing respectively for processing.

The Prime Consultant will advise the Logistics department of compliance to contract for construction related projects. Compliance certificates will be maintained by the department and stored in Finance to support payments.

The responsibility of the department's compliance to this policy rests with the Building Services Department. The responsibility of Hospital Compliance to the Broader Public Sector Procurement Directive rests with Finance and Purchasing, and Building Services will provide Finance and Purchasing access to periodically review the procedures and documentation.

Section 1.05 Sourcing

(a) Goods, Non-Consulting Services and Construction

This chart briefly outlines the quote requirements that may apply as related to the value of the purchase according to the Broader Public Sector Procurement Directive. Once a signed requisition has been given to the Purchasing department they will assist the department in the appropriate quote requirement for their sourcing needs. A more detailed description of the steps completed by the Purchasing department can be found in Article 2 Purchasing Procedures.

Total Procurement Value	Means of Procurement	Recommended Requirement
		Recommended
\$0 up to \$1,000*	Purchase order or Visa PCard	Recommended
\$0 - \$10,000	Purchase order	
\$10,000 up to but not including \$100,000	Invitational competitive procurement (min of three suppliers are invited to submit a bid)	Required
\$100,000 or more	Open competitive process	Required

The amounts refer to the total value of the package / group / bundle of goods or services being purchased. It is not permitted to intentionally split a purchase into smaller units to avoid obtaining quotations, avoid using an approved supplier or to eliminate the requirement to go to RFP.

***Note:** For procurements of less than \$1,000 (and travel expenses in excess of \$1,000) staff are encouraged to procure goods and services through the use of a PCard.

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(b) Consultant Use

Prior to commencement, any procurement of consulting services must be approved in accordance with the Procurement Approval Authority Schedule for Consulting Services below.

Procurement Method	Procurement Value	Approval Requirement
Invitational Competitive	\$0 up to but not including \$100,000	Organization's AAS for goods and non-consulting services
Open Competitive	Any Value	Organization's AAS for goods and non-consulting services
Non Competitive	\$0 up to but not including \$1,000,000	President, CEO
	\$1,000,000	Board of Directors

(c) General

Must not reduce the overall value of the procurement to circumvent the Approval Authority Schedule as stated in (a) and (b).

Must competitively procure consulting services irrespective of value as per schedule (b).

Section 1.06 Contracting

Following the procurement process, a signed written contract must be established.

The agreement between the Hospital and the successful supplier must be defined formally in a signed written contract before the provision of the goods, services or construction commences. The contract specialist, in consultation with the end users, must consider, as appropriate, the use of contract clauses that permit cancellation or termination at critical project life-cycle stages. All contracts must have an approved Contract Signing Authorities cover page attached as Appendix C. The Procurement Department will involve legal review if required. The cover page confirms that the contract meets the department requirements.

When executing the contract or Purchase Order, the designated Hospital's signatures follow the approval levels within the Purchasing department.

- **Contract Specialist or Buyer - < \$20,000 contract total**
- **Purchasing Manager - < \$500,000 contract total**
- **Chief Financial Officer and Chief Executive Officer - \$500,001 – \$2,500,000**
- **Board of Governors - >\$2,500,000**

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(a) Contract Management

Procurements and the resulting contracts must be managed responsibly and effectively.

Payments must be made in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment. Any overpayments must be recovered in a timely manner.

Contracts are to be stored electronically in the Ariba system with hard copies stored with Purchasing and assignments properly documented.

Supplier performance must be managed and documented, and any performance issues must be addressed. If the Buyer cannot address performance issues it must be escalated to the Purchasing manager to take appropriate action.

To manage disputes with suppliers throughout the life of the contract, the contract specialist should include a dispute resolution process in their contracts.

