

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

1.0 Introduction

1.1. Purpose

The purpose of this Policy is to ensure that The SickKids Centre for Community Mental Health (the “Centre”) and the Gail Appel Institute (the “Institute”) acquires goods and services (including Consulting Services and construction) that are required to meet its needs in the most economical and efficient manner, through a Procurement Process that conforms to the principles noted in section 1.3 below.

The purposes of this Policy are to:

- Ensure that goods and services are acquired by the Centre and the Institute through a process that is open, fair, and transparent;
- Outline responsibilities of the Centre and the Institute throughout each stage of the procurement process; and
- Ensure that procurement processes are managed consistently throughout the Centre and the Institute.

In accordance with the *Broader Public Sector Accountability Act, 2010*, as a designated broader public sector organization, the Centre must be in compliance with the Broader Public Sector (BPS) Procurement Directive (“Directive”). This Policy complies with and supplements the Directive.

1.2. Application and Scope and Approval Levels

The Directive requires this Policy to apply to the procurement of all goods and services (including Consulting and construction) by the Centre using public funds, including its patient care, research and other activities. For consistency and best practice, the Centre and the Institute have made the decision to apply this Policy to any other procurement by the Centre and the Institute, including those procurements made using non-public funds.

The approval levels required to commence the procurement process are the same as those required to sign the final contract with the vendor (the “Approval Authority”), as set out in the Board Delegation of Signing Authority – Contract and Other Documents Policy. The Delegation also sets out the approval process for invoices matched to Purchase Orders.

Any deviation from this Policy for procurements using non-public funds requires the approval of the Approval Authority.

1.3. Principles

This Policy is based on the five key principles contained in the Directive, intended to allow the Centre and the Institute to achieve value for money while following a procurement process that is fair and transparent to all stakeholders:

1.3.1. Accountability

The Centre and the Institute must be accountable for the results of its procurement decisions and the appropriateness of the processes.

1.3.2. Transparency

The Centre and the Institute must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

1.3.3. Value for Money

The Centre and the Institute must maximize the value it receives from the use of public funds. A value-for-money approach aims to deliver goods and services at the optimum total lifecycle cost.

1.3.4. Quality Service Delivery

Front-line services provided by the Centre and the Institute, such as patient care, must receive the right product, at the right time, in the right place.

1.3.5. Process Standardization

Standardized processes remove inefficiencies and create a level playing field.

1.4. Key Definitions

Agreement on Internal Trade – A national agreement that regulates trade between the provinces to ensure equal access to public sector procurement for all Canadian vendors. The Agreement aims to reduce barriers to the movement of persons, goods, services and investments within Canada.

Approval Authority – Defined in section 1.2.

Consulting Services – The provision of expertise or strategic advice that is presented for consideration and decision-making, as defined by the Directive.

Directive – Defined in section 1.1.

GPO – An organization that competitively procures master contracts with vendors on behalf of its members.

RFP – A request for proposals (may also be referred to as “bids”), being a document used to request vendors to supply solutions for the delivery of complex products or services or to provide alternative options or solutions. It is a process that uses predefined evaluation criteria in which price is not the only factor.

Supply Chain Activities – All activities directly or indirectly related to the Centre and the Institute’s planning, sourcing, procurement, moving, and payment processes.

VOR – A vendor of record, being a competitive procurement arrangement that authorizes organizations to select from one or more pre-qualified vendors, typically by way of a formal second-stage process, for a defined period on terms and conditions, including pricing, as set out in the particular VOR agreement. VOR arrangements are used to reduce costs to the organization by establishing strategic relationships with a small group of vendors.

1.5 Compliance with Laws and Regulations

The Centre and the Institute are subject to Canada’s Agreement on Internal Trade as well as other applicable trade agreements and the general competitive procurement and contract law of Ontario and Canada.

