



6.0 Equipment, Supplies and Purchasing

6.1 Purchasing

6.1.1P Fair Business Policy

1.0 Policy Statement

As a major purchaser of Goods and Services the Vancouver Island Health Authority (VIHA) has the responsibility to foster effective business relationships. It is in the best interest of the VIHA to promote fair and ethical business practices by promoting a climate that is equitable, open, accessible and accountable to third party providers of goods and services. VIHA will balance the interests of fair business and value for money in acquisition of goods and services.

2.0 Scope and Purpose

The purpose of this policy is to establish the principles and guidelines to ensure fair business principles are used in the procurement of goods and services. This policy is intended to cover relationships with all third party providers including but not limited to the:

- purchase and maintenance of equipment;
- acquisition of supplies (e.g. drugs, medical/surgical, laboratory, etc.);
- procurement of real property and leased facilities;
- planning, design and construction and maintenance of VIHA facilities; and
- award of service contracts (e.g. consulting/professional services, health/support services).

This Fair Business Policy (FBP) applies to the procurement of all third party goods and services initiated by VIHA. This policy does not apply to procurement processes initiated by the British Columbia Health Authority Shared Services Organization (SSO) on behalf of VIHA.

3.0 Principles

VIHA will conduct its procurement processes according to the following guiding principles:

- providing transparency in VIHA procurement processes;
- clearly defining VIHA business requirements;
- providing vendors with information on business opportunities;
- affording each vendor similar treatment;
- providing opportunities for open competition where appropriate;
- requiring staff to be accountable for procurement decisions;
- providing comparability with Government of B.C. Public Sector purchasing policy;
- receiving the best value for money;
- meeting the rigor and responsibility as a public body;
- leveraging buying power through common supply arrangements; and

- VIHA will strive to be in compliance with the Agreement on Internal Trade (AIT) guidelines and the terms of the Trade, Investment and Labour Mobility Agreement, and the New West Partnership Trade Agreement. This requires VIHA to conduct an open competitive bid process based on established dollar thresholds and ensures equal access to procurement for all Canadian suppliers. Competitive processes have to be transparent and non-discriminatory.

4.0 Types of Business Arrangements

The FBP provides overarching principles that govern business arrangements and apply to the following related policies and procedures:

- 3.1 - Recruitment of Physicians
- 4.4.3 - VIHA Signing Authority Policy
- 6.1.1.1PR – Waiver of Competitive Bid Procedure
- 6.1.1.2PR - Vendor Complaint Review Procedure
- 19.0 - Contract Management Policy
- 18.0 - Capital Planning and Space Accommodation Policy
- 20.1.2 - Strategic Procurement Policy
- 20.1.1 Corporate Sponsorship Policy

5.0 Guidelines for Competitive Bidding

Competitive processes will be used for the acquisition of equipment, supplies and services, with exceptions (see Section 8.0), based on contract value inclusive of all fees and taxes. Competitive bid processes will be initiated where appropriate to the value, complexity and profile of the business opportunity through the following processes:

- **Direct Award** – Direct award is permitted for smaller expenditures where the total value of the equipment, supplies and services is less than \$50,000. A direct award will result in a contractual relationship that meets VIHA business needs, demonstrates cost effectiveness, and quality that reflects market value. No competitive bid process is required. Multiple direct awards to the same vendor are not permitted where the work would be reasonably assessed as being related to the previous contract, or is for a similar type of work.
- **Select Bid** – A Select Bid process may be used where the value of equipment, supplies and services is greater than or equal to \$50,000, and less than \$75,000. Construction contracts are permitted to use a Select Bid process in where total value exceeds \$50,000 and is less than \$200,000. A minimum of three qualified potential vendors will be requested to submit proposals. The entire process is documented in an approved format and all decisions/results clearly justified.
- **Open Bid** – An Open Bid must be used where the value of equipment, supplies and services is equal to or exceeds \$75,000 and construction contracts that are equal to or exceed \$200,000. This highly structured process ensures the opportunity for all interested vendors to submit proposals.

6.0 Competitive Bid Processes

VIHA will use a range of competitive process tools including ITBs, QRs, ROIs, RFPs or RFQs (refer to Section 10.0 - Competitive Bid Processes Definitions) based on the specific needs and requirements. Each process shall be carried out following the laws of competitive bidding under Canadian common law. VIHA will strive for general consistency with applicable Government of B.C. Public Sector purchasing policy as well the BC - FIPPA (Freedom of Information and Privacy Act) and any subsequent amendments. At a minimum, the following requirements will be addressed:

- All calls for tenders contain basic information to meet legal requirements and ensure appropriate responses.
- All requirements will be clearly defined and made available to all vendors as a means to ensure transparency of process and decision-making.
- All potential vendors are provided identical information on which to bid.
- All proposals must meet certain mandatory requirements (e.g. closing period) for consideration in VIHA competitive processes. Minor irregularities in the mandatory requirements may be accepted by VIHA (e.g. number of copies).
- Objective selection criteria will be established prior and used for reviewing proposals and awarding contracts. The subsequent award of a contract will be made on the basis of the criteria set forth in the solicitation documents.
- All unsuccessful bidders will be notified at the conclusion of the competitive bid process.
- The entire competitive process appropriately documented with all decisions clearly justified.
- VIHA officers, employees, or other individuals acting on behalf of the Authority shall not disclose confidential information or disclose information provided through the process or use the information for their own gain.

7.0 Managing Competitive Bid Processes

VIHA delegates the responsibility to manage competitive processes as follows:

7.1 Equipment and Supplies

All competitive bid processes for equipment and supplies are managed by the SSO.

7.2 Services

All competitive bid processes for services are managed or overseen by the Contract Policy and Standards (CP&S) department of VIHA. CP&S may delegate responsibility for managing bid processes considered low risk, to the requesting department.

