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10.1.13

Halifax Regional Council
June 26, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in cursive script, appearing to read "Mike Labrecque".

SUBMITTED BY:

Mike Labrecque, Director of Transportation and Public Works

A handwritten signature in cursive script, appearing to read "Cathie O'Toole".

Cathie O'Toole, Acting Director of Financial Services

DATE: June 22, 2007

SUBJECT: Procurement Processes for Office Furniture

INFORMATION REPORT

ORIGIN

Halifax Regional Council, May 29, 2007, Item 11.1.20 - Purchase of Haworth Systems Furniture. During discussion of this item, it was noted by staff that a report would be coming forward at a future date with regard to the tendering of furniture.

Councillor Karsten raised specific questions during the HRM Audit Committee, meeting of June 6, 2007.

At the Regional Council Meeting of June 19, 2007 further questions were raised by Councillor Mosher.

BACKGROUND

The purchase of Haworth Systems Furniture in the amount of \$321,227.00 (net HST included) from MMP Office Interiors Inc. for the policing facility at 1874 Brunswick Street was approved by Halifax Regional Council at the May 29 meeting. As a result of Council's discussion on this purchase, the purpose of this report is to outline HRM's current process for procuring office furniture.

The report will also address the questions raised by Councillor Karsten and Mosher.

DISCUSSION

HRM procures office furniture from a number of vendors. The procurement process depends upon the product and the needs of the end users. The furniture products purchased can be broken down into the following categories:

1. Systems Furniture - open office configurations
2. Loose Office Furniture - enclosed offices
3. Misc. products (chairs, tables, file storage) - open office configurations
4. High density storage - open office configurations

The existing procurement methods, do comply with the Procurement Policy (Attachment C). The decision to standardize on UniGroup systems furniture supplied by Haworth, dates back to 1987. In 1987 the City of Halifax went through a competitive process which resulted in standardizing on the UniGroup product supplied by Haworth.

1. Systems Furniture

To provide a uniform appearance and improve the flexible reuse of components, HRM has standardized the UniGroup product, which is supplied by Haworth. This arrangement is a carryover from the City of Halifax. A typical workstation costs between \$3,000 and \$4,000, depending on the design and layout of the installation. The total product in place throughout HRM offices represents approximately 520 workstations with a replacement value of over \$2,000,000. Product that was initially purchased by the City of Halifax is still in place and is providing value. There are no other manufacturers who produce a panel that can be interfaced with the Hayworth system. Hayworth panels dating back to 1991 and work surfaces from 1995 are still in use in HRM's offices and are virtually indistinguishable from new panels. Office Interiors is the only mainland Nova Scotia dealer of Haworth product. From what staff can determine, the supplier will continue to manufacture and support this product in the foreseeable future and cannot envision a situation where the product would be unavailable to the local market. There are many other large organizations in Halifax that also use this product as the standard. HRM controls and stores its own stockpile of surplus components and staff make every effort to keep that stockpile at a minimum by drawing on it for components whenever practical.

Although it might appear a reasonable argument that in a new large installation there is no cause to maintain consistency of manufacturer, if the history of any one panel in use in HRM were able to be traced, it is not unreasonable to expect that any one panel may have resided in numerous configurations and buildings throughout its useful life. If, during the life expectancy of any installation, the needs of that space change, components can be added to or removed from our existing stockpile seamlessly. The introduction of various manufacturers and related stockpiles of components would eventually lead to the need to purchase more new product than if one consistent manufacturer is maintained.

Section 7(8) of the Procurement Policy (Attachment C) approved by Council in 2005 permits sole source purchases (a) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source. Essentially HRM has entered into a price agreement on a sole source basis on most system furniture purchases since amalgamation largely due to three reasons:

- 1) Extent of Haworth systems furniture already in place from the City of Halifax
- 2) Compatibility of purchases with existing equipment
- 3) Environmental objectives to recycle and re-use equipment.

A variety of procurement processes have been used to reconfigure and/or procure systems furniture. Factors considered to determine which process to use is dependent upon requirements of the Business Units, uniqueness of the installation required, the need for recycled or new product, the required schedule or timing of the project, availability of existing HRM inventory product that match the layout, sequencing with other ongoing or proposed projects, and the availability of recycled product from other sources.

Pricing Agreement Section 7 (2) of the Procurement Policy, Attachment C

This purchasing agreement, currently with MMP Office Interiors Inc., provides the opportunity for HRM to purchase Haworth office furniture products and services at a preferred discount for a period of three years. Staff regularly review this agreement to ensure HRM is receiving good value. The agreement does not commit HRM to a specific value or volume of purchases and does not preclude HRM from purchasing other furniture products and services.

From May 1, 2004 to April 30, 2007, approximately \$1,800,000 in Purchase Orders were issued to Office Interiors to supply new product, refurbish existing products, and reconfigure existing installations. During this period, 486 of 561 Purchase Orders issued were for less than \$5,000. Typically, this type of work entails minor adjustment or upgrading of existing work stations. Each of the 75 orders over \$5,000 was reviewed by staff to confirm the most cost effective route to purchase the furniture.

The benefits to the Municipality of maintaining one systems furniture supplier are as follows:

(a) Higher Discounts

The volume of product purchased and subsequent value of HRM as an account to Office Interiors has placed HRM in a favorable position to negotiate higher discounts. Table #1 provides samples of a number of typical products purchased and the savings between two successive Standing Offer Contracts. HRM is paying 25% less for products in 2007 than in 2004.

Table #1	Year	Year	Savings	% Savings
Agreement Office Interiors	2004	2007		
60"x66" panel	\$752.40	\$564.30	\$188.10	25%
48"x66" panel	\$657.80	\$493.35	\$164.45	25%
36"x66" panel	\$595.76	\$446.82	\$148.94	25%
24"x66" panel	\$496.76	\$372.57	\$124.19	25%

(b) Reduced Inventory

Reconfiguration of existing space creates a surplus of systems furniture parts that are stored for future use. Workstations are planned so as to use existing product prior to purchasing new. HRM's current inventory of furniture (spring 2007) is calculated at \$126,710.64, a significant reduction from the \$346,559.00 value of the inventory in 2004. By using one product supplier, HRM is able to keep the inventory low, as there are more options to turnover the product. Having several suppliers of systems furniture will result in a growth of the inventory by a factor of the number of suppliers, as well as additional costs to the municipality to manage and store duplicate inventories. In addition, it is difficult to interchange furniture and panel systems from different manufacturers as components, features, electrical circuitry, hardware and sizes typically vary.

