

 Winnipeg Regional Health Authority Office régional de la santé de Winnipeg Caring for Health À l'écoute de notre santé POLICY	WRHA GOVERNED SITES Applicable to all WRHA governed sites and facilities (including hospitals and personal care homes), and all funded hospitals and personal care homes. All other funded entities are excluded unless set out within a particular Service Purchase Agreement.		Level: 1
	Policy Name: Contracting and Purchasing	Policy Number: 30.10.130	Page: 1 of 11
	Approval Signature: <i>Original signed by Dan Skwarchuk</i>	Section: FINANCE	
	Date: September 2023	Supersedes: September 2010	

1.0 **PURPOSE:**

- 1.1 To provide direction to all WRHA governed sites for all Financial Commitments for Deliverables including those made through a Purchasing Transaction Process, regardless of the source of funding and whether there is an existing contract with a supplier or not.
- 1.2 To specify the requirements to be met by all employees who are authorized to requisition, approve, and/or solicit procurement, or any combination thereof, Deliverables.
- 1.3 To establish the requirements for effective internal organizational controls and ensuring compliance with legislative requirements and applicable Trade Agreements that govern procurement for the WRHA.
- 1.4 To ensure the use of fair, ethical and accountable methods to determine the process for selecting the supplier from which to purchase Deliverables regardless of funding source.

2.0 **DEFINITIONS:**

- 2.1 Competitive Bid Process: a process whereby bids, quotes, or proposals are solicited and evaluated in accordance with pre-established evaluation criteria as disclosed in the solicitation documents.
- 2.2 Customer: means an individual, department, program, site or facility of Shared Health or any organization receiving contracting, purchasing, distribution, logistics or any combination of such services, from SCMSS, which may include, but is not limited to, service delivery organizations (eg WRHA), health agencies, Government of Manitoba, and other organization of the broader Manitoba public sector.
- 2.3 Deliverables: means any goods, including equipment; services; or construction, or any combination thereof.
- 2.4 Emergent Situation: means an unforeseeable urgent situation or event that is a threat to, but not limited to, any of the following, and the required Deliverables cannot be obtained in time by means of a Competitive Bid Process:
 - public health and/or safety;

WRHA Policy Name: Financial Commitments Authorization	Policy Number: 10.00.050	Page 2 of 6
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- the maintenance of essential services;
- the welfare of persons or public property;
- the security of the Shared Health's interests; or
- any combination thereof.

2.5 Exempt or Limited Tendering Financial Commitments: For the purposes of this policy, the provisions of any applicable Trade Agreements related to exempt procurements or to non-applicability to certain procurements shall apply to this Policy.

2.6 Financial Commitment: means any obligation, by way of contract, Purchase Order, lease, or other agreement or arrangement eventually settled through: cash payment, provision of Deliverables, exchange of Deliverables of equivalent value, or any combination thereof. Without limiting the foregoing, a Financial Commitment shall also include, but not be limited to, any situation in which the WRHA has agreed to provide Deliverables or other valuable consideration in exchange for a cash payment or exchange of Deliverable equivalent value, or both. Deliverables ordered for an evaluation period are Financial Commitments that should be based on their fair market value.

2.7 Financial Commitment Value: means:

- i) the total indebtedness to be incurred by the WRHA as a result of the commitment being made, before related taxes and freight charges; or
- ii) where the Deliverables have been acquired at substantially less than the fair market value, then the value shall be the fair market value of the Deliverables.

The calculation of the Financial Commitment Value shall include the cumulative obligation inclusive of option years as may be specified in the contract and should include the impact of future price escalation clauses.

If a contract is amended during the initial term or any option years, calculation of the Financial Commitment Value for such amendment shall be the incremental financial impact. For example, if a five-year \$5 million contract is amended in the third year of the term such that the original Financial Commitment Value of the contract increased by \$1 million, then the Financial Commitment Value will be determined to be \$1 million.

2.8 Limited Tendering: means

- i) Single Source: where the Deliverables are acquired directly from a particular supplier as allowed pursuant to the applicable Trade Agreements. Contract extensions required to permit time to complete an open competitive procurement prior to establishing a new contract will be considered a single source tendering; or
- ii) Sole Source: where Deliverables are available from only one source as allowed pursuant to the applicable Trade Agreements.