For services, the contract specialist must:

- Establish clear terms of reference for the assignment. The terms should include objectives, background, scope, constraints, staff responsibilities, tangible deliverables, timing, progress reporting, approval requirements, and knowledge transfer requirements.
- Establish expense claim and reimbursement rules compliant with the Broader Public Sector Expenses Directive¹ and ensure all expenses are claimed and reimbursed in accordance with these rules.
- Ensure that expenses are claimed and reimbursed only where the contract explicitly provides for reimbursement of expenses.

(b) Consultant Use

Key Definitions on Consultant use:

"Consultant" means a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

"Consulting Services" means the provision of expertise or strategic advice that is presented for consideration and decision-making.

The hospital must ensure that selection and engagement of consultants follows a fair, competitive and transparent process and that the use of consultants achieves value for money.

1. A consultant assignment needs to be well defined and properly justified before deciding to use a consultant.
2. CEO or SLT approval in writing (email is adequate) is required before proceeding with the selection and engagement of a consultant

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3. Sole sourcing is discouraged. However, if there is a need to sole-source, CEO and/or Board Approval approval in writing is required.
4. The Broader Public Sector Procurement Directive must be followed in the selection and engagement process of a consultant.
5. Formal, signed written contracts are to be in place before the work begins. Follow on contracts must be awarded using a separate competitive process; if not, the justification for not doing so is to be properly documented and approved as per the process for single and sole source.
6. A consultant contract must clearly state required deliverables, timelines, fees, what expenses will be reimbursed by the hospital, terms for any contract extensions and follow-up work in addition to other contractual requirements.
7. The person responsible for managing the work of a consultant must ensure that appropriate controls are in place to monitor the work of the consultant, that payments are made in accordance with required deliverables and that all consultant expense claims are within the terms of the contract and have supporting documentation.
8. To ensure that all documents will be located in a central location that is accessible for audit purposes, all documents relating to the selection and engagement of consultants as well as the written approval that is obtained prior to proceeding with the use of a consultant will be kept in the consultant vendor file in Purchasing. These files need to be retained for 7 years.
9. All consultant engagements must be procured through a purchase order with the terms and conditions which is stated in the contract. Payments to be tied to specified deliverables with fixed ceiling price as per the contract.
10. Accounts Payable will not make any payments to a consultant until full documentation is provided, usually with the first invoice from the consultant.
11. Purchasing and Finance will report on the use of consultants to the CFO for presentation to the board on a quarterly basis.
12. In addition there will be a requirement in the future for BPS organizations to publish use of consultants on a publicly accessible website.

(c) Single and Sole Sourcing-Lack of ability to comply with a Competitive Process

This section covers non-competitive purchasing when the Hospital goes directly to one supplier to meet the requirements of the procurement. 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.

Organizations may utilize non-competitive procurement only in situations outlined in the exemption, exception or non-application clauses of the Agreement on International Trade (AIT) or other trade agreements.

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A copy of the agreement could be found at:

http://www.ic.gc.ca/eic/site/ait-aci.nsf/eng/h_il00034.html

Non-competitive procurement approvals and supporting documentation required. The Purchasing department will be able to assist the Hospital in determining whether the sourcing event meets Single/Sole Source criteria and will have the end-user department complete the Single/Sole Source form attached as Appendix B. The end user department is accountable for providing the justification for the single or sole purchase. Sole Sourcing will require the following signature approval levels as per the NYGH Signing Authorities Policy.

Section 1.07 Purchasing

Purchase orders are generated in the Materials Management system by the purchasing staff from a duly authorized purchase requisition. Copies are sent to the supplier either electronically (EDI) or by fax.

Section 1.08 Receiving

The receiving process is done by the Logistics department for all goods delivered to the Hospital main receiving area while service purchase orders are received through Purchasing following the receipt of work order documentation. Any exceptions, such as Pharmacy, Building Services or Service contracts, have a process that is deemed acceptable to the required segregation of duties. All purchase orders must be received through the Materials Management system in order to process payment.

The following receiving documents are required to be retained by materials management for goods, or the department receiving services directly in a receiving file to evidence receipt of goods or services:

- Packing slip for goods; or
- Email from individual acknowledging receipt of service.