(c) Increased Recycling

Table #2 documents the percent of product that was recycled in several reconfiguration projects. Typically, standing offer quotations are divided into, (1) reuse of existing inventory, (2) new product required and (3), labour costs to reconfigure existing product. By reusing inventory, the cost of the HR project referenced in the table was 50% of what could be expected in an open tender process and the Finance project was 25% of the expected cost.

**Procurement Processes for Office Furniture
Council Report**

Table #2	Purchase Order Standing Offer Contract	Value of HRM Inventory Recycled (including labour costs)	Estimated Cost for new (Tendered)	Recycled Product %
HR - Duke Tower - 3rd Floor	\$43,725.92	\$51,071.27	\$94,797.19	53%
Finance (AP/REV) - Duke Tower - 3rd Floor	\$58,413.94	\$229,562.35	\$287,976.29	80%
Solid Waste - Alderney Gate - 1st Floor	\$21,734.72	\$53,617.72	\$75,352.44	70%
Finance (Payroll) - Duke Tower - 3rd Floor	\$12,185.57	\$20,134.92	\$32,320.49	62%
Corporate Communications Duke Tower - 4th Floor	\$15,602.86	\$11,327.34	\$26,930.20	42%
Total	\$151,663.01	\$365,713.60	\$517,376.61	

The ability to reuse components has created huge dollar savings for the taxpayer. If at any point in the future the product is discontinued, HRM will have the ability to access a large reservoir of used components from other customers of the product within the HRM area.

Request for Proposals / Request for Quotes (RFP/RFQ) Process

When there is a specific opportunity, staff have used the RFP/RFQ process to obtain quotations from vendors. Two examples are as follows:

Duke Tower IT Renovations - This installation consisted of approximately 43 workstations. To test the assumption that HRM was receiving best value, a generic plan was produced by a design consultant (at additional cost) and three bidders were requested to quote. Of the three bids received, Office Interiors was the lowest at \$55,418.

Dispatch Console Furniture for the 911 and 4000 Call Centre - This project required 18 hydrolic workstations to meet specific needs. The RFP process reduced six submissions to three that met the minimum standards. The evaluation criteria for this product was “quality, design, flexibility and future expansion possibilities,” as well as “Expertise of Company...Furniture Specifications ergonomics, mobility, site visits, and warranty.” This contract was awarded to Bramic Creative Business Products Limited at a cost of \$524,437.

2. Loose Office Furniture

The standard furniture for an HRM office is a desk, desk return, bookcase, and 4 drawer filing cabinet. Prior to the 2005, this product was purchased from Office Interiors under their standing offer agreement. In the fall of 2004, HRM issued an RFQ for the supply of "Free Standing Modular Furniture". Responses were evaluated on 85 criteria that included size, components and price. The RFQ was awarded to Atlantic Business Interiors in January 2005. The terms of this proposal call stipulate that orders up to \$15,000 are purchased under the standing offer and orders from \$15,001.00 to \$25,000.00 are to be quoted by three vendors - Atlantic Business Interiors, Office Interiors and Action Office. All orders over \$25,000.00 go to public tender.

3. Miscellaneous Products

HRM purchases miscellaneous office products from a number of vendors, primarily chairs and filing cabinets. A summary of purchases from these vendors includes:

- Chairs Ltd. (chairs) - Jan 2, 2005 - Dec. 31, 2008 - \$18,880 spent to date;
- Grand & Toy (chairs) - May 8, 2005 - Oct 31, 2007 - \$4,500 spent to date;
- Office Interiors (chairs) - Jan 30, 2006 - Oct. 31, 2007 - \$2,600 spent to date;
- Flagstone Business (filing cabinets) - Nov. 14, 2006 - Nov. 13, 2007 - \$3,800 spent to date;
- Office Interiors (filing cabinets) - Nov. 14, 2006 - Nov. 13, 2007 - \$6,600 spent to date.

Dates used reflect the start and end dates of the respective standing order agreements.

4. High Density Storage

High density storage, often referred to as Compact Shelving, is also purchased by HRM. High density storage is a very effective way to store a larger amount of paper in a small footprint. There are a number of vendors of this product and they are "one off" installations that are not usually reconfigured or relocated. In the past three years, this work has been tendered and the value is usually \$20,000 to \$25,000.

Conclusion

A review of the systems furniture projects since 2004 indicates there is a wide range of activity from day to day response at relatively low cost (under \$5,000) to higher cost projects with very complex technical requirements. Our current practices focus on:

- Recycling existing inventory;
- Standardizing a limited number of products to improve flexibility and reduce inventory;
- Procurement flexibility to adapt to the variety of Projects ;
- Minimization of the lag between order and delivery;
- Cost effectiveness;
- Openness, fairness and consistency.

This type of approach gives the municipality the capacity to manage inventory over a number of projects that are in various stages of planning and execution as well as providing the flexibility to select the most appropriate method of procurement. Therefore, HRM's current approach to procuring the full complement of office furniture, including the use of a price agreement for office systems furniture with Office Interiors, provides the optimal balance of meeting needs of end users at the lowest cost to the municipality while facilitating opportunities for all vendors to provide products and services to the municipality.

The existing practices meet the spirit and intent of the current Procurement Policy. The current policy and procedures will be reviewed as part of the Procurement Review being carried out by Business Systems and Controls during the 07/08 Business Cycle.

BUDGET IMPLICATIONS

There are no budget implications as a direct result of the information contained in this report.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

ATTACHMENT A - Response to Councillor Karsten's questions raised during the HRM Audit Committee, meeting of June 6, 2007.

ATTACHMENT B - Response to Councillor Mosher's questions raised during Regional Council on June 19, 2007.

ATTACHMENT C - HRM Administrative Order 35 (Procurement Policy)

ATTACHMENT D - Province of NS Procurement Policy

A list of purchase orders with MMP Office Interiors - April 2004 to present and a copy of the current order has been supplied to the Clerk's Office for anyone interested in obtaining a copy.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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ATTACHMENT A

The following is the response to questions raised by Councillor Karsten during the HRM Audit Committee meeting of June 6, 2007.

At the June 6 Audit Committee meeting, staff was asked to provide information on the purchase of office furniture from MMP Office Interiors Inc. for the new policing facility at 1874 Brunswick Street, formerly the Blue Cross Building. The purchase was approved by Regional Council on May 29, 2007.

Q: What was the value of the Tender?

