

TITLE**COMPETITIVE BID PROCESSES****SCOPE**

Provincial

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APPROVAL LEVEL

Alberta Health Services Executive Leadership Team

SPONSOR

Contacting, Procurement & Supply Management

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Corporate Accountability

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PARENT DOCUMENT TYPE & TITLE

Corporate Contracting Policy

NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

If you have any questions or comments regarding the information in this procedure, please contact the Policy & Forms Department at policy@albertahealthservices.ca. The Policy & Forms website is the official source of current approved policies, procedures, directives, and practice support documents.

This procedure is to be used in conjunction with the *Corporate Contracting Policy*.

OBJECTIVES

- To establish and record the processes under which Alberta Health Services (AHS) conducts competitive bidding.
- To ensure that AHS' competitive bidding process:
 - promotes sound financial stewardship practices; and
 - establishes and maintains fair, equitable, and open processes in the context of transparency and efficiency for commercial business transactions in accordance with relevant laws and trade agreements.

APPLICABILITY

Compliance with this procedure is required by all Alberta Health Services employees, members of the medical and midwifery staffs, Students, Volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary).

This procedure only applies to **corporate contracts**.

ELEMENTS

1. Trade Agreements

- 1.1 As directed by the Government of Alberta, AHS must comply with the procurement provisions of the:
- a) *Agreement on Internal Trade* (AIT), being an agreement between the governments of all provinces, territories, and the federal government;
 - b) *New West Partnership Trade Agreement* (NWPTA), being an agreement between the governments of Alberta, British Columbia, and Saskatchewan; and
 - c) *Trade, Investment, and Labour Mobility Agreement* (TILMA), being an agreement between the governments of Alberta and British Columbia.
- 1.2 These agreements identify procurement thresholds and approaches so that the procuring party cannot avoid competition, discriminate between **vendors**, or protect a "preferred" vendor. These agreements also establish penalties for non-compliance. The failure to adhere to these agreements could have very serious and detrimental effects, both financial and reputational, to AHS.

2. Competitive Bid Processes

- 2.1 All AHS competitive bidding processes shall be conducted through Contracting Procurement & Supply Management (CPSM).

3. Types of Processes

The labels below are generalized descriptions of competitive bid documents. A competition may draw upon elements of one or more of these generic descriptions. The competitive bid processes are managed by CPSM in consultation with Legal & Privacy, where required, including the determination of whether the process is binding or non-binding and evaluated or non-evaluated.

- 3.1 Request for Information, being a request for information regarding a vendor's capability, operations, supply, and pricing (both industry pricing and potential discount packages likely available to AHS).
- 3.2 Request for Expression of Interest, being a request regarding a vendor's interest and ability for providing goods and/or services.
- 3.3 Request for Quotations, being a request for pricing.
- 3.4 Pre-Qualification Processes, being a competition resulting in the pre-qualification of vendors to provide goods or services to AHS, which may or may not be followed by a further competitive process among the pre-qualified vendors.

- 3.5 Request for Proposals, being a process where a number of factors are evaluated, which may or may not include price.

4. Posting and Advertising Competitive Processes

- 4.1 All competitive processes will be posted on Alberta Purchasing Connection except when established by pre-qualification or similar process, for reasons of confidentiality, or for other legitimate business reasons as determined by CPSM. The posting of the competition on Alberta Purchasing Connection will contain at least the following information:
- a) a brief description of the procurement contemplated;
 - b) the place where a person may obtain information and competition documents;
 - c) the conditions for obtaining the competition documents;
 - d) the place and person to whom the bid is to be sent;
 - e) the date and time limit for submitting bids/proposals; and
 - f) a statement that the procurement is subject to Annex 502.4 of the AIT.
- 4.2 In addition to posting the competition on Alberta Purchasing Connection, AHS may advertise the competition by:
- a) purchasing advertising space in a daily provincial newspaper easily accessible to vendors; and
 - b) where vendors might reasonably be expected to be located out of Alberta, also purchase advertising space in a daily national newspaper easily and publicly accessible to such vendors.

Competitions may be posted elsewhere (e.g., COOLNet for construction matters) provided they are also already posted as per the above.

