

INSTITUTE FOR CLINICAL EVALUATIVE SCIENCES
Sourcing and Procurement Policy

Institute for Clinical Evaluative Sciences	Sourcing and Procurement Policy
Approved by: Audit and Risk Committee	Date Approved: April 19, 2010
Reviewed by: ICES Operating Committee ICES Executive Committee ICES Audit and Risk Committee	Date Effective: April 19, 2010
Replaces: Purchasing June 2003 Signing of Invoices June 2003	Last Revised: August 23, 2011

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1. Introduction	
1.I	<p style="text-align: right;">Scope</p> <p>This Policy applies to all Employees of ICES (Corporate, Research, Contract) and Faculty (Core and Adjunct Scientists). It applies to anyone purchasing on behalf of ICES where ICES will own the asset or intellectual capital. Other agents (physicians or employees in satellite offices) must act in accordance with at least ICES policy and procedures or one that is stronger both in principle and in practice.</p> <p>It is incumbent on (upon) Employees and Faculty to be familiar with the content of this Policy where it applies to their mandates/responsibilities.</p>
1.II	<p style="text-align: right;">Purpose</p> <p>This Policy has been developed to support and direct ICES Sourcing and Procurement procedural activities and outline principles for accountability and due diligence.</p>
1.III	<p style="text-align: right;">Objectives</p> <p>The objectives of this Policy are to outline the procedural activities required for ICES to acquire products and services in an ethical, efficient and effective manner and also for ICES to satisfy Sourcing and Procurement accountability and risk mitigation obligations.</p> <p>Policy Objectives</p> <ol style="list-style-type: none"> 1. Compliance with the Ministry of Finance – Supply Chain Guidelines while meeting the unique business and privacy needs of ICES. 2. Establish centralized Sourcing and Procurement practices within ICES which can be updated to include additional principles, operating standards and metrics as required over time. 3. Outline the minimum acceptable operating standards and procedures that must be included to ensure supplier and procurement risk is mitigated through a framework that includes: <ol style="list-style-type: none"> a. Identification b. Measurement c. Management d. Reporting 4. Identify roles and responsibilities of Employees and Faculty involved in Supplier activities

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2.	Definitions	
	2.I Sourcing	Operating procedures for selecting and managing through the engagement, management and end of term supplier lifecycle
	2.II Procurement	Established processes and infrastructures used to fund, requisition, commit funds, receive product/service and pay a supplier and applicable taxes.
	2.III Supplier	Suppliers are defined as external entities that provide products and/or services to ICES. Suppliers may also be known as service provider or vendor.
	2.IV Supplier Risk	Supplier Risk is the risk of financial loss, operations disruption, information security/privacy breach and/or reputational harm as a result of inadequate performance or failure on the part of the supplier.
	2.V Procurement Risk	Procurement risk is the risk of financial loss, operation disruption, information security/privacy breach and/or reputational harm as a result of failure to utilize procurement practices and infrastructure and/or unethical procurement practices.
	2.VI Total Value	Sum of all expenditures liable to be incurred for the contracted Product or Service (such as annual – not incremental – volumes, one-time costs, delivery charges, installation, disposal) for the total term of the contract (i.e. not just annual amount).
	2.VII Total Cost of Ownership	Additional costs for the Product or Service that are not included in the Total Value but will contribute to the enterprise costs over the lifecycle of the Product or Service. Examples of these types of costs include: <ul style="list-style-type: none"> a) Service and maintenance b) Contingent workforce, equipment, expenses c) Storage, retention and disposal costs d) Training to use Product/Service e) Depreciation, obsolescence, taxes, duties and rebates
3.	Background	
		<p>Ontario Ministry of Finance issued Supply Chain Guidelines that apply to Broad Public Sector (BPS) organizations in the Ministries of Health and Long-Term Care, Education, and Training, Colleges and Universities. BPS organizations are defined as such if they receive more than \$10 million annually from the Ministry of Finance.</p> <p>These organizations are referred to as “In-Scope Recipients” and must comply with The Guideline.</p> <p>ICES is classified as a BPS organization and the Sourcing and Procurement governance framework for ICES must be in compliance with the Ministry guidelines.</p>