A: The value of the purchase order is \$310,576.26 plus net HST. The purchase order is itemized in five phases corresponding to the phased sequence of the work to be undertaken as follows:

Phase I	\$39,811.75
Phase II	\$68,070.99
Phase III	\$79,806.08
Phase IV	\$74,849.49
Phase V	\$48,037.95.

The items purchased include: panels, tack boards and connective hardware; countertops / worksurfaces; a reception counter, kitchenettes, pedestals, articulated keyboard trays, task lighting; storage cabinets; power connectors; office chairs and lateral files. The purchase order provides for the purchase of the product and installation costs. These items were selected from the price agreements with MMP Office Interiors Inc.

Q: Was any loose furniture included in the order?

A: The original purchase order also included some items of loose furniture. These items in the amount of \$5,000 have been removed from the purchase order and will be quoted separately as per normal practice.

Q: What is the breakdown of the old and new furniture including its value?

A: The outfit of the new policing facility is one of four renovations projects being undertaken by the HRM. The other three projects include: Northbrook School; Duke Tower - 4th Floor; and Metro Transit. Overall staff attempt to maximize the use of existing inventory in renovation/upfit projects but there are occasions when there is minimal or no inventory available for use on that project due to the large demand for product at that time. There are also times when the complexity of the move sequence of these types of projects makes it more efficient to use new product for both timing and cost reasons. The upfit of the policing facility draws from new product and will not use any inventory product. However, it is still important given the overall importance of interchangeability of product within HRM to purchase Haworth product.

Q: Clarification as to whether or not HRM was offered the option of acquiring the building with existing inventory of office furniture.

A: The office furniture from MMP Office Interiors is required to meet the needs of the approximately 127 members of the combined Criminal Investigation Division. The space to be occupied consisting of five floors has been vacant for more than a year. There are no furnishings that meet our needs available on-site.

Q: Can we see pricing from different suppliers for comparison purposes?

A: It is difficult for staff to provide meaningful pricing of comparable office systems furniture to Haworth product. This can only truly be determined by a competitive market process. When HRM has gone to the market for office systems furniture, as illustrated by the IT Renovation experience and described in the discussion portion of this report, MMP Office Interiors provided furniture at the lowest cost. On a go forward basis, staff strongly believe that HRM is achieving good value with the existing price agreement and will continue to review and monitor the contract regularly.

Q: Can we see a breakdown of all furniture purchased through that current staging order over the last three years?

A: A listing of the purchase orders issued from the price agreements with MMP Office Interiors Inc from April 10, 2004 to date is available through the Clerk's Office.

Q: Is maintenance included in the contract? Does the service agreement include a 24 hour delivery response time to eliminate the need for storage?

A: The price agreement for systems furniture provides for the ongoing maintenance of the product but is not a service agreement offering such features as a 24 hour delivery response time. The inventory maintained at HRM is for used product so Just in Time delivery for new installations is not applicable.

Q: Can we see a copy of the order that went to MMP?

A: A copy has been provided to the Clerks Office.

ATTACHMENT B

Councillor Mosher asked a number of questions and made several observations which staff have grouped under headings felt to reflect their category of concern.

Specific Furniture Purchase referenced in this report

Q: Does HRM ask other suppliers how they can interface with existing equipment?

A: HRM keeps abreast of all market opportunities for other vendors to participate in HRM purchases. This would include discussion with vendors on the potential application of their products to HRM projects.

Q: Is it truly interfacing, i.e., if you are moving into a new building how is it interfacing with something that is not there? Nothing wrong with having one type of furniture in one area and another in a separate area

A: For office systems furniture, it is important that all individual product be interchangeable to maximize the ability to use that product again in other locations.

Q: Is there a location where surplus supplies are kept or does the supplier take it and if it is kept, can it be accessed.

A: Surplus supplies or HRM's inventory of office systems furniture is kept in approximately 600 square feet of storage space in the basement of Duke Tower.

Q: What happens if the local supplier goes bankrupt?

A: As many other organizations within the local area have standardized on this product, staff cannot envision a situation where the product would be unavailable for purchase by HRM.

Q: Under sole sourcing, can we prove it is the only contract that could meet the needs for the furniture? Proof that it was not contrary to policy.

A: Yes. HRM regularly reviews the market and the products available to ensure that there is only one bona fide supplier capable of meeting HRM's requirement for office systems furniture.

Procurement Procedures

Q: Do we publish the awards anywhere and if not, can we?

A: Information on Requests for Quotation (RFQ) , Tenders or Request for Proposals (RFP) are posted on the HRM website. Information on the bids received is posted shortly after the bid closing and again upon award. The information posted depends upon the nature of the bid process.

Standing Orders

Q: Thresholds should be reduced to match the Province and would like the report to comment on this.

A: The Province has established policy and procedures to the use of Standing Orders. These will be reviewed by Procurement Staff, and as part of the Business Systems Control Procurement Review, and recommendations made whether changes to HRM's Procurement Policy are required.

Q: Consideration of post contract review. Look at past performance.

A: Contracts are reviewed by procurement. These reviews are conducted throughout the term of the contract and upon their completion. Supplier performance is one of the key factors considered in these reviews.

Procurement Policy

Q: Consider inserting an open and transparent process in the mission and policy statement.

Administration Order #35 be amended to better reflect the goal of openness, transparency, equity and fairness and to fully encourage competition.

A: The existing council approved Procurement Policy (Administrative Order 35) provides for principles and guidelines which staff use in their professional decision making process. Under Guiding Principles the following excerpts are provided:

Clause 2(b) "Procurement policy and procedures should provide the most cost efficient and cost effective methods to purchase and dispose of all goods and services for operations of Halifax Regional Municipality."

Clause 2(c) " The procurement process is to be open, fair and consistent."

Clause 2(d) " The total cost of acquisition is to be considered. (Costs such as repair cost, staff training, operation cost and disposal are to be considered rather than just the lowest invoice price.)

Clause 2(e) "Procurement methods are to encourage competitive bidding for the supply of goods and/or services."

Staff feel that all of these principles were applied to this purchase decision. The Procurement Department of Finance supports these principles and supports and guides the various Business Units in their purchasing requirements. Staff of HRM consistently use policies that outline guiding principles and incorporate these into their professional decision making processes. This is a practice employed with many different policies throughout HRM.

Having said that, there is limited capacity within the Procurement Department to drill into every detail of a purchase or to audit for non-compliance to policy.

This role is within the mandate of the Business Systems and Control Group similar to the role taken on by the Auditor General of the Province and of Canada. To that end, the Business Systems and Control Group will be conducting a complete review of the end to end procurement process in this fiscal year.