When procuring goods and services, the Centre and the Institute will incorporate accessibility criteria and features pertinent to Ontario Regulation 191/11 made under the *Accessibility for Ontarians with Disabilities Act, 2005*. Where applicable, procurement documents will specify the desired accessibility criteria to be met and provide guidelines for the evaluation of proposals in respect of those criteria. Where it is impractical for the Centre and the Institute to incorporate accessibility

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

criteria and features when procuring or acquiring specific goods, services or facilities, the Director of Supply Chain Management (SK) will provide a written explanation upon request.

1.6 Exemptions, Exceptions and Non-Applications under Trade Agreements

The Directive provides that, where an exemption, exception, or non-application clause exists under the Agreement on Internal Trade or other trade agreement, the Centre and the Institute may apply that exemption, exception or non-application clauses to appropriate procurements, subject to the approval of the Approval Authority and the documentation process in section 4.2.2.

Appendix A replicates the exemption, exception and non-application clauses of the Agreement on Internal Trade.

1.7 Managing Conflicts of Interest

The Centre and the Institute must monitor any conflict of interest that may arise as a result of its staff, advisors, external consultants, or vendors being involvement with the Supply Chain Activities. Individuals involved with the Supply Chain Activities must declare actual or potential conflicts of interest at all relevant stages. Where a conflict of interest arises, it must be evaluated and an appropriate mitigating action must be taken with the approval of the Approval Authority in accordance with the Conflict of Interest Policy.

1.8 Non-Compliance with this Policy

All incidents of non-compliance with this Policy must be reported in a timely manner to the Director, Supply Chain Management (SK). Note that the Board of Trustees must attest to any non-compliance with this Policy on an annual basis with the Ministry of Child and Youth Services in accordance with the BPS Accountability Act and associated Directives.

2.1 Supply Chain Code of Ethics

The Directive requires the Centre and the Institute to formally adopt the following Code. Everyone involved in the procurement process within the Centre and the Institute must act in accordance with the Code. The Code must also be available and visible to everyone involved in the procurement process in the Centre and the Institute and to vendors and other stakeholders involved in the procurement process.

Ontario Broader Public Sector (BPS) Supply Chain Code of Ethics Goal:

To ensure an ethical, professional and accountable BPS supply chain

I. Personal Integrity and Professionalism

Individuals involved with Supply Chain 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 broader public sector organizations, suppliers and other stakeholders. Respect must be demonstrated for each other and for the environment. Confidential information must be safeguarded. 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.

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

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

Individuals involved with purchasing or other Supply Chain Activities must comply with this Code of Ethics and the laws of Canada and Ontario. 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.

3.0 Competitive Procurement Thresholds – Types of Process Recommended or Required by the Directive

3.1 Use of Centre and the Institute Purchasing card (“P-Card”) for Low-value purchases

The P-Card Program reduces the cost of processing low-value purchase transactions. The P-Card eliminates the cost associated with requisitions, purchase orders, receiving, invoices, cheque requisitions and cheques, while maintaining effective controls and approvals. All expensed, general purchases under a value of \$5,000.00 should be made with the P-Card whenever possible, and be approved through the P-Card monthly reconciliation process.

Not all items are approved for purchase with the P-Card. Please reference Appendix B in this document or the P-Card policy for a list of allowable items.

3.2 Non-construction Change Orders and Amendments

When a supporting Non-Competitive Procurement Approval Form has been fully signed by the authority or authorities for the financial value of the original document plus the value of any contingency over and above the original value, each Change Order or Amendment with this supporting Non-Competitive Approval Form shall be signed by the Executive Director (SK) [“ED (SK)”] or the Executive Lead, Gail Appel Institute (SK) [“VP (SK)”] or Director, Learning Institute (SK) [“DLI (SK)”]. The sum of all Change Order and/or Amendment CANNOT exceed the value already approved in the Non-Competitive Approval Form.

