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| Policy Number FIN3.080 | Policy Section: Finance | Effective: November 23, 2011 Amended: November 21, 2017 |
| Title: Procurement and Contracting Policy | | Executive Sponsor: CFO/Vice President, Finance |

1. PURPOSE

This policy establishes the underlying principles and parameters for procurement and contract management by CLBC. It applies to all services and goods procured by CLBC, except for direct funding or host agency arrangements, which are described in the CLBC *Individualized Funding Policy*, and for Person Centred Societies. The policy provides direction to all CLBC staff involved in procurement and contracting, and is accompanied by the CLBC *Procurement and Contracting Procedures Guide*.

2. DEFINITIONS

Competitive Process: Formal process intended to obtain comparable bids or quotes from multiple vendors.

Contract Value: The expected or actual value over the period from the expected or actual start date to the expected or actual end date of the contract, excluding all applicable taxes. For program services, the expected or actual end date of the contract excludes possible extensions of term beyond the term contemplated for the initial contract. For non-program expenditures only, the expected or actual end date of the contract should include all extensions of term that are allowable according to the procurement document.

Direct Award: Negotiation and award of a contract without requiring a competitive process.

Non-Program Expenditures: Spending on services/goods related to CLBC's internal administrative and operational requirements.

Pre-Qualified Vendor: Vendor that meets the requirements set out in a formal pre-qualification process.

Procurement Activities: Activities relating to the acquisition of services/goods including planning, soliciting bids or quotes from vendors and issuing contracts and/or purchase orders.

Procurement Initiative: A distinct plan or undertaking to acquire services/goods.

Program Services: Services/goods provided directly to individuals and/or families supported by CLBC.

Vendor: Organization or individual that provides or intends to provide services/goods to CLBC.

3. POLICY

Principles

- 3.1 Procurement activities are guided by an appropriate balance of the following principles:
- i) ***Person-Centered Planning***: procurement activities are responsive to the needs, desires and choices of each individual and/or family supported by CLBC.
 - ii) ***Transparency***: provide vendors with appropriate access to clear information on procurement opportunities, processes, and results.
 - iii) ***Fairness and Integrity***: procurement activities are:
 - a) Compliant with applicable laws, regulations and trade agreements;
 - b) Conducted with due regard for confidentiality and privacy of information;
 - c) Free of real or perceived conflicts of interest; and
 - d) Carried out in a manner consistent with the highest standards of ethical behaviour, honesty, integrity and impartiality.
 - iv) ***Value for Money***: procurement activities are designed to achieve value for money, considering elements such as cost, quality, reliability, continuity and strategic procurement objectives.
 - v) ***Competition***: procurement initiatives are subject to competitive processes to the extent reasonable, practical and appropriate to the value, complexity and nature of the procurement opportunity.
 - vi) ***Environmental Sustainability***: procurement decisions consider environmental issues, where appropriate.

Planning

- 3.2 Procurement initiatives must not be subdivided to avoid requirements of policy or trade agreements.
- 3.3 Procurement initiatives must only be undertaken where the necessary funds for the underlying service/good are available as per the CLBC *Planning, Budgeting and Reporting Policy*.
- 3.4 CLBC may elect to purchase services/goods that are available through the BC *Government Corporate Supply Arrangements*, in which case the practice set by the Province applies instead of this policy.

Pre-Award and Solicitation: Direct Award

- 3.5 A direct award may be made where:
- i) The expected contract value is under \$50,000 and it is not reasonable or cost-effective to compete the procurement opportunity;
 - ii) The expected contract value is \$50,000 or more and there are exceptional circumstances relating to health, safety or unforeseen emergencies:

- a) For non-program expenditures, with the approval of the responsible Vice President or Director or, in their absence, his/her delegate;
- b) For program services, with the approval of the Integrated Service Manager for contract values under \$150,000, and the Director, Regional Operations or, in their absence, his/her delegate for those of \$150,000 or more;
- iii) Only one vendor is able to perform the services or deliver the goods;
- iv) The contract is with another government body; or
- v) An individual and/or family has expressed a preference for a vendor; the vendor is able to meet the pre-qualification requirements; and the cost is reasonable.

3.6 The reasons supporting a direct award must be documented for a contract of \$5,000 or more.

Pre-Award and Solicitation: Pre-Qualification of Vendors

3.7 Where a list of pre-qualified vendors is to be established, the solicitation document must:

- i) Establish the requirements for qualification;
- ii) Establish the criteria designed to evaluate vendors' responses;
- iii) Be broadly advertised;
- iv) Disclose the method for selection of vendors from the list; and
- v) Identify the period for which the list is effective.

3.8 Opportunities for getting on a list of pre-qualified vendors must be provided either continuously or at a minimum annually.

3.9 Where a list of pre-qualified vendors is established for:

Program Services:

- i) The list is ongoing and maintained on a regular basis; and
- ii) A vendor is removed from the list for a service where the vendor:
 - a) Has not actively provided the service to CLBC within the prior 3-year period; or
 - b) Materially fails to meet its contractual commitments; or
 - c) No longer meets the qualification criteria.

Non-Program Expenditures:

- iii) The term of the list cannot exceed five years at which time CLBC may extend the term by up to three additional years; and
- iv) A vendor is removed from the list for a service where the vendor:
 - a) Materially fails to meet its contractual commitments; or
 - b) No longer meets the qualification criteria.