The audit will encompass many of the areas of concern that have been raised by Council. Administrative Order #35 Procurement Policy and procurement processes and procedures employed throughout HRM will be thoroughly reviewed and recommendations made. This review will include a benchmarking of HRM practices with other jurisdictions.

It should be noted that the report to council of May 29, 2007 was a reflection of the fact that Finance staff felt that this purchase was an exceptional circumstance and required council's approval.

Q: Would like to see HRM's procurement policy included as well as the province's in the report.

A: Administrative Order #35, Procurement Policy and the Province of Nova Scotia Procurement Policy are attached.

Q: Report to be prepared on a regular basis and forwarded to Council indicating all transactions that did not follow standard procedures.

A: Council or CAO approval is currently required for all transactions that are believed to be exceptional or extraordinary and do not follow standard procedure.

ATTACHMENT C

**HALIFAX REGIONAL MUNICIPALITY
ADMINISTRATIVE ORDER NUMBER 35
PROCUREMENT POLICY**

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**Halifax Regional Municipality
Administrative Order Number 35
Procurement Policy**

Be it resolved, as an Administrative Order of the Council of the Halifax Regional Municipality, pursuant to Section 31(2) of the *Municipal Government Act*, as follows:

Short Title

The Administrative Order may be cited as Administrative Order No. 35, the Halifax Regional Municipality Procurement Administrative Order.

Policy Statement

1. The Halifax Regional Municipality Council directs the operation of the Regional Municipality through its approved programs and policy. **The purpose of this policy is to establish purchasing guidelines to ensure the most cost effective and cost efficient methods are used to purchase goods and services for the Regional Municipality in the manner approved by Council.**

Guiding Principles

2. The following principles will guide the procurement practices of Halifax Regional Municipality:
 - (a) Procurement policy provides a direction for the expenditure of funds to complete the programs approved by Regional Council in the annual Operating and Capital Budget.
 - (b) Procurement policy and procedures should provide the most cost efficient and cost effective methods to purchase and dispose of all goods and services for operations of Halifax Regional Municipality.
 - (c) The procurement process is to be open, fair, and consistent.
 - (d) The total cost of acquisition is to be considered. (Costs such as repair cost, staff training, operation cost, and disposal are to be considered rather than just the lowest invoice price).
 - (e) Procurement methods are to encourage competitive bidding for the supply of goods and/or services.
 - (f) To use suppliers, who can be expected to provide satisfactory performance, based on:
 - (i) performance
 - (ii) previous contracts
 - (iii) financial and other resources to complete the contract bid upon
 - (iv) references

(g) To encourage opportunities to partner with the business community to provide services to and for Halifax Regional Municipality in a cost effective and cost efficient manner.

(h) To procure necessary goods and services with due regard to the preservation of the natural environment and to encourage suppliers to supply goods incorporating recycled materials where practical.

Definitions

3. (1) Bid - Refers to a competitive bid received from either a Request for Quotation, Tender or Request for Proposal.
- (2) Procurement Section - refers to the Procurement Section of the Finance Business Unit.
- (3) Public Request for Submission - refers to Tenders, Call for Proposals, Two Phase Bids etc., over the value of \$50,000.

General

4. (1) **This policy applies to all Business Units, Agencies, Boards and Commissions of Halifax Regional Municipality over which the Regional Municipality has jurisdiction.**
- (2) The procurement of goods and services will be facilitated by the Procurement Section according to this policy.
- (3) Halifax Regional Municipality will be under no obligation to accept the lowest bid or any bid received in response to a verbal or written request.
- (4) Halifax Regional Municipality may remove a supplier name from consideration for a contract for up to three years based on poor performance or non- performance on a contract.
- (5) The Procurement Section shall work with the user departments to combine requirements where possible and encourage overall standardization of items to reduce the overall cost to the Municipality.
- (6) The Procurement Section shall work with other levels of government, other agencies, boards and commissions, and associations such as the F.C.M. (Federation of Canadian Municipalities) and the U.N.S.M. (Union of Nova Scotia Municipalities) to encourage standardization of items and/or to reduce overall cost to the Municipality.

Authority of the Chief Administrative Officer

5. (1) The Chief Administrative Officer (C.A.O.) has the authority to award or purchase all goods or services that are within the budgets approved by Regional Council and as guided by this Procurement Policy.

(2) The C.A.O. may authorize procedures consistent with this policy and may delegate the authority under this policy.

(3) Financing purchases: The CAO, or his designate, may authorize financing arrangements such as loans, leases, rentals, etc. for the purchase or rental of goods, services, equipment or property on behalf of the HRM where the purchase is compliant with the other conditions and award limits within this policy and the period of financing does not exceed 5 years. The total lease cost will be used to determine the contract award amount.

Purchasing Process

6. (1) The following guidelines will be followed for the purchase of goods and services for Halifax Regional Municipality:

(a) **Up to \$1,000** - The acquisition of goods and services having a value up to \$1000 and not covered by a Price Agreement or supplied by the Municipal Stores System, may be purchased by the department in accordance with the principles set out in this policy.

(b) **More than \$1,000 but less than \$10,000** - For the acquisition of Goods and services with a value of at least \$1,000 but less than \$10,000, at least three quotations will be solicited by the Procurement Section in consultation with the user department. These quotations should be written except in cases of insufficient time, minor purchases or standardized supplies. The requisition is to be authorized by a Director of the user department (or designate) and the funds are clearly identified in the approved operating or capital budget. These opportunities will be posted on the HRM website whenever possible.

(c) **More than \$10,000 but less than \$50,000** - For the acquisition of Goods and Services with a value of at least \$10,000 but less than \$50,000 a least three written quotations will be solicited by the Procurement Section in consultation with the user department. Procurement will post these opportunities on the HRM website. The requisition is to be authorized by the Director (or designate) of the user department and the funds are clearly identified in the approved or capital budget.

(d) **\$50,000 or greater** - For the acquisition of Goods and Services with a value of more than \$50,000 the Procurement Section in consultation with the requisitioning department will issue a public request for submissions. These acquisitions will be advertised in one or more publications of general circulation and the HRM website. Tenders are posted in this range will be acknowledged at a public opening at a designated date and time. The requisition to be authorized by the Director of the user department and the funds are identified in the approved operating or capital budget.