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

3.3 Goods and Non-Consulting Services

Requisitions for goods and services entered through the Centre and the Institute's accounting system are subject to approval levels as set below. Non-PO invoices are also subject to the same approval levels:

Total Invoice Amount	Centre and the Institute Approval	Institute
Level A – \$0 - \$4,999.99	Manager	Manager
Level B – \$5,000 – \$24,999.99	<ul style="list-style-type: none"> ▪ Clinical Director or ▪ Senior Manager, Operations 	<ul style="list-style-type: none"> ▪ Program Director or ▪ Senior Manager, Operations
Level C – \$25,000 – \$99,999.99	Executive Director (SK) ⁱ ["ED (SK)"]	<ul style="list-style-type: none"> ▪ Executive Lead, Gail Appel Institute (SK) ["VP (SK)"] or ▪ Director, Learning Institute (SK) ["DLI (SK)"] (May sign interchangeably)
Level D – \$100,000 – \$499,999.99	Any one of the Trustees, together with the ED (SK)	Any one of the Trustees, together with the VP (SK) or DLI (SK)
Level E – Greater than \$500,000	Board Chair or any one of the Trustees	Board Chair or any one of the Trustees

When an authorized approver is absent, their alternate as designated in the Board-approved Signing Resolution is authorized to approve the Procurement.

Any Procurements not currently under active contract or agreement will be handled through the processes listed below, as mandated by the Centre and the Institute and the Directive:

Value of Procurement	Procurement Method	Means of Procurement/ Procurement Process	Minimum Solicitation Requirement	Minimum Response Requirement
\$0 - \$24,999.99	Informal procurement (recommended)	May invite 1 vendor	Informal	Informal
\$25,000 - \$99,999.99	Invitational competitive procurement (recommended)	Minimum 3 vendor invitations, unless otherwise approved by the Board Chair or any one of the Board Trustees	Written	Written
≥ \$100,000	Open competitive procurement (required)	Public RFP or VOR invitational		

3.4 Consulting Services

Value of Procurement	Procurement Method	Means of Procurement/ Procurement Process	Minimum Solicitation Requirement	Minimum Response Requirement
\$0 - \$99,999.99	Invitational competitive procurement (required) or Open competitive procurement (recommended)	Minimum 3 vendor invitations, unless otherwise approved by the Board Chair or any one of the Board Trustees	Written	Written
≥ \$100,000	Open competitive procurement (required)	Public RFP or VOR invitational procurement		

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

3.5 VOR Arrangements

Where a competitively procured VOR arrangement is in place, the following solicitation requirements apply:

Procurement Value	Minimum Solicitation Requirement
\$0 - \$24,999.99 (up to applicable VOR ceiling price)	May contract with any vendor on VOR list
\$25,000 - \$99,999.99 (up to applicable VOR ceiling price)	Minimum 3 vendor invitations required unless otherwise approved by Director of Supply Chain (SK)
\$100,000 and above (up to applicable VOR ceiling price)	The number of vendor invitees must be at least 3, such number to be approved by the Approval Authority

3.6 Calculating the Procurement Value

The procurement value is calculated using the following rules:

- Disaggregating (breaking out) a procurement to work around the approval limits outlined in this Policy is prohibited. For greater clarity, a series of reasonably related transactions shall be considered as a single transaction for purposes of determining the procurement value.
- The procurement value does not include applicable sales tax.

4.0 Approvals

4.1 Segregation of Duties

The Centre and the Institute must segregate at least three of the five functional procurement roles:

Role	Explanation	Responsibility
Requisition	A formal request to obtain goods or services	Customer/end-user
Budgeting	The process whereby the allotment of funds is authorized to cover the goods or services as an appropriate business expense	Budget holder
Commitment	The process whereby a procurement is approved and funds are committed to be paid to a selected vendor	Procurement Department (SK)
Receipt	Confirmation that the goods or services purchased have been received by the Centre and the Institute, correct and complete	Receiving or end-user
Payment	The process to authorize release of payment to the vendor	Accounts Payable Department (SK)

Responsibilities for these roles must lie with different departments within the Centre/Institute and the Hospital for Sick Children or, at a minimum, with different individuals.

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

4.2 Approval Authorities

4.2.1 Open Competitive Procurement

An **open competitive procurement** means a method of inviting all vendors through an electronic tendering system to respond to posted procurement documents. The intent is to solicit fair, impartial, competitive proposals.

Prior to a commencement of an open competitive procurement, the approval of the Approval Authority is required.