- 4.3 AHS shall not send notice of any competition directly to a prospective vendor unless one of the two following circumstances apply:
- a) The competition is intended to be sent to all possible vendors. The competition may or may not also be posted publicly. In this circumstance, the competition may only be sent directly to the prospective vendors when:
 - (i) it is reasonably determined that the goods or services are of a type where the appropriate vendor community may not be exposed to conventional posting or advertising;

- (ii) research is conducted to ensure that all likely vendors will receive notice of the competition; and
 - (iii) in competitions where procurement is of a value greater than \$75,000 for goods and/or services or \$200,000 for construction, written approval is obtained from the Chief Program Officer (CPO), CPSM, or his/her designate in consultation with Legal & Privacy.
- b) Where the procurement is of a confidential or privileged nature and having a competition could reasonably be expected to compromise government confidentiality, cause economic disruption, or be contrary to the public interest. In this circumstance, the competition may be sent directly to a pre-screened group of vendors. In competitions where procurement is of a value greater than \$75,000 for goods and/or services or \$200,000 for construction, written approval must be obtained from the CPO, CPSM, or his/her designate in consultation with Legal & Privacy.

5. Contents of Competitive Bid Documents

- 5.1 Competitive bid documents should be designed to minimize risks by including clear and detailed information such as the specifications and desired service levels that enable vendors to make a clear and accurate bid to AHS which can positively impact patient care, or organizational objectives, and maximize value.
- 5.2 Competitive bid documents may include, depending on the type of process selected in Section 3:
- a) detailed scope of work, product/service descriptions (including content for what is specifically out of scope);
 - b) service level requirements, technical requirements, and clinical requirements (as applicable);
 - c) product specifications, requirements, and desired performance features (as applicable);
 - d) mandatory requirements which if not met would disqualify the vendor;
 - e) resulting **contract** term, including renewal provisions;
 - f) volume commitments;
 - g) standard format for presenting vendor pricing information to allow comparison between proposals;
 - h) proposal evaluation criteria which should be established during the planning stage, prior to the release of the competitive bid;

- i) clear instructions on proposal submission;
- j) deadlines for submissions;
- k) CPSM representative contact name and contact information;
- l) vendor references to determine past performance, organizational stability etc.;
- m) contract management, proposed governance model and frequency of meetings, reporting requirements, and accountability framework which govern roles and responsibilities of all parties to the contract (as applicable);
- n) process to monitor performance, including Key Performance Indicators (as applicable);
- o) declaration of any real, potential, or perceived conflict of interest by the vendor; and
- p) declaration from the vendor with respect to proposal validity.

6. Evaluation of Competitive Bids

6.1 In evaluating competitive bids, AHS may take into account:

- a) quality;
- b) quantity;
- c) transition costs;
- d) delivery;
- e) servicing;
- f) the capacity of the vendor to meet the requirements of the procurement;
- g) impact on patient care and safety;
- h) conflicts of interest (both internally and externally);
- i) price including **total cost of ownership**; and
- j) any other criteria directly related to the procurement that are consistent with non-discriminatory principles contained in trade agreements (e.g., AHS cannot favour local vendors, local content or other economic benefits). The competitive bid documents shall clearly identify the requirements of the procurement, the criteria that will be used in the

evaluation of bids and the methods of weighting, and evaluating the criteria.

- 6.2 A total cost of ownership approach should be used when assessing proposals.
- 6.3 The method of evaluation and the form used must meet the needs of the organization.
- 6.4 The scoring of proposals shall be done by a committee, and decision making should typically be by consensus.
- 6.5 The steps, actions, and decisions taken in connection with any evaluation must be formally documented.