Methods of Procurement

7. The following are the Methods of Procurement to be used under this policy:

(1) **Low Value:** Purchases that are random in nature, and are not included in a Price

Agreement or available in Inventory, under the value of \$1,000 may be purchased by the department, using either a Purchase Order, Petty Cash, Cheque or Halifax Regional Municipality Credit Card.

(2) **Price Agreements:** In order to guarantee a continuous supply of various goods and services which are required on a day to day basis, while at the same time assuring that the competitive bidding system is followed, the Procurement Section shall establish Price Agreements. These arrangements between the Regional Municipality and the supplier commits the seller to provide goods or services at a specific price for a specific period of time. These agreements reduce the number of individual bids and reduce overall cost due to the higher volume gained by combining the requirements of a number of departments. User departments can then draw supplies directly from these agreements. Price agreements are governed by the purchasing guidelines listed in this policy.

(3) **Tenders:** An invitation to tender solicits competitive bids. It is used when detailed specifications are available that permit the evaluation of tenders against clearly stated criteria and specifications. A request for tenders is a formal, competitive, sealed-bidding process. It is normally used for the procurement of goods, services, equipment, and construction. Normally Bid Deposits and performance security are required. The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Submissions are compared to the specification and requirements contained in the tender documents. The award is normally to the lowest total cost bid received from a responsible bidder meeting the requirements of the tender.

(4) **Two Phase Bids:** Where detailed specifications are not available or it is impractical to prepare a specification based on price, a two phase bid may be issued, inviting the submission of bids as follows:

- ▶ Phase one: one or more steps in which bidders submit proposals, for evaluation either with or without prices in a separate submission and
- ▶ Phase two: Only those bidders whose bids were determined to be acceptable will be entitled to submit priced bids for consideration or, where prices have been separately submitted in phase one, such bids are opened and awarded to the lowest overall cost.

This type of procurement has the advantage of a request for proposal in phase one and the advantages of a tender in phase two.

(5) **Request for Proposal:** A Request for Proposal is a formal invitation to suppliers to describe how their services, methods, equipment or products can address and/or meet specific needs of the Municipality. It is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Unlike tenders Request for Proposals are compared to each other to assess the best proposal.

Negotiations may be conducted with bidders after the date for the receipt of proposals provided such discussions, negotiations are conducted to:

- ▶ Award equitable treatment to each acceptable bidder with respect to an opportunity

- for discussion and the revision of the proposal.
- ▶ Prevent the disclosure of the content of the discussion or negotiations with one bidder to another bidder.

Proposals submitted in response to a Request for Proposal need not be opened in public but will be opened in presence of at least one witness. A list of the submissions will be available to the public and the proponents upon request.

An award of a contract based upon a Request for Proposal will be made to the supplier, whose proposal is determined to be the most advantageous to the Municipality based upon criteria for evaluation set out in the Request for Proposal and equitably applied to all proposals.

(6) Request for Quotation: Is an informal request for prices for goods and services and is normally used where bid deposit and performance bonds are not required and where the cost of the work does not warrant the time and level of effort required for a formal tender process. Quotations should be written but can be verbal depending upon the cost of the goods or services and time constraints..

(7) Negotiation: Negotiations with one or more suppliers for the supply of goods and/or service would take place when any of the following conditions exist:

- (a) Due to market conditions, goods and/or services are in short supply
- (b) There is only one source of the goods or services
- (c) Efforts at breaking identical bids have previously been unsuccessful and the same goods or services are required again
- (d) All bids received are not acceptable or exceed the amount budgeted for the purchase
- (e) The extension, or reinstatement of, and existing contracts would be more cost effective or beneficial to the Municipality. The extension or reinstatement of existing contract are subject to the approvals listed in section 8.0 Award of Contracts.
- (f) When authorized by Council

(8) Sole Source Purchases: This occurs when there is only one available supplier of a required product or service that meets the needs of the Municipality. Negotiation is the method of purchase used to complete the terms and conditions for this purchase. A single source purchase occurs:

- (a) Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a single source;
- (b) Where an item is purchased for testing or trial use;
- (c) Where the Municipality purchases supplies for resale.
- (d) Where the Municipality has a rental contract with a purchase option and such purchase option could be beneficial to the Municipality;
- (e) Notwithstanding anything in this policy, where a purchase is determined by

Council to be fair and reasonable and is made from a nonprofit corporation supported by the Municipality may make such a purchase as a single source purchase.

(f) Where items are offered for sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the C.A.O. may authorize the submission of a bid or the conduct of negotiations where the C.A.O. determines the purchase to be clearly in the best interest of Halifax Regional Municipality.

(g) For matters involving security, police matters, or confidential issues, a purchase may be made in a manner that protects the confidentiality of the contractor or the Municipality. Such purchases may be made as a single source purchase. Purchases of this nature must be approved by the C.A.O. Contracts over the value of \$50,000 must be reported to Council (in camera) when appropriate.

(9) **Emergency Purchases:** An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:

(a) A condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment, or jeopardize the health or safety of the public;

(b) Interim contractual arrangements following the expiration; or breach of a contract; or the receipt of unacceptable or uncompetitive bids.

Emergency purchases are completed using the most expedient method, but will take economy into consideration.

Limits for emergency purchases shall be as indicated in Section 6. However, in each case the authorizing person is required to report the emergency purchase, in writing, to the next level of authority with a copy to the Manager of Procurement.

Award of Contracts

8. (1) All publicly advertised tenders and request for proposals shall be presented to the C.A.O. for approval except as noted below. A report of the purchasing process and details of the purchase will be prepared by the Procurement Section and approved by the Director (or designate) and forwarded to the C.A.O. for approval.

(2) Awards less than \$25,000 can be committed by the Manager of Procurement in conjunction with the user department

(3) Awards over the value of \$25,000, but below the value of \$50,000, can be committed by the Manager of Procurement with concurrence of the appropriate Director. A Director may delegate all or a portion of this approval to a Manager depending upon operational requirements.

(4) The CAO, or his designate, may approve the award of contracts under the following

conditions:

- (a) Where the funds and program have been approved by Halifax Regional Council as part of the annual business planning and budget process and the expenditure will not result in an over-expenditure of the entire budget.
- (b) Where the purchase was the result of a public procurement process conforming to the HRM procurement policy.
- (c) Where the tender is awarded to a supplier with the lowest cost, or highest revenue, meeting specifications.
- (d) Where the award of a Request for Proposal is made to the highest scoring proponent based upon evaluation criteria within the Request for Proposal.
- (e) Where the award does not exceed \$100,000.00* dollars for the purchase of goods, equipment, services, or construction.
- (f) Where the purchase is a sole source purchase not to exceed \$50,000.00.
- (g) Where there is no legislative requirement to obtain Halifax Regional Council approval.
- (h) Where the CAO does not decide that the award is a matter best dealt with by Halifax Regional Council.