Article II. Purchasing Procedures

These procedures outline the processes, roles and responsibilities of the Purchasing department that support and enable the objectives of the Hospital Procurement Policy. They also ensure compliance to the Broader Public Sector (BPS) Supply Chain Procurement Directive mandatory requirements.

Section 2.01 Procurement Conflict of Interest Policy

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North York General Hospital requires that all individuals associated with the Hospital conduct themselves with personal integrity, ethics, honesty and diligence in performing their duties for the organization. North York General Hospital Code of Conduct/Conflict of Interest Policy VII-15 provides clear guidance regarding the Hospital's expectations in this matter and applies to employees, contractors, consultants, vendors, physicians, students, volunteers, Board members and others carrying out business on behalf of the Hospital, regardless of where that business might be conducted.

Procurement Business Ethics

North York General Hospital will acquire its external material and service requirements consistent with internal procurement policies, applicable laws and regulatory bodies. Employees and medical staff shall not participate, either directly or indirectly, in any transaction for their personal benefit that utilizes any confidential information obtained from their position or responsibilities.

Conflict of Interest - Definition

A conflict of interest occurs when a person preparing specifications, selecting or negotiating for goods or services has a perceived personal interest in the outcome of the acquisition process.

Section 2.02 Procurement Code of Ethics

North York General Hospital is committed to conducting its business affairs in a socially responsible and ethical manner. All North York General Hospital employees shall maintain and practice the highest standards of business ethics, professional competence and courtesy when dealing with Hospital suppliers.

To this end, NYGH wishes to adopt the Ontario Broader Public Sector Supply Chain Code of Ethics as follows:

I. Personal Integrity and Professionalism

All individuals involved with purchasing or other supply chain-related 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 (Broader Public Sector) organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. All 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

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All individuals involved in purchasing or other supply chain-related activities must comply with this Code of Ethics and the laws of Canada and Ontario. All 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.

Section 2.03 Procurement Roles and Responsibilities

The appropriate Purchasing employee will:

- Review all Requisitions
- Create and review all RFP's with the end-user Hospital department
- Create and review RFQ's as required
- Create and review all evaluation criteria established in any competitive document prior to its release to market.
- Review and approve for execution all contract documents, including amendments, prior to routing to any Hospital for formal execution
- Create and review all Executive Summaries prior to routing to any Hospital for formal execution
- Create and review all purchase orders in accordance with the Hospitals signing policies
- Approve specifications which result in a sole or single source purchase.

Section 2.04 Competitive Procurement

(a) REQUEST FOR SUPPLIER QUALIFICATIONS (RFSQ)

The purpose of an RFSQ is to gather information on supplier capabilities and qualifications, with the intention of creating a list of pre-qualified suppliers. An RFSQ may be used either to identify qualified candidates in advance of expected future competitions or to short list qualified vendors. The RFSQ on its own does not meet the requirements of a competitive process.

(b) REQUEST FOR INFORMATION (RFI)

The purpose of an RFI is to gather general supplier, product and/or service information. This mechanism may be used when the purchaser is researching a contemplated procurement and has not yet determined what characteristics the ideal solution would need. The RFI on its own does not meet the requirements of a competitive process.

(c) 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. A minimum response time is required for procurements valued at \$100,000 or more. For high complexity, risk and/or dollar value the Purchasing May request a response time of 30 days.

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(d) REQUEST FOR TENDER (RFT)

The purpose of this document is to request suppliers' bids to supply goods or services based on stated delivery requirements, performance specifications, terms and conditions. An RFT usually focuses the evaluation criteria predominantly on price and delivery requirements.