4.2.2 Non-Competitive Procurement

A procurement that otherwise meets the value thresholds under this Policy to require it to be conducted through a competitive procurement process may only be exempted from that requirement where:

- an exemption, exception or non-application provision can be appropriately applied to that procurement (see Appendix A)
- the specific exemption, exception or non-application provision is documented together with the rationale for how it is applicable to the procurement, and
- prior to commencement, the approval of the Approval Authority is obtained.

Note: Failure to plan is not a justifiable reason to recommend any exception to undertaking a competitive procurement process.

4.2.3 Emergency Purchases – Goods and Non-Consulting Services

Notwithstanding the requirements of section 4.2.2, where an unforeseen situation of urgency exists which, if not addressed immediately, could compromise patient care, a non-competitive procurement may be conducted on a single-sourced basis subject to approval being obtained pursuant to section 4.2.1, or, where such authorization is not available in the timelines required, the single-sourced emergency purchase must be approved by the Executive on Call. Such single-sourced purchase must be promptly reported in writing by the next business day to the responsible ED (SK) or VP (SK) / DLI (SK) and the Director of Supply Chain Management (SK).

5.0 Requirements to adhere to Process

All Open Competitive Procurements must follow the established processes as defined by the Procurement Policy, ensuring compliance to BPS directives and other relevant Centre and the Institute policies

6.0 Records Retention

For reporting and auditing purposes, all procurement documentation, including RFP or other documents that may include vendor's confidential and commercially sensitive information, as well as any other pertinent information must be retained in a recoverable form for a period of seven years.

Documentation retained in an electronic format that is fully recoverable is considered acceptable.

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

7.0 References

[Ontario's Broader Public Sector Procurement Directive](#)

Centre and the Institute Policies

Board Conflict of Interest and Confidentiality Policy

Code of Conduct Policy ==> 

Purchasing Card Policy

Board Delegation of Signing Authority  ==>

Travel & Expense Reimbursement Policy ==>

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

Appendix A

Exemptions, Exceptions and Non-Application Provisions of the Agreement on Internal Trade

(Circumstances where Non-Competitive Procurement May be Allowed)

Agreement on Internal Trade, Annex 5.02(4) applies to public Hospitals in Ontario.

Non-Application

Annex does not apply to (complete list):

- procurement of goods intended for resale to the public;
- procurement from a public body or a non-profit organization;
- procurement of goods, services or construction purchased on behalf of an entity not covered by this Annex;
- procurement from philanthropic institutions, prison labour or persons with disabilities;
- procurement of any goods the interprovincial movement of which is restricted by laws not inconsistent with the Agreement on Internal Trade;
- procurement of goods, services and construction that is financed primarily from donations that are subject to conditions that are inconsistent with the Annex;
- procurement of goods and services related to cultural or artistic fields and computer software for educational purposes;
- procurement of services that in the province of the entity issuing the tender may, by legislation or regulation, be provided only by any of the following licensed professionals: medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries;
- procurement of services of financial analysts or the management of investments by organizations who have such functions as a primary purpose;
- procurement of financial services respecting the management of financial assets and liabilities (i.e., treasury operations), including ancillary advisory and information services, whether or not delivered by a financial institution;
- procurement of goods and services for use outside Canada as well as construction work done outside Canada;
- health services and social services.

Exceptions – Circumstances for Exclusions

An entity may exclude a procurement from the application of this Annex in the circumstances below (Appendix “C”) provided that it does not do so for the purposes of avoiding a competition between suppliers or in order to discriminate against suppliers of another Province:

- where an unforeseeable situation of urgency exists and the goods, services or construction cannot be obtained in time by means of open procurement procedures;

Procurement of Goods and Services

Version: 1

- where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest;
- where a contract is to be awarded under a cooperation agreement that is financed, in whole or in part, by an international cooperation organization, only to the extent that the agreement between the entity and the organization includes rules for awarding contracts that differ from the obligations set out in this Annex;
- 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 and repair of roads;
- where compliance with the open tendering provisions set out in this Annex would interfere with the entities' ability to maintain security or order or to protect human, animal or plant life or health;
- in the absence of a receipt of any proposals in response to a call for proposals made in accordance with this Annex.