(5) A quarterly report to Regional Council of awards of contracts over the value of \$50,000 approved by the CAO or his designate shall be made available to Regional Council and shall show the name of the contract, the name of the successful bidder, the amount of award, any person or company to whom a single or sole source has awarded, the amount of award and the budgetary provision.

Supplier Performance

9. (1) Suppliers may be subject to disqualification if there is sufficient evidence of consistent failure to meet the standards specified by Halifax Regional Municipality. The Procurement Section will maintain supplier performance files. Information in this file is supplied by the requisitioner, receivers and the procurement staff. Suppliers may be evaluated based on competitive price quality of a product, contract adherence and performance, after sales service and replies to invited tenders. Upon reasonable notice in writing to the supplier involved, and after a reasonable opportunity for response, a supplier can be disqualified for a period not exceeding three years from participation in a solicitation for goods or services
- (2) Suppliers shall be disqualified when:
- (a) conviction for a criminal offense of a person or a director or official or such person relating to obtaining or attempting to obtain a contract or subcontract. An indication of lack of business integrity or honesty which directly and serious effects the responsibility of the contractor.
 - (b) Serious breach of contract indicating an unwillingness to perform a contract in accordance with the terms and conditions or specifications or a record of unsatisfactory performance of one or more contracts in accordance with the terms

and conditions thereof or in accordance with its specifications or both,

(c) The offer of any gratuity to an official or employee of the Municipality by a supplier or contractor for consideration.

(3) A written decision shall be issued to the person disqualified or suspended setting out its reasons for disqualification or suspension, to the usual business address of that person as shown in the records of the purchasing section.

(4) Disqualification will be approved by the C.A.O..

Disposal of Surplus Equipment

10. (1) The Procurement Section shall accumulate surplus assets from the user departments. Items that are likely to be of use to other departments of Halifax Regional Municipality can be transferred, after notice is given to all departments of the availability of these items.

(2) Surplus assets over the value of \$100,000 shall be disposed of by Public Tender and contract for disposal of such assets shall be awarded by the C.A.O..

(3) In other cases surplus assets shall be disposed of by either public tenders, request for quotation or auction as reasonably practical in the circumstances.

(4) The C.A.O. may award the disposal of surplus material without competition to any non-profit corporation, association, or entity, or any Municipality, Crown Corporation, School Board or level of government.

Contract Documents, Bid and Performance Securities and Specifications

11. (1) The C.A.O. may from time to time approve such standard forms including bid and performance securities, if any, for purchases by Invitation to Tender, Request for Proposals, Request for Quotations, single source, or emergency purchases as well as forms of contract for types of purchase including but not limited to construction, supplies and installation or service as they may deem advisable.

(2) Bid bonds, Performance bonds and other securities including Labour and Material bonds shall be required for such purchases in such form and in such amounts, as the C.A.O. deems advisable.

Environmental Purchases

12. (1) To procure necessary goods with due regard to the environment the Halifax Regional Municipality will follow the statement of Principle as adopted by the Association of Canadian Cities for Environmentally Sound Strategies.

“In order to increase the development and awareness of Environmentally

Sound Products, Procurement Staff, in conjunction with Departments, will review their contracts and tender specifications for goods and services, to ensure that wherever possible and economical, specifications are amended to provide for expanded use of products and services that contain the maximum level of post-consumer waste and/or recyclable content. This will be done without significantly affecting the intended use of the product or service. Also it is recognized that cost analysis is required in order to insure that the products are available at competitive prices.”

Special Services

13. (1) Legal Services - Legal Services will be acquired by staff based upon work requirements from a roster of lawyers selected through a publicly advertised Request for Proposal based upon qualifications, experience, services offered, past performance, proposed fees and other relevant considerations. The selection of the lawyer from the roster in an individual case shall be based upon the particular expertise required for that case. Legal services having a value of less than \$50,000 may be acquired by the (Director of Administrative and Legal Services) in consultation with the Director(s) of the user department(s). (These services include expert witnesses, and subject experts required for a legal proceeding, hearing or similar matter.) Legal services having a value of \$50,000 or more shall be approved by the CAO (or designate). A Request for Proposal for legal services will be advertised, at a minimum, every three (3) years.

(2) Architectural, Engineering, Surveying Service, and Real Estate Service when these services are less than \$50,000, will be acquired by staff from a roster of consultants selected through a publicly advertised Request for Proposal. Consultants will be selected, by project, based upon qualifications, experience, services offered, past performance, proposed fees, and other relevant considerations. A Request for Proposal for these services will be publicly advertised, at a minimum, every (3) years. Required services over the value of \$50,000 will be publicly advertised.

(3) Banking Services - General Banking services will be acquired by public advertisement at intervals not greater than every five years. These services shall be contracted on a one year term to be renewed on an annual basis up to a five year maximum on terms satisfactory to Halifax Regional Municipality.

(4) Auditing Services - Services of External Auditors will be acquired by public advertisement at intervals not greater than every five years. These services may be contracted on a one year term to be renewed on an annual basis up to a five year maximum on terms satisfactory to Halifax Regional Municipality. Selection of an auditor shall be completed by the Audit Committee of Council who will recommend the selection of an Auditor to Council. Annual renewal of the contract for Audit services will be made by the Audit Committee.

Tie Bids

14. In the case of a tie bid, the Procurement Manager is to request the tie bidders submit a

final offer. If this is not successful and a tie bid still occurs, the contract will be awarded to the local bidder.

Done and passed in Council this 8th day of June, 2004

Mayor

Municipal Clerk

I, Jan Gibson, Municipal Clerk of Halifax Regional Municipality, hereby certify that the above-noted Administrative Order was passed at a meeting of Halifax Regional Council held on. June 8, 2004.

Jan Gibson, Municipal

Clerk

*As revised 13 September, 2005.

ATTACHMENT D

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This publication has been produced by Procurement Services of the Department of Economic Development. This document is available in electronic format at:
http://www.gov.ns.ca/tenders/policy/pdf_files/ProcurementPolicy.pdf
(revised: September 1, 2005)

A printed version can be obtained at

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1. Policy Objective

The objective of this policy statement is to establish and maintain a high level of confidence in the procurement process by ensuring that all public sector procurement is carried out in an open, fair, consistent, efficient, and competitive manner.