Section 2.05 Sourcing Specification Requirements

The following requirements should be adhered to in the preparation of the specifications:

- a. **Nature – Specifications** should be detailed and not brand-specific. Suppliers should be able to provide alternatives if an equal or better-proven product or method is available.
- b. **Resulting sole or single source purchase** –Approval of specifications which result in a sole or single source purchase will be at the discretion of the appropriate end-user management, in consultation with Purchasing department as required.
- c. **Suppliers who consult in the development of specifications** - A supplier, who is paid to provide assistance in the development of specifications, is unable to submit a proposal or a response for which those specifications apply.
- d. **Ownership of Specifications** - Notwithstanding any assistance in the preparation of the specifications by a consultant, it is intended, subject to the contractual arrangements made, that the specifications will be and remain the property of Plexxus or its Hospitals, as applicable.

Section 2.06 Sourcing Document Requirements

The following documents are required to be retained in the PO file when not ordering against an existing contract:

Quotes for procurement ≤\$10,000

- a) Approved requisition; and
- a) Written agreement or purchase order; and

Written Quotations for procurement \$10,000 to \$100,000

- a) Approved requisition;
- b) Written agreement or purchase order; and
- c) Evidence of at least three written quotations; or
- d) Sole/Single Source form if utilized.

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Public RFP for procurement ≥ \$100,000:

- a) A copy of the RFP or RFQ;
- b) Evaluation template, all individual scores, the combined evaluation score, notes, etc.;
- c) Copies of all bid responses;
- d) Originals of all signed Conflict of Interest Declaration forms from evaluation team members;
- e) Copy of the Tax Compliance Declaration, and the Revenue Office Tax Compliance Verification;
- f) Copies of award letters/letters of intent/posted announcements;
- g) Working copy of the executed agreement (original to be retained in central contract repository);
- h) Copies of any documentation relating to issues that arose during the competitive process (e.g. late bid receipt);
- i) Copies of all debriefing offerings, presentations, meeting notes, supplier details, supplier management etc.;
- j) Risk assessment analysis and security screening requirements, as applicable;
- k) All documentation pertaining to supplier disputes, negotiations, notice letters, settlements etc.;
- l) Mandatory documents such as insurance documentation, medical device licenses, WSIB certificates etc.; and
- m) Purchase Order, as applicable; or
- n) Sole source form if utilized.

For reporting and auditing purposes, all procurement documentation, as well as any other pertinent information must be retained in a recoverable form for a period of seven years.

NYGH has a written policy for handling, storing and maintaining the suppliers' confidential and commercially sensitive information found in Privacy & Data Protection (V-25) and Record Retention and Destruction (V-50).

Section 2.07 Purchasing Department Procedures

The members of the Purchasing department, as managed by Plexxus, also work within the Plexxus Purchasing Procedures Manual which outlines in detail the Broader Public Sector Directive for sourcing events. A summary chart of requirements is attached as Appendix D.

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ORIGINATOR: Materials Management

APPROVED BY: Senior Leadership Team

ORIGINAL DATE APPROVED: June 2010

DATE REVIEWED/REVISED: January 2013

DATE OF IMPLEMENTATION: July 2010

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APPENDIX A - NYGH SIGNING AUTHORITIES

ORGANIZATIONAL AUTHORITY	Article #	Board	CEO	VP/Chief	DIR	MGR	
4.0 Operating Plan & Investment Projects							
Operating Plan	4.01	> UAB	R1	R1	R1	R1	-
Investment Decisions (Approved Capital/Operating Projects)	4.02	>\$2.5 M	<\$2.5 M	<\$1 M	<50K	-	-
Operating Plan Variance to Budget	4.03	> UAB	R1	R1	R1	R1	-
5.0 Human Resources							
Routine HR Decisions	5.02	-	R1	R1	R1	R1	
Approval of Staff Hours Worked	5.03		R1	R1	R1	R1	
Non Routine HR Decisions	5.04	-	R2	R2	R2	-	-
6.0 Procurement of Goods and Non-Consulting Services							
Requisitioning (See Schedule B)	6.01.1	>\$2.5M	<\$2.5M	<\$1 M	<\$100K	<\$10K	
Single/Sole Source***	6.02.3 & .4	>\$1M	<\$1M	<\$100K		-	-
6.0 Procurement of Consulting Services							
Requisitioning (See Schedule B)	6.01.2	>\$1M	<\$1M	<\$250K			-
Open Competitive	6.02.3 & .4	>\$1M	<\$1M	-	-	-	-
Single/Sole Source***	6.02.3 & .4	>\$1M	<\$1M				
6.0 Low Value Procurements and Travel Claims (Expenses and PCards)							
Purchases less than \$1K and travel	6.02.1	-	R1	R1	R1	R1	
7.0 Payment Approval for Invoices							
Invoices with purchase order, matched and received *	7.05	>UAB	<UAB	<\$250K	<\$100K	<\$10K	
Invoices w/out purchase order **	7.03	>UAB	<UAB	<\$250K	<\$100K	<\$10K	
11.0 Contracts							
Revenue Contracts. Business cases are required ≥ \$50,000	6.04	>\$2 M	\$2 M	\$500K	\$250K	-	-

