

Report To: Finance Committee, Board of Health
Submitted by: Dr. Nicola Mercer, Medical Officer of Health & CEO
Subject: PROCUREMENT

RECOMMENDATION(S):

- (a) That the Finance Committee make recommendation to the Board of Health to receive this report for information.

BACKGROUND:

Boards of Health are required to follow the Ontario Public Health Organizational Standards (OPHOS) published by the Ministry of Health and Long-Term Care. Section 6.8 of the OPHOS sets out the responsibilities for Board of Health oversight of the administration's procurement function, as follows:

The Board of Health shall comply with Section 270(2) of the Municipal Act, 2001, which requires that the Board of Health ensures that the administration adopts policies with respect to its procurement of goods and services.

Such policies shall include:

- The types of procurement processes that shall be used;
- The goals to be achieved by using each type of procurement process;
- The circumstances under which each type of procurement process shall be used;
- The circumstances under which a tendering process is not required;
- The circumstances under which in-house bids will be encouraged as part of the tendering process;
- How the integrity of each procurement process will be maintained;
- How the interests of the Board, the public and person participating in the procurement process will be protected; and
- How and when the procurement processes will be reviewed to evaluate their effectiveness.

The Board of Health is expected to implement procurement policies and practices that align with those of the relevant municipality as appropriate.¹

This report is intended to provide assurance to the Board of Health that the administration of Wellington-Dufferin-Guelph Public Health (WDGPH) has satisfactorily addressed these requirements in operational policies and procedures.

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

WDGPH has a procurement policy and procedure, as required in Section 270(2) of the Municipal Act, 2001. The policy and procedure were last updated in 2015.

Types of procurement processes that shall be used

Different procurement processes are appropriate, depending on the total procurement value. The types of procurement processes that may be used under WDGPH's procurement policy and procedure, include:

- Procurement card (corporate credit card);
- One written quote (informal);
- Three written quotes (informal);
- Invitational competitive (formal);
- Open competitive (formal);

The goals to be achieved by using each type of procurement process

In all cases, the goals to be achieved by using each type of procurement process are: "to promote and maintain the accountability of the purchasing process and to obtain the best value for money for WDGPH by ensuring the procurement process is open, fair and transparent."²

The circumstances under which each type of procurement process shall be used

TOTAL PROCUREMENT VALUE	PROCUREMENT PROCESS (minimum)
<i>Goods and Non-Consulting Services</i>	
\$0 - \$500	Procurement card with no purchase requisition
\$501 - \$10,000	Informal, one written quote
\$10,001 - \$50,000	Informal, three written quotes
\$50,001 and more	Formal, open competitive process
<i>Consulting Services</i>	
\$0 - \$50,000	Informal, three written quotes
\$50,001 and more	Formal, open competitive process

The circumstances under which a tendering process is not required

Total procurement value is the estimated total financial commitment resulting from the procurement over the full contract term, taking into account optional contract extensions. A competitive process is not required for purchases with a total procurement value under \$10,000. This threshold is a policy decision by WDGPH, in keeping with the core principal of value for money, while balancing the cost/benefit of a competitive process by ensuring it does not cost more to undertake the process of procuring the goods and services than the total procurement value of the procured goods and services to be purchased.

Non-competitive procurements may also be required for purchases with a total procurement value greater than \$10,000, in circumstances where a single source or sole source situation applies. Single source means that more than one supplier is available in the market; however, only one of those suppliers is able to, or capable of, meeting end user requirements and specifications. Sole source

means that only one supplier is able to, or capable of, meeting end user requirements and specifications; no other supplier is available in the market. When single source or sole source circumstances apply, WDGPH's procurement policy and procedure requires a Single Source/Sole Source Certificate to be completed to document the justification for non-competitive procurement in cases where the total procurement value is greater than \$10,000.

Other circumstances under which a competitive process is not required are for the purchase of goods and services listed as being exempt from the procurement policy and procedure. This list, outlined at Schedule 1 of the Procurement Procedure, is attached at Appendix "1" to this report, and includes items for which a competitive procurement process would not be practical (for example, a subscription to a medical journal or, utilities).

The circumstances under which in-house bids will be encouraged as part of the tendering process

This requirement would be applicable to public health units which are part of a regional government. Given that WDGPH is an autonomous Board of Health, and does not have divisions that would potentially provide in-house bids for a given procurement, this section of the standard does not apply.

How and when the procurement processes will be reviewed to evaluate their effectiveness

WDGPH will annually undertake an internal review to assess compliance with the Procurement Policy and Procedure. The results of this internal review will be shared with the Finance Committee annually in the fall.

APPENDICES:

Appendix "1" – Goods and Services Exempt from Procurement Process

REFERENCES:

¹ Ministry of Health and Long-Term Care and Ministry of Health Promotion and Sport. (February 2011). *Ontario Public Health Organizational Standards* (Revised Catalogue No. 015523 ISBN 978-1-4435-5469-5 (PDF)). Ontario. Queen's Printer for Ontario 2011.

² Wellington-Dufferin-Guelph Public Health Procurement Policy, CA.51.01.112, updated December 23, 2015.

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APPENDIX “1”

GOODS AND SERVICES EXEMPT FROM PROCUREMENT POLICY AND PROCEDURE

Purchases of the following goods and services are not subject to WDGPH’s procurement policy and procedure:

1. Training and Education
 - a. Conferences, conventions, workshops, courses and seminars
 - b. Magazines, subscriptions, books and periodicals.
 - c. Memberships

2. Refundable Staff Expenses
 - a. Advances
 - b. Meal allowances
 - c. Travel (km travelled and hotel accommodation)

3. WDGPH General Expenses
 - a. Payroll remittances
 - b. Employee benefit remittances.
 - c. Workplace Safety and Insurance Board remittances.
 - d. Petty cash replenishments.
 - e. Tax remittances
 - f. Purchase of investments
 - g. Real Estate Fees and commissions
 - h. Charges to or from other government agencies
 - i. Damage claims.
 - j. Rent or lease payments

4. Utilities
 - a. Water
 - b. Sewer
 - c. Natural Gas
 - d. Electricity
 - e. Postage
 - f. Telecommunications

5. Advertising Services
 - a. Radio
 - b. Television
 - c. Newspaper
 - d. Magazines

6. Professional Services
 - a. Banking Services
 - b. Insurance Services
 - c. Legal Fees
 - d. Accounting Fees