The Government of Nova Scotia is committed to

- ensuring that the government’s requirements for goods, services, construction, and facilities are met through an open and fair process that provides the highest degree of competition and value to the Province
- ensuring that all bidders have reasonable notice and opportunity to tender
- fostering economic development by ensuring every capable Nova Scotia supplier has the opportunity to do business with the government
- encouraging Nova Scotia businesses to be competitive and to sustain quality product development
- adhering to the Agreement on Internal Trade and the Atlantic Procurement Agreement, which create economic opportunities for Nova Scotians
- treating out of province bidders in the same way as their jurisdictions would treat bidders from Nova Scotia
- being accountable to the public for procurement decisions

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2. Definitions

For the purposes of this policy, the following definitions are provided.

Under Threshold/Delegated Procurement

For all under threshold/delegated procurements, departments are expected to, as far as practicable, obtain at least three quotes and award to the lowest competent bid received. When selecting the list of suppliers to be provided the opportunity to quote, departmental personnel are responsible to ensure a fair and open process is followed. While departments are to invite only qualified suppliers, they are not to consistently invite bids from only one or a select group of suppliers. Invitations and bidding opportunities are to be equitably distributed among all potential bidders in an area, and all interested and qualified suppliers are to be evaluated on a consistent and equitable basis. The following dollar values have been delegated to departments:

- Goods up to and including \$ 5,000
- Services up to and including \$10,000
- Construction up to and including \$10,000

Over Threshold/Public Tenders

All procurements other than standing offers above \$5,000 for goods and \$10,000 for services or construction must be obtained through Procurement Services. This is done by submitting a purchase requisition through the CFMS (SAP) to Procurement Services. Procurement Services will make all tendering and advertising arrangements and place the tender documents and notice on the Procurement Services website.

Request for Proposal (RFP)

An RFP is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Suppliers are requested to submit detailed proposals (bids) in accordance with predefined criteria. The selection of the successful proposal is based on the effectiveness, value, and price of the proposed solution. Negotiations with suppliers may be required to finalize any aspect of the requirement.

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Request for Construction (RFC)

An RFC is used to tender for a construction, reconstruction, demolition, remediation, repair or renovation of a building, structure, road, bridge or other engineering or architectural work. When a supplier is invited to bid on a construction project the tender documents usually contain a set of terms and conditions and separate bid form that apply to that specific project. Suppliers are requested to submit a response (bid) in accordance with predefined criteria. The selection of the successful proposal is based on a number of factors as described in the tender documents. A request for construction usually does not include professional consulting services related to the construction contract, unless they are included in the specifications.

Request for Quotation (RFQ)

An RFQ is a request for quotation on goods or products with a minimum specification. Award is usually made to the lowest price meeting the specification. An RFQ does not normally but may sometimes include evaluation criteria.

Request for Standing Offer (RSO)

An RSO is a tender to provide goods or service that are usually used across government departments or are department specific. The term of the standing offer can vary in duration but will be clearly defined in the tender documents. RSO's may include evaluation criteria depending on the requirement. Most RSO contracts are made available to the MASH sector (i.e., municipalities, academic institutions,

school boards, and health authorities) should they wish to make use of the savings opportunities.

Request for Expression of Interest (REI)

The Request for the Expression of Interest is similar to the Request for Proposal and is sometimes referred to as a Pre-Qualification, where suppliers are invited to propose a solution to a problem. The REI, however, is only the first stage in the procurement process. Bidders responding to the REI will be short listed according to their scoring in the evaluation process. The short listed firms will then be invited to respond to a subsequent Request for Proposal.

Department

In this policy "department" includes agencies, boards, commissions and offices that are subject to the Auditor General Act, or other public sector entities for whom compliance with this policy has been directed by the minister responsible.

Deputy Head

For the purposes of the document the Deputy Head is defined as the Deputy Minister, CEO or Chair of a Board.

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Unsolicited Proposals

Unsolicited proposals are submissions from any source where the originator believes the proposal may be of benefit to the Province. These proposals are not in response to a tender call or other type of request from government.

http://www.gov.ns.ca/tenders/policy/pdf_files/unsolprofinal.pdf

3. Application

This policy applies to departments of the Government of Nova Scotia, effective September 1, 2005.

The Deputy Head of the issuing department is responsible for ensuring compliance with this policy.

Any employee of a department who has responsibility for the procurement of goods, services, construction, or facilities must adhere to this policy. Failure to adhere will be reported to the Deputy Head and may result in a temporary or permanent loss of procurement privileges.

Except as otherwise noted, this policy applies to all goods, services, construction, and facilities procured by purchase, contract, lease, or long-term rental.

The Minister responsible for the Department of Economic Development is responsible for promoting and implementing this policy.

4. Procurement of Goods

Goods with an estimated value of up to and including \$5,000 may be acquired by departments at competitive prices in accordance with procedures established by Procurement Services. A preference may be given at the discretion of a department to goods manufactured or produced in Nova Scotia.

Goods with an estimated value above \$5,000 will be posted on the Procurement Services website, <http://www.gov.ns.ca/tenders>. In addition, a notice of tender opportunity may be sent to selected suppliers where required to ensure an adequate degree of competition.

In some cases bids may be evaluated not only on the price submitted but also on such factors as quality, delivery, servicing, and the capacity of the bidder to meet the criteria stated in the bid documents. Unless there is a valid and written rationale for the contract award, available for public review, the lowest competent tender will be accepted.

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5. Procurement of Services

Services with an estimated value of up to and including \$10,000 may be acquired

by departments in accordance with procedures established by Procurement Services.

Services with an estimated value above \$10,000 will be posted on the Procurement Services website, <http://www.gov.ns.ca/tenders>. In addition, a notice of tender opportunity may be sent to selected suppliers where required to ensure an adequate degree of competition.

In order to establish the best value of the services offered, bids may be evaluated on price, qualifications, experience, past performance, and the capacity of the bidder to meet the criteria stated in the bid documents. Unless there is a valid and written rationale for the contract award, available for public review, the lowest competent tender will be accepted.

Insurance Services

All insurance service requirements valued at more than \$10,000 will be acquired by public tender at intervals not greater than every five years. Insurance will normally be tendered based on major insurance service categories.

Major insurance services may be renewed on an annual basis up to the five-year maximum on terms satisfactory to the Province. Otherwise, the service may be put to tender at the annual renewal date.