* Invoices with purchase orders, price matched and goods/services received will be released by Finance.

** If no purchase order has been issued, levels and processes for Requisitioning are required to be followed.

*** Management will report quarterly to the Audit & Finance Committee on all Single/Sole Source activity

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APPENDIX B - PROCUREMENT OF GOODS, NON CONSULTING SERVICES AND CONSULTING SERVICES

Goods, Non-Consulting Services and Consulting Services are to be procured based on the following aggregate thresholds:

REQUISITIONS AND INVOICES FOR EMERGENCIES WITHOUT PURCHASE ORDERS			PROCUREMENT METHOD					SOLE OR SINGLE SOURCE CERTIFICATE ****		
Value	Goods and Non Consulting Services	Consulting Services	Estimated Value		Solicitation Method	Response Format	Minimum # of Requests/ Responses	Value	Goods and Non Consulting Services	Consulting Services
			Goods and Non Consulting Services	Consulting Services						
<\$1,000	Manager	VP or Director	<\$1,000		Purchase Order or Visa Purchase Card (PCard) when possible			<\$1,000		CEO
\$1,000 – \$9,999	Manager	VP or Director	\$1,000 – \$9,999		Formal quote ***	Written quote	1 *	\$1,000 – \$9,999		CEO
\$10,000 – \$49,999	Director	VP or Director	\$10,000 – \$99,999	\$0 – \$99,999	Invitational Formal quote***	Written quote	3 *	\$10,000 – \$99,999	VP or Chief	CEO
\$50,000 – \$99,999	Director	VP or Director								
\$100,000 – \$249,999	VP or Chief	VP of Chief	≥ \$100,000	≥ \$100,000	Open Competitive Formal Process (e.g. Request for Tender, Request for quotation or Request for Proposal)	Formal written bids	1 **	\$100,000-\$249,999	CEO	CEO
\$250,000 – \$499,999	VP or Chief	CEO						\$250,000-\$999,999	CEO	CEO
\$500,000 – \$999,999	VP or Chief	CEO						≥ \$1,000,000	Board	Board
\$1,000,000 – UAB or < \$2.5 million	CEO									
> UAB or > \$2.5 million	Board									
≥ \$1,000,000		Board								

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APPENDIX C - SOLE OR SINGLE SOURCE CERTIFICATE

To be compliant with laws, regulations, public policy and North York General Hospital's Purchasing Policy, all purchases are subject to competitive procurement. In rare, specific or exceptional circumstances, only one supplier or consultant may be able or capable of providing goods or services. A competitive bid cannot be completed for this acquisition for the reason noted and is supported by the rationale provided in the space below.

To ensure optimal value is obtained, fair market value (FMV) must be demonstrated where noted below.