2.9 Purchase Order: means a document sent from a purchaser to a supplier to confirm a specific purchase of Deliverables. The Purchase Order contains at minimum the terms and conditions of the purchase and the quantity, description, price, date of purchase, payment terms and freight, if and as applicable.

2.10 Purchasing Transaction Process: means the process which includes requisitioning, authorization, ordering, expediting, receiving, and settlement. This transaction is based on a pre-determined price solicited by the purchaser in advance of issuing the Purchase

WRHA Policy Name: Financial Commitments Authorization	Policy Number: 10.00.050	Page 3 of 6
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Order to the supplier. Such solicitation may be through request for quotation, invitational bid, or an open Competitive Bid Process.

- 2.11 Requester: means an individual representing a Customer or is the Customer requesting the purchase of Deliverables.
- 2.12 SCMSS: means Shared Health Supply Chain Management Shared Services
- 2.13 Trade Agreements: means the agreements which establish specific rules and regulations that are to guide all purchases of Deliverables acquired (e.g. Canada-European Union; Comprehensive Economic and Trade Agreement, Canadian Free Trade Agreement and New West Trade Partnership).

3.0 **POLICY:**

- 3.1 All Financial Commitments shall be preauthorized by the appropriate budget authority within a user department based on the Financial Commitments Authorization policy 10.00.050 that outlines the level of authority or on, for each budget authority, their applicable policies and procedures.
- 3.2 Non-WRHA governed staff are not authorized to approve Financial Commitments on behalf of the WRHA except for those specific exemptions granted within the Financial Commitments Authorization policy 10.00.050.
- 3.3 Only designated SCMSS staff may issue Purchase Orders.
- 3.4 Each Financial Commitment primarily for goods, including equipment, services or any combination thereof with a Financial Commitment Value of less than \$25,000, requires one written quote prior to purchase.
- 3.5 Each Financial Commitment primarily for construction with a Financial Commitment Value of less than \$50,000 requires one written quote prior to purchase.
- 3.6 Each Financial Commitment primarily for goods, including equipment, services or any combination thereof, with a Financial Commitment Value of \$25,000 and up to \$74,999.99, requires a minimum of three written quotes prior to purchase, to be obtained in accordance with section 3.7 to 3.10 of this policy.
- 3.7 The solicitation of written quotes for goods, including equipment, services or any combination thereof must be coordinated through SCMSS procurement team.
- 3.8 Request for quotation means the Deliverables will be purchased from the supplier with the lowest bid who is compliant with the mandatory requirements, and specifications. Copies of the written quotes received shall be kept on file for audit trail purposes.
- 3.9 If there are criteria beyond price required for the selection of the goods, including equipment, services or any combination thereof, then a Competitive Bid Process will be required which must be conducted by the SCMSS contracting team who will prepare and administer it. The award shall be made based on highest scoring proposal that meets the Customer's requirements, specifications and delineated selection criteria. Copies of the bids, quotes or proposals received shall be maintained by the SCMSS contracting team.

WRHA Policy Name: Financial Commitments Authorization	Policy Number: 10.00.050	Page 4 of 6
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- 3.10 In circumstances where no bids, quotes or proposals were received in response to the Competitive Bid Process, evidence of “no bid” shall be documented for the file accompanied with the completion of a Limited Tendering justification form, in accordance with section 3.17 of this policy.
- 3.11 Each Financial Commitment primarily for construction with a Financial Commitment Value of \$50,000 and up to \$199,999.99, requires a minimum of three (3) written quotes prior to purchase, to be obtained in accordance with section 3.12 to 3.13 of this policy.
- 3.12 The solicitation of written quotes for construction may be coordinated through the Shared Health Capital construction team.
- 3.13 If there are criteria beyond price required for the selection of the construction services, then a Competitive Bid Process will be required and the Customer should seek the assistance of the Shared Health Capital construction team to prepare and administer it. The award shall be made based on highest scoring proposal that meets the Customer’s requirements, specifications and delineated selection criteria. Copies of the bids, quotes or proposals received shall be maintained by the issuer of the Purchase Order for the construction services.
- 3.14 In circumstances where no bids, quotes or proposals were received in response to the Competitive Bid Process, evidence of “no bid” shall be documented for the file accompanied with the completion of a Limited Tendering justification form, in accordance with section 3.17 of this policy.
- 3.15 Subject to sections 3.17 to 3. 21 of this policy, each Financial Commitment primarily for goods, including equipment, services or any combination thereof with a Financial Commitment Value of \$75,000 or greater, requires an open Competitive Bid Process, conducted by the SCMSS contracting team.
- 3.16 Subject to sections 3.17 to 3. 21 of this policy, each Financial Commitment primarily for construction with a Financial Commitment Value of \$200,000 or greater, requires an open Competitive Bid Process, conducted by the Shared Health Capital construction team.