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4.	Principles	
	4.I Ethical Practices	<p>To ensure ethical, professional and accountable practices through all aspects of Sourcing and Procurement activity.</p> <p>i. Personal Integrity and Professionalism All individuals involved with engaging a supplier and/or the purchasing of a product or service must act, and be seen to act, with integrity and professionalism:</p> <ol style="list-style-type: none"> a) Honesty, care and due diligence must be integral to all Sourcing and Procurement activities within and between organizations, suppliers and other stakeholders. b) Respect must be demonstrated for each other and for the environment. c) Confidential information must be safeguarded. <p>ii. Accountability and Transparency Sourcing and Procurement 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. All participants must ensure that resources are used in a responsible, efficient and effective manner.</p> <p>iii. Conflict of Interest All 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.</p> <p>iv. Compliance All individuals involved in Sourcing and Procurement of products and services must comply with this Code of Ethics, this Sourcing and Procurement Policy and the laws of Canada and Ontario.</p>
	4.II Risk Mitigation	<p>All Employees and Faculty will conduct day-to-day operations in a manner consistent with Sourcing and Procurement Policy and:</p> <ol style="list-style-type: none"> 1. Ensure Supplier and Procurement Risks (e.g., financial, legal, regulatory) are identified and appropriately mitigated. 2. Ensure that ICES receives the highest quality products and services for the best price.

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	<p>4.III Standard Operating Procedures - Mandatory Requirements</p>	<p>The following Mandatory Requirements must be included in Sourcing and Procurement Processes</p> <ol style="list-style-type: none"> 1. Segregation of Duties 2. Approval/Authority 3. Competitive vs. Non-Competitive Process 4. Information Gathering 5. Pre-Qualification of Suppliers 6. Advertising and Posting Competitive Documents to Market 7. Timelines for Posting Competitive Procurements 8. Bid Receipt 9. Evaluation Criteria 10. Evaluation Process 11. Evaluation Team 12. Evaluation Matrix 13. Selection Process 14. Tie-Score Process 15. Non-Discrimination 16. Executing the Contract 17. Establishing the Contract 18. Termination and Cancellation Clauses 19. Contract Extensions 20. Award Notification 21. Supplier Debriefing Notification 22. Non-Competitive Procurement Documentation 23. Records Retention 24. Conflict of Interest 25. Bid Protest Procedures
	<p>4.IV Use of Preferred Suppliers</p>	<p>All Employees and Faculty will adhere to ICES agreements and Preferred Supplier programs for all purchases where such agreements exist, regardless of the value of the purchase.</p>
	<p>4.V Cost Containment</p>	<p>All Employees and Faculty involved with Sourcing or Procurement decisions will prudently approach spending decisions. All decisions must consider the needs as well as the long term implications (cost, risk, reputation) prior to proceeding.</p> <p>Employees must comply with Business Expense Guidelines.</p>

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5. Segregation of Duties, Value Thresholds and Approval Authorities		
5.I Segregation of Duties	<p>At least three of the five roles must be segregated and responsibilities should lie with different departments (or at a minimum with different individuals).</p> <p>Individuals involved in a Sourcing or Procuring activity must seek appropriate authorities in advance of any activity.</p>	
	Role	Action
	Requisition	Authority to place an order
	Budget	Authorize that funding is available and ensure the appropriate Sourcing and Procurement processes and Value Threshold requirements have been met
	Commitment	Authorize release of the order to supplier
	Receipt	Authorize that the order was delivered as specified and prepare invoice for approval
	Payment	Authorize Payment
		Authority
		Person requiring product or service
		Department Head
		Sourcing and Procurement
		Person requiring product or service
		See Authority Levels

5.II Value Thresholds	<p>The applicable Procedures must be followed base on the Total Value of the Sourcing and Procurement activity. Projects cannot be unbundled to avoid the minimum bid requirements</p>	
	Total Value CDN\$	Minimum Quote Requirements
	Less than \$3,000	1 Supplier quote sufficient with Preferred Supplier contract or Pricing Agreement in place 3 quotes where no agreement is in place
	\$3,000 - \$25,000	3 written quotes mandatory (RFQ recommended, RFP optional)
	\$25,000 - \$99,999	3 Invites to Competitive Bid with written specifications and responses required (RFQ or RFP mandatory)
	\$100,000 and over	Mandatory, open competitive process
		Procurement Requirements
		Purchasing card/ Corporate card or Purchase order
		Purchase Order required
		Contract required with Authority Approval Form Purchase Order required for each invoice