This acquisition is intended for the following:

Good or service description: _____

Recommended supplier name: _____

Select the reason that applies:

- An emergency situation exists ("emergency" is defined in this instance as a circumstance in which an immediate purchase or procurement decision is necessary to prevent a serious delay, which could endanger a life, result in damage to property, or the suspension of the provision of an essential service).
- The subject matter of the procurement is of a confidential or privileged nature and its disclosure through a competitive bidding process could compromise security, cause economic disruption or otherwise be contrary to public interest.
- There is an absence of bids in response to an open competitive process.
- To ensure compatibility with existing products, to recognize exclusive rights such as licenses, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturers or its representative. Proof of FMV is demonstrated for compatibility with existing products via written documentation from the supplier of the manufacturer's list price, any educational discounts and the net price or comparison of manufacturer's list price, web site and/or catalogue pricing for a similar good or service and **is attached**.
- No alternative or substitute good or service exists that meets the specific or unique technical or research requirements of this procurement. Proof of FMV is demonstrated via written documentation from the supplier of the manufacturer's list price, any educational discounts and the net price and **is attached**.
- The supply of the goods or services is controlled by a supplier that is a statutory monopoly.
- The goods are available on a commodity market.
- Work is 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.
- The contract is to be awarded to the winner of a design contest and details of the contest **are attached**.
- A prototype developed specifically for research, experiment, study or original development, but not for any other subsequent purchases. Proof of FMV is demonstrated via written documentation from the supplier of manufacturing costs, excluding research and development (R&D) costs, but including materials, labour and overhead and **is attached**.
- The purchase of subscriptions to newspapers, magazines or other periodicals
- Other reasons not listed below.

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Rationale: Explain why the Supplier requested is the only one that can satisfy the requirements, as well as why alternatives are unacceptable. Attach additional pages if necessary.

I understand and accept that North York General Hospital's Purchasing Policy requires 2 quotations from different suppliers for goods or services valued from \$5,001 to \$25,000, or 3 quotations for goods or services valued from \$25,001 to \$99,999 and a Public RFP for goods and services valued over \$100,000. Due to the rationale outlined above I am unable to comply with these requirements. I understand this file may be subject to audit and single/sole sourcing activity will be reported and summarized quarterly to Senior Management. I have attached the required back-up documentation in support of the selected condition(s), and I also acknowledge that the order has **NOT** been placed with the supplier until this form has been duly authorized.

(*Requester and second signing authority cannot be the same person)

ORGANIZATIONAL AUTHORITY	Board	CEO	VP	Requisitioner
Procurement of Goods and Non-Consulting Services				
Single/Sole Source	>\$1M	<\$1M	<\$100K	
Procurement of Consulting Services > \$1 Million < \$1 Million				
Non Competitive				
Printed Name				
Signature				

Completed form to be sent to Finance

Administrative use only

Sole or Single Source Certification Number: _____

Approved Copy forwarded to Requester. Yes Date Sent: _____

Approved Copy forwarded to Purchasing. Yes Date Sent: _____

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APPENDIX D - Contract Review Form

CONTRACT SIGNING AUTHORITIES:

Up	to \$50,000	Director
\$50,001	to \$500,000	Vice President or Administrative Chief and Director
\$500,001	to \$1,000,000	CFO, Vice President or Administrative Chief and Director
\$1,000,001	to \$2,500,000	EVP or CEO, CFO, Vice President or Administrative Chief and Director
Over - \$2,500,000		All of the above plus Audit & Finance committee and the Board of Governors

Date: _____ Vendor: _____

Contract Name: _____ Total Value of this contract: \$ _____

Contract Term: _____

Cost Centre # _____ Department Name: _____

Required Signatures:

- _____ Materials Management
- _____ Manager
- _____ Director
- _____ Vice President or Administrative Chief
- _____ CFO
- _____ EVP or CEO

Please return this form along with the original contract and all required signatures to the Materials Management Department.

COMMENTS: _____

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APPENDIX E – Plexxus Purchasing Procedures Manual 2009



Plexxus_Purchasing_
Procedures_FINAL.doc

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APPENDIX F – Broader Public Sector Procurement Directive April 2011



BPS Procurement
Directive

Sign-off Sheet