7.3 Goods and Services

All competitive bid processes that have a combination of goods and services are coordinated by SSO. The SSO will coordinate with CP&S to ensure appropriate service contract provisions are in place.

7.4 Capital Planning and Construction

All competitive bid processes for leases, capital planning, design and construction projects are managed by Facilities Planning & Construction or Capital Planning departments of VIHA.

7.5 Unsolicited Proposals

Unsolicited proposals from private sector suppliers may be considered if they are unique, addresses the current or future needs of the VIHA; or the goods or services are not otherwise available in the marketplace. For consideration, any proposals must be translated into a contractual format based on VIHA needs/requirements and have the total value of less than \$50,000 in order to allow Direct Award.

8.0 Exceptions to Competitive Bid

The following exceptions apply to the Policy Guidelines for Competitive Bidding requirements detailed in Section 5.0:

- 8.1** Contracts with other Health Authorities and Government Ministries are exempt from competitive processes.
- 8.2** Long term health services contracts have been historically renewed on an annual basis when continuity of providers is important to VIHA's patients, clients and residents. These arrangements are not exempt in perpetuity and will be reviewed following an established term.
- 8.3** Physician service contracts require flexibility to strengthen partnerships with physicians. VIHA will strive to award service contracts to the extent possible through a selection process based on the qualifications, experience and capabilities of candidates.
- 8.4** Software licensing renewals and technology maintenance for equipment, where the dealer has exclusive rights to maintain the equipment or software, are exempt from competitive bid, provided this exclusivity is negotiated as part of the original agreement. Departments are required to demonstrate the continued need for the application prior to renewal of these agreements.
- 8.5** Facility lease renewals, where the renewal rates are consistent with current market rates and the space continues to meet organizational needs.
- 8.6** Researchers where VIHA has agreed to conduct the research and the researcher, his/her company or research team, if applicable, is named by the external funder.
- 8.7** Legal services where the need for organizational familiarity and timeliness are paramount to the need for transparency.
- 8.8** Waiver of competitive bidding

An individual waiver of competitive bid may be applied for by staff on an exceptional basis under the following considerations:

- where disclosure through open tendering could compromise VIHA confidentiality, cause financial disruption, or be contrary to public interest;
- where only one supplier is able to meet the requirements of a procurement in the following circumstances:
 - to ensure compatibility with existing products or services,
 - to recognize exclusive rights, such as exclusive licenses, copyright, and patent rights, and may include product maintenance, where there is an absence of competition for technical reasons and no alternative or substitute exists;
 - services are to be performed on goods or property by a contractor under guarantee or warranty provisions of an existing contract;
 - purchase of goods or services in exceptionally advantageous circumstances such as bankruptcy or receivership or the purchase of used/demo equipment or contractor has equipment set up on site from a different contract;
- in the absence of any bids received in response to an Open Bid competitive process;
- in the event of an urgent and unforeseeable situation where time is of the essence;
- for significant amendments or extensions outside the stated terms or scope of a contract to maintain service continuity while a competitive process is completed.

All waivers of competitive bid must be applied for in writing and in advance, in the required format and approved by the President and Chief Executive Officer (CEO).

8.8.1. Notice of Intent

All waivers equal to or exceeding \$75,000 are posted as a Notice of Intent (NOI) on BC Bid or other similar mechanism providing interested vendors ten days to respond with any concerns. The Chief Executive Officer and the Chief Financial Officer (CFO) may make exception to this requirement for an NOI in circumstances where the need for confidentiality outweighs the need for transparency.

A summary report of competitive bid waivers and NOIs will be reported to the Board on an annual basis to monitor compliance with Fair Business policies.

9.0 Vendor Complaint Review Process

A vendor may initiate a complaint if they are dissatisfied with the general procurement process or the competitive process or the application of VIHA policy (6.1.1) as per the Vendor Complaint Review Procedure (Policy 6.1.1.2PR).

Complaints to be accepted must be either:

- i) From a proponent who actually submitted a qualifying bid or proposal in response to the competition or business opportunity (i.e. competition or business opportunity), or;
- ii) Is an eligible, qualified party that is an actual or prospective bidder/proponent and whose direct economic interest would be affected by the award of a contract or by failure to award the contract (i.e. competition or business opportunity).

10.0 Competitive Bid Processes Definitions

Direct Award: is the award of a contract without a competitive process.

Invitation to Bid (ITB): refers to the process of inviting potential contractors to submit proposals for well defined services where a solution is not required and price and qualifications are primary considerations for selection.

Notice of Intent (NOI): is the method by which the Authority informs vendors that negotiations with a specified contractor will take place without a competitive process.

Open Bid: is a formal call for tenders that is equally accessible to all Canadian suppliers and is issued through BC Bid (electronic tendering system), or other advertising methods including national newspapers, or Journal of Commerce, etc.

Preferred Supply Arrangements – are long-term contracts for goods created to give the Authority a large discount on recurring purchases in exchange for consistent supply. Purchases in this category will have a greater frequency or recurrence than the routine purchases.

Qualification Requests (QRs): refers to the process of inviting potential contractors and vendors to submit their qualifications and credentials for a specific good or service.

Request for Information (ROI) or Expression of Interest (EOI): is the process where proponents are invited to submit their ideas, solutions and capabilities to meet VIHA's needs and requirements.

Request for Proposal (RFP): is a legal competitive bid document that is used when there are less well-defined needs, requirements and specifications. VIHA is searching for creative input from bidders and the price is not the only criteria.

Request for Quote (RFQ): is a document used to solicit vendor responses when a product has been selected and price quotations are needed from several vendors.

Select Bid: is a competitive process when at least 3 qualified proponents are selectively invited to participate in a tendering process.