3.10 Where a list of pre-qualified vendors exists, the minimum activities for a procurement initiative are as follows:

Program Services:

- i) For contract value under \$50,000 - a direct award based on a project-specific assessment of qualified vendors to determine the best qualified vendor;
- ii) For contract value between \$50,000 and \$250,000 - a competitive process that includes at least three pre-qualified vendors that meet the criteria for the procurement initiative; or
- iii) For contract value over \$250,000 - a competitive process that includes all pre-qualified vendors that meet the criteria for the procurement initiative.

Non-Program Expenditures:

- iv) For contract value under \$50,000 - a direct award based on a project-specific assessment of qualified vendors to determine the best qualified vendor;
- v) For contract value between \$50,000 and \$75,000 - a competitive process that includes at least three pre-qualified vendors that meet the criteria for the procurement initiative; or
- vi) For contract value over \$75,000 - a competitive process that includes all pre-qualified vendors that meet the criteria for the procurement initiative.

Pre-Award and Solicitation: Competitive Process

3.11 Where direct award criteria are not met, a procurement initiative must follow a competitive process.

3.12 A competitive process must:

- i) Establish the requirements to be met;
- ii) Establish the criteria designed to evaluate vendors' proposals; and
- iii) Be broadly advertised and open to all vendors; or where a list of pre-qualified vendors exists, follow the minimum activities described in Section 3.10.

Contract Award & Administration: General

3.13 In a competitive process, a contract is awarded to the vendor whose proposal ranks highest based on the evaluation criteria. This does not have to be the vendor proposing the lowest cost.

3.14 Contracts must be authorized in accordance with the *CLBC Financial Authority Policy – Delegation to Management*.

3.15 Contracts must include:

- i) Expected deliverables and outcomes; and
- ii) For fixed term contracts, a maximum value.

3.16 Program services require a contract in CLBC's standard form, with the exception of an agreement with another government body, where that body's contract form may be used.

3.17 Program services contracts require that a vendor is registered, active and in good standing with WorkSafeBC.

3.18 Non-program expenditures where the contract value is \$5,000 or more require a contract in CLBC's standard form, except as permitted in Section 3.19. Non-program expenditures where the contract value is under \$5,000 may be undertaken either with a contract in CLBC's standard form or a written agreement.

3.19 Non-program expenditure contracts of the following types may be undertaken on vendors' contract templates:

- i) Vehicle and equipment rentals;
- ii) Space rentals/leases/hotel bookings;
- iii) Software licensing; and
- iv) Airline services.

Contracts over \$25,000 require prior approval of the Vice-President, Finance or his/her delegate who is responsible for determining whether review by legal counsel is needed.

3.20 Prior approval of the Vice-President, Finance or his/her delegate is required for:

- i) Amendments to CLBC's standard contract templates or *Terms and Conditions*, including variations from the requirements of this policy; or
- ii) The use of contracts prepared on vendors' contract templates for services/goods of a type other than those permitted in Section 3.19.

The Vice-President, Finance or his/her delegate is responsible for determining whether review by legal counsel is needed.

3.21 An indemnity may only be given by or on behalf of CLBC if an authorized representative of the Risk Management Branch of the Ministry of Finance has given prior written approval.

Contract Award & Administration: Contract Modification

3.22 Modifications to the scope of services must be substantially consistent with the nature and intent of the original contract.

3.23 For program services, modifications related to the original scope of services and intended to accommodate changes in the needs of individual(s) and/or families are considered to be within the nature and intent of the original contract.

3.24 Modifications to the scope of services require written approval by CLBC and the vendor.

3.25 Extensions of term are allowed when:

- i) The potential for extension was explicit in the solicitation documents; or
- ii) The original competitive process was recently undertaken.

3.26 Contracts that arise from a direct award under:

- i) Section 3.5(i) - may be modified, where the total value of the original contract and all modifications continues to be under \$50,000 and/or another direct award criterion is satisfied;
- ii) Section 3.5(ii) - are limited to the original term and may not be extended; and
- iii) Section 3.5(iii), (iv) or (v) - may be modified, provided that one or more of the criteria in those sections continues to apply.

3.27 Extensions to the term and/or modifications to increase the funding amount or fees and expenses or change service specifications (e.g. named individuals, hours/days of service) may be made by notification by CLBC to the vendor.

Contract Award & Administration: Contract Termination

3.28 Contracts must allow for immediate termination in the following circumstances:

- i) The vendor has been notified by CLBC of the vendor's failure to fulfill its responsibilities and within 30 days of receiving the notice the vendor has not:
 - a) Corrected the failure; or
 - b) Developed and obtained CLBC's agreement to a plan to correct the failure;
- ii) The health or safety of the individual and/or family receiving services is at immediate risk; or
- iii) The vendor becomes insolvent.

3.29 For program services, contracts must include the right of CLBC to terminate the contract without cause with a maximum notice period of 90 days.

Contract Award & Administration: Complaints and Disputes

3.30 Complaints made by proponents or respondents concerning a procurement process are forwarded to and reviewed by the Manager, Contract & Procurement Services.

3.31 Disputes arising out of a contract are dealt with in a just, prompt and cost-effective manner, as per the *Terms and Conditions* and *CLBC Dispute Resolution Protocol*, and as outlined in the *CLBC Procurement and Contracting Procedures Guide*.

4. REFERENCES

BC Government Corporate Supply Arrangements
CLBC Dispute Resolution Protocol
CLBC Financial Authority Policy – Delegation to Management
CLBC Individualized Funding Policy
CLBC Terms and Conditions: Services
CLBC Terms and Conditions: Home-Sharing