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<p>5.III Authorities</p>	<p>Signing authorities to ensure that all funding commitments are in place for all contractual commitments, to confirm that payments to suppliers, faculty and staff are warranted and that all applicable policies and procedures have been followed.</p>																														
<table border="1"> <thead> <tr> <th data-bbox="467 352 662 506">Value CDN\$</th> <th data-bbox="662 352 857 506">Requisition</th> <th data-bbox="857 352 1052 506">Funding</th> <th data-bbox="1052 352 1247 506">Contractual Commitment (total term) and Policy Exception</th> <th data-bbox="1247 352 1442 506">Payment</th> </tr> </thead> <tbody> <tr> <td data-bbox="467 506 662 680">Less than \$3,000</td> <td data-bbox="662 506 857 680">Employee</td> <td data-bbox="857 506 1052 680">Budget Owner or Department Head or Principal Investigator</td> <td data-bbox="1052 506 1247 680">Budget Owner or Department Head Or Principal Investigator</td> <td data-bbox="1247 506 1442 680">Department Head and Director of Finance</td> </tr> <tr> <td data-bbox="467 680 662 854">\$3,000-\$25,000</td> <td data-bbox="662 680 857 854">Department Head or Principal Investigator or Initiative Lead</td> <td data-bbox="857 680 1052 854">Sr. Director of Corporate Services and Director of Finance</td> <td data-bbox="1052 680 1247 854">Sr. Director of Corporate Services and Director of Finance</td> <td data-bbox="1247 680 1442 854">Department Head and Director of Finance</td> </tr> <tr> <td data-bbox="467 854 662 1050">\$25,000 - \$99,999 (mandatory bid process required)</td> <td data-bbox="662 854 857 1050">Sr. Director of Corporate Services or Principal Investigator or Initiative Lead</td> <td data-bbox="857 854 1052 1050">CEO and Director of Finance</td> <td data-bbox="1052 854 1247 1050">CEO and Director of Finance</td> <td data-bbox="1247 854 1442 1050">Sr. Director of Corporate Services and Director of Finance</td> </tr> <tr> <td data-bbox="467 1050 662 1245">Over \$100,000 (mandatory Public Tender)</td> <td data-bbox="662 1050 857 1245">Sr. Director of Corporate Services or Principal Investigator or Initiative Lead</td> <td data-bbox="857 1050 1052 1245">CEO and Director of Finance</td> <td data-bbox="1052 1050 1247 1245">CEO and Director of Finance</td> <td data-bbox="1247 1050 1442 1245">Sr. Director of Corporate Services and Director of Finance</td> </tr> <tr> <td data-bbox="467 1245 662 1440">Over \$250,000</td> <td data-bbox="662 1245 857 1440">Sr. Director of Corporate Services or Principal Investigator or Initiative Lead</td> <td data-bbox="857 1245 1052 1440">CEO and Director of Finance</td> <td data-bbox="1052 1245 1247 1440">CEO and Director of Finance and Board of Directors</td> <td data-bbox="1247 1245 1442 1440">CEO and Director of Finance</td> </tr> </tbody> </table>	Value CDN\$	Requisition	Funding	Contractual Commitment (total term) and Policy Exception	Payment	Less than \$3,000	Employee	Budget Owner or Department Head or Principal Investigator	Budget Owner or Department Head Or Principal Investigator	Department Head and Director of Finance	\$3,000-\$25,000	Department Head or Principal Investigator or Initiative Lead	Sr. Director of Corporate Services and Director of Finance	Sr. Director of Corporate Services and Director of Finance	Department Head and Director of Finance	\$25,000 - \$99,999 (mandatory bid process required)	Sr. Director of Corporate Services or Principal Investigator or Initiative Lead	CEO and Director of Finance	CEO and Director of Finance	Sr. Director of Corporate Services and Director of Finance	Over \$100,000 (mandatory Public Tender)	Sr. Director of Corporate Services or Principal Investigator or Initiative Lead	CEO and Director of Finance	CEO and Director of Finance	Sr. Director of Corporate Services and Director of Finance	Over \$250,000	Sr. Director of Corporate Services or Principal Investigator or Initiative Lead	CEO and Director of Finance	CEO and Director of Finance and Board of Directors	CEO and Director of Finance	<p>5.IV Exceptions And Escalation Process</p> <p>Documentation must be completed to support any of the following exceptions to the Competitive Bid Process. Documentation must be completed and approved by the appropriate authority levels and may be used in case of dispute:</p> <ol style="list-style-type: none"> 1. Non-Standard Contract: If a purchase involves a contract other than the standard ICES contract/purchase order document or is a capital expenditure or involves a capital or operating lease. 2. Non-competitive award process (Sole Source or Single Source). 3. Delay Funding and Authorization process.
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6.	Cross References
	<p>In addition to this Policy, Sourcing and Procurement activities are governed by other Policies, Procedures and legislation. The ICES Sourcing and Procurement Policy corresponds with the following:</p> <ol style="list-style-type: none">1. ICES Finance – Funding Approval Process2. ICES Sourcing Standard Operating Procedure (To be developed)3. ICES Procurement Standard Operating Procedure (To be developed)4. ICES Information Asset Management Policy5. Canadian Competitive Process and Contract Law6. ICES Confidentiality and Security of Data Policy7. ICES Security Policy – Confidentiality Agreements8. ICES Access to Health Data Policy9. ICES Data Destruction Policy10. Expense Management Guidelines (To be developed)