Summary Table

FINANCIAL COMMITMENT LEVEL- GOODS, EQUIPMENT, SERVICES	FINANCIAL COMMITMENT LEVEL CONSTRUCTION	PROCESS REQUIREMENT
Less than \$25,000 (CAD)	Less than \$50,000 (CAD)	1 written quote
\$25,000 to less than \$75,000 (CAD)	\$50,000 to less than - \$200,000 (CAD)	minimum 3 written quotes or bids
\$75,000 or greater (CAD)	\$200,000 or greater (CAD)	Open Competitive Bid Process

WRHA Policy Name: Financial Commitments Authorization	Policy Number: 10.00.050	Page 5 of 6
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- 3.17 Financial Commitments may be exempt from the requirement of an open Competitive Bid process, based on the application/non-application provisions or Limited Tendering provisions of the applicable Trade Agreements. Such exemptions must be supported by a duly approved/authorized Limited Tendering justification form.
- 3.18 If the request for Limited Tendering applies to a provincial Financial Commitment (one that involves more than one service delivery organization) SCMSS will authorize the selected procurement method on behalf of all affected Customers. The Financial Commitment Value of the procurement shall determine the signing authority level within the WRHA based on the WRHA's Financial Commitments Authorization policy 10.00.050.
- 3.19 A request for a limited tender must be approved/authorized by the Regional Lead Corporate Services and Chief Financial Officer. SCMSS will provide guidance on the most appropriate procurement method, with the understanding that the final approval/authorization will reside with the WRHA.
- 3.20 In all circumstances where Limited Tendering is conducted for Deliverables with a Financial Commitment Value of \$25,000 (CAD) or more, a copy of the duly authorized Limited Tendering form and other relevant documentation shall be sent by the WRHA to SCMSS for appropriate filing and reporting.
- 3.21 An Emergent Situation, as determined by SCMSS, Shared Health Capital Planning, or both, shall be exempt from sections 3.4 through 3.16. NB: Situations of urgency, resulting from the failure to properly plan for a procurement, shall not constitute an Emergent Situation.
- 3.22 Any funds, items or services offered by a supplier which directly benefits a specifically identified Customer or Customers, which was not identified as a requirement or permitted within the Competitive Bid Process document, shall not be accepted.
- 3.23 All authorized Financial Commitments shall be approved for payment by the authorized signatory in accordance with WRHA's Financial Commitments Authorization policy 10.00.050.
- 3.24 A Purchase Order with a Financial Commitment Value of zero (\$0.00) dollars (a "no charge PO") can be approved by SCMSS. A no charge PO may be issued for the acquisition of Deliverables for the purpose of trial or evaluation.
- 3.25 No Deliverables can be acquired without a Purchase Order issued by SCMSS.
- 3.26 Invoices for the purchase of Deliverables shall not be paid without an appropriately prior authorized Purchase Order, except for specifically excluded items as set out in section 3.28 of this policy. Unauthorized invoices shall not be settled and may be returned to the supplier with notification of policy violation.
- 3.27 No Deliverables shall be accepted/received without a prior authorized and issued Purchase Order from the SCMSS procurement team.
- 3.28 Exclusions to section 3.26 of this policy will include recurring payments where a previously negotiated and approved contract is in force to support the payment, including, but not limited to, rent for leases on real property or equipment, employee

WRHA Policy Name: Financial Commitments Authorization	Policy Number: 10.00.050	Page 6 of 6
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parking charges, or utilities. The payment of these recurring types of expenditures must be authorized by the appropriate manager responsible for that contract or budget item.

4.0 REFERENCES:

- 4.1 WRHA Financial Commitments Authorization Policy 10.00.050
- 4.2 Canada-European Union: Comprehensive Economic and Trade Agreement
<https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng>
- 4.3 Canadian Free Trade Agreement <http://www.cfta-alec.ca>
- 4.4 New West Trade Partnership <http://newwestpartnershiptrade.ca>

(WRHA Policies are available in INSITE – <http://home.wrha.mb.ca/corp/policy/policy.php>)

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