7. Responsibilities for the Development of Competitive Bid Documents & Overall Process

- 7.1 CPSM is responsible for:
 - a) working with the **program group** to develop a sourcing strategy for the requirements;
 - b) preparing and facilitating the procurement process;
 - c) facilitating the engagement of stakeholders in respect of all sourcing strategies;
 - d) establishing an evaluation committee as required, with a representative membership to review the competitive submissions in relation to the established and weighted evaluation criteria;
 - e) administration of the evaluation committee;
 - f) approving the issuance of competitive bids to the marketplace in accordance with the same level of authority granted to positions based on dollar values as per *Contract Signing Matrix* (note: only CPSM staff are permitted to approve the issuance of competitive bid documents);
 - g) approving the issuance of addenda to competitive bids at the same level of authority as the issuance of the competitive bid unless a delegation for approval to release addenda is in place;
 - h) issuing competitive bid documents for procurements subject to trade agreement value thresholds, or as otherwise provided for in the *Corporate Contracting Policy* and associated procedure documents;
 - i) acting as the point of contact for vendor queries during a competitive bidding process;

- j) coordination of all communication and meetings with vendors as part of and in contemplation of procurement;
- k) receiving competitive bid documents;
- l) conducting the evaluations of proposals (or the facilitation of the evaluation), and where assistance is required to consult with Finance, Internal Audit, or Legal & Privacy;
- m) preparation of supporting documents to recommend a vendor;
- n) approval of the sourcing process used, in accordance with the same level of authority granted to positions based on dollar values as per *Contract Signing Matrix*;
- o) ensuring, in consultation with Legal & Privacy that all AHS policies relevant to competitive bidding and corporate contracts complies with all laws and relevant trade agreements;
- p) the contracting process relating to corporate contracts, including working with the program group in the preparation of the contract, and coordinating negotiations with the vendors; and
- q) all decisions related to the procurement process including sourcing decisions, and ensuring that all matters related to the implementation and execution of a sourcing strategy and the procurement process itself are operated in a fair and equitable manner.

7.2 The program group is responsible for:

- a) working with CPSM in the development of a sourcing strategy for the requirements;
- b) articulating requirements and assisting CPSM in documenting such requirements into competitive bid documents;
- c) working with CPSM to develop evaluation criteria including identifying service levels, technical/clinical requirements, business, and financial elements for consideration;
- d) providing AHS representatives to represent stakeholders of the program group;
- e) providing AHS representatives to perform evaluations of vendor proposals and products; and
- f) ensuring the recommended product/service meets the requirements outlined in the competitive bid documents.

7.3 Finance is responsible for:

- a) assisting CPSM in the evaluation of competitive submissions to determine total cost of each proposal and best overall value (where applicable);
- b) reviewing vendor submissions and other documents to understand pricing impacts, then working with program groups to assess budget impacts including savings or additional costs based on changes to price;
- c) evaluating where required, a vendor's financial stability and ability to perform the obligations contemplated within the scope of the competitive bid.

7.4 Legal & Privacy is responsible for:

- a) providing advice on all Legal & Privacy matters related to the sourcing strategy, procurement process, and the contract; and
- b) making the final determination as to the legality of all matters related to the procurement process and competitive bid documents.

DEFINITIONS

Contract means a legally enforceable agreement made between AHS and one or more parties. For the purposes of this policy, a contract shall include such agreements as a memorandum of understanding, letter of intent and early start letter.

Corporate contract means all contracts except those contracts which are Medical Service contracts, Human Resource contracts, Capital Management contracts, and Research contracts as set out in the *Corporate Contracting Policy*.

Program group includes, but is not limited to, a portfolio, department, division, sector, or group within the AHS organizational structure.

Total cost of ownership means the cost of a good and/or service taking into account all life-cycle costs associated with the good and/or service such as cost of training, accessory charges, freight, lifetime maintenance costs, administrative costs, contract management costs, implementation costs, conversion costs, and contract conclusion costs.

Vendor means an individual or company that supplies, or seeks to provide, goods and/or services to AHS.

REFERENCES

- Alberta Health Services Governance Documents
 - *Conflict of Interest Bylaw*
 - *Corporate Contracting Policy (#1152)*
- Alberta Health Services Resources
 - *Contract Signing Matrix*

- Non-Alberta Health Services Documents
 - *Agreement on Internal Trade*
 - Alberta Purchasing Connection
 - *New West Partnership Trade Agreement*
 - *Trade, Investment, and Labour Mobility Agreement*

VERSION HISTORY

Date	Action Taken
April 4, 2014	Initial Approval/Effective
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