Architectural, Engineering, and Surveying Services

These services will be acquired based on the requirement as outlined in the Government of Nova Scotia Procurement Process: Architects & Professional Engineering Services,

http://www.gov.ns.ca/tenders/policy/pdf_files/A_E_services.pdf

The services of these professional groups will be obtained through a qualifications based selection process, which will include an assessment of competence, experience, cost, and other factors specific to the requirement as identified in the guidelines.

6. Procurement of Construction

Construction requirements with an estimated value of up to and including \$10,000 may be acquired by departments at competitive prices, in accordance with procedures established by Procurement Services.

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Construction requirements with an estimated value above \$10,000 will be posted on the Procurement Services website, <http://www.gov.ns.ca/tenders>. In addition, a notice of tender opportunity may be sent to selected suppliers where required to ensure an adequate degree of competition.

Construction competitions will be carried out in accordance with the Construction Contract Guidelines,

http://www.gov.ns.ca/tenders/policy/CCG/ccg_n98.pdf developed in collaboration with the Department of Transportation & Public Works and the Construction Association of Nova Scotia.

Bids may be evaluated on price, past performance, and the capacity of the bidder to meet the criteria stated in the bid documents. Unless there is a valid and written rationale for the contract award, available for public review, the lowest competent tender will be accepted.

7. Procurement of Facilities

All building leases will be acquired by way of public advertisement, as outlined in the Facilities Procurement Guide,

http://www.gov.ns.ca/tenders/policy/pdf_files/facilitiesprocfinal.pdf developed by the Department of Transportation & Public Works.

8. Alternative Procurement Practices

In order for the Procurement Policy to balance the need for open, competitive opportunity with the demands of urgent or specialized circumstances, alternative procurement practices have been created. These processes must be used only for the purposes intended and not to avoid competition or to discriminate against specific suppliers. To ensure that they are used appropriately, each department must consult where appropriate with Procurement Services on their use of alternative procurement practices. The rationale permitting the alternative procurement practice will be documented on the appropriate forms and will provide substantiation for the actions taken should they be required for audit purposes. Departments may apply for a permanent exemption for certain goods or services that are considered at the sole discretion of the Director of Procurement not to be subject to tender. Any such request will be in writing and accompanied by an Alternative Procurement form signed by the Deputy Head or his or her designate. The intention of the Procurement Policy is that the needs of government are to be addressed through the most open and competitive means possible, while recognizing that exceptional circumstances may occur.

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Approval, Consultation and Reporting Process

Under Threshold/Delegated Procurement:

The Deputy Head may delegate signing authority for under threshold alternative procurement transactions (goods from \$1,000 up to and including \$5,000 and services or construction from \$1,000 up to and including \$10,000) to the Executive Director or Director level for a given business area. A delegation of signing authority form must be submitted to the Director of Procurement including the list of those authorized to sign on his or her behalf and sample signatures. All such documentation (Alternative Procurement Forms) will remain at the Department and will be subject to audit by the Auditor General and or the Corporate Audit Division of Department of Finance. Failure to report alternative procurement practices as described under section 13 of this Policy may result in loss of such privilege. The Deputy Head will ensure persons with delegated signing authority will be held accountable for their actions.

It is the Deputy Head's responsibility to ensure that all procurement activities by their Department are properly documented and recorded in the Province's Corporate Financial Management System. In all cases the Deputy Head shall remain accountable for the proper use of under threshold alternative procurement transactions within his or her Department.

Over Threshold/Public Tenders:

Departments wishing to make use of an alternative procurement practice for goods over \$5,000 or services or construction over \$10,000, (with the exception of an emergency) must consult Procurement Services to identify the most appropriate means by which to proceed with the satisfaction of the requirement. If in agreement, the department will make a request to their Deputy Head who will then approve or reject the recommendation. In case or cases of a disagreement between the department and Procurement Services the department may present the proposed alternative procurement to their Deputy Head for consideration and decision.

The Deputy Head may delegate signing authority for over threshold alternative procurement transactions to an Acting or Assistant Deputy Head. A delegation of signing authority form must be submitted to the Director of Procurement including the list of those authorized to sign on his or her behalf and sample signatures. All documentation must be sent to Procurement Services for safe keeping and

reporting. It is the Deputy Head's responsibility to ensure that all procurement activities by their Department are properly documented and recorded in the Province's Corporate Financial Management System. In all cases the Deputy Head shall remain accountable for the proper use of alternative procurement transactions within his or her Department.

Alternative Procurement Transactions may be used in circumstances such as those described below.

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These circumstances are:

8.1 an **unforeseeable** situation of urgency or emergency where the good, service, or construction requirement cannot be obtained by means of open procurement procedures.

8.2 a situation where tendering could reasonably be expected to compromise government confidentiality, cause economic disruption, or otherwise be contrary to the public interest.

8.3 to ensure compatibility with existing products; to recognize exclusive rights, such as exclusive licenses, copyright, and patent rights; or to maintain specialized products that must be maintained by the manufacturer or its representative.

8.4 where, for technical reasons, there is an absence of competition, and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.

8.5 the procurement of goods or services for which there is a statutory monopoly that is controlled by a supplier.

8.6 the purchase of goods on a commodity market.

8.7 work to be performed on or about a leased building, or portions thereof, that may be performed only by the lessor.

8.8 work to be performed according to the provisions of a warranty or guarantee.

8.9 the procurement of a good or service to be developed in the course of and for a particular contract for research, experiment, study, or original development, but not for any subsequent purchases.

8.10 the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.

8.11 the procurement of original works of art.

8.12 the procurement of subscriptions to newspapers, magazines, or other periodicals.

8.13 processes that foster the development of minority businesses.

8.14 processes that foster the development of sheltered workshop programs.

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8.15 goods intended for resale to the public.

8.16 goods and services from persons with disabilities, philanthropic institutions, or through employment equity programs.

8.17 services of expert witnesses, specifically in anticipation of litigation or for the purpose of conducting litigation.

8.18 medical services for persons in the care and custody of the Province.

8.19 procurement of goods or services from another level of Government.

8.20 unsolicited proposal

Unsolicited Proposals

Where an unsolicited proposal is received, the government may consider a range of options, including a pilot project, partnership, or other arrangement, that will be

undertaken to assess the merit of the proposal as stated in the Guide to the Submission & Evaluation of Unsolicited Proposals, http://www.gov.ns.ca/tenders/policy/pdf_files/unsolprofinal.pdf
All unsolicited proposals will require an alternative procurement approval by the Deputy Head of the sponsoring department and/or