Exceptions – Circumstances for Sole Supplier Procurement

Where only one supplier is able to meet the requirements of a procurement, an entity covered by this Annex may exclude the procurement from the application of this Annex in the circumstances listed below (Appendix "D"), provided it does not do so for the purpose of avoiding competition or in order to discriminate against suppliers of any other Province:

- to ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists;
- for the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly;
- for the purchase of goods on a commodity market;
- for work to be performed on or about a leased building or portions thereof that may be performed only by the lessor;
- for work to be performed on property by a contractor according to the provisions of a warranty or guarantee held in respect of the property or the original work;
- for a contract to be awarded to the winner of a design contest;
- for the procurement of a prototype of 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;
- for the purchase of goods under exceptionally advantageous circumstances, such as bankruptcy or receivership but not for routine purchases;
- for the procurement of original works of art;
- for the procurement of subscriptions to newspapers, magazines or other periodicals;
- for the procurement of real property.

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

Appendix B

Expenditures Authorized To Be Transacted Without a Purchase Order

The items listed are those for which a Purchase Order is not required. In such cases, the payment must be duly approved in accordance with the approval matrix in the Procurement of Goods and Services Policy section 3.3 Approval of Invoices or the Travel and Expense Reimbursement Policy section 7.1 Appropriate Approval Authorities. Payment approval may be evidenced by cheque requisitions, other approval forms, or directly on the related invoice.

- Petty Cash Items
- Training and Education
 - Books
 - Conferences
 - Courses
 - Conventions
 - Magazines
 - Memberships
 - Periodicals
 - Seminars
 - Staff Development
 - Staff Workshops
 - Subscriptions
- Refundable Employee/Volunteer Expenses

Procurement of Goods and Services

Version: 1

- Advances
- Meal Allowances
- Travel Expenses
- Tuition/Conferences
- Miscellaneous - Non-Travel, etc.
- Employer's General Expenses
 - Payroll Deduction Remittances (Statutory or employee benefits)
 - Medicals
 - Licenses (Vehicles, etc.)
 - Insurance
 - Damage Claims
 - Petty Cash Replenishment
 - Building Lease Payments
 - Tax Remittances
 - Newspaper Advertising and Centre and the Institute Notices
- Certain Professional and Special Services
 - Audit Fees
 - Legal Services
 - Actuaries
 - Investment & Custodial Fees
 - Recruitment Fees
 - Security Services(not standard services)
 - Temporary Services Agencies
 - Transcription/Translation Services
 - Linen/Laundry (non standard services)
 - Outsourced Business Cards/Forms/Stationary
- Commercial Services
 - Royalties
 - Franchise Fees
 - Goods for Resale (using franchisor's ordering means)
- Other
 - Awards
 - Honorariums
 - Tuition
 - Couriers
 - Financial Institutions (Banks, P-Card)
 - Mortgages/ Debenture Payments
 - Salary Payments for seconded staff
 - Study Group Participants
 - Patient Related Charges (Patient Amenities)
 - Payments to other Institutions (i.e. Research, /Ops, BPS Institutions, etc.)
 - Utilities
 - Cell phone/ Smart Phone bills
 - Other expenditures authorized by the Chief Financial Officer in writing

	Document Scope: SickKids Centre for Community Mental Health and Gail Appel Institute	
	Document Type: Policy Approved by Board: August 23, 2017	
	Procurement of Goods and Services	Version: 1

- Office Supplies (ordered through Vendor or Record)
- Postage

- Other Expenditures authorized by the Board of Trustees in writing

ⁱ “(SK)” denotes the person holding the position as an employee of The Hospital for Sick Children who provides oversight, leadership and/or administrative functions to SickKids Centre for Community Mental Health and/or Hincks-Dellcrest Institute under the Managed Service Agreement established between the two entities. Administrative functions can include, but are not limited to, program support and leadership, finance and human resources, where the function is related to the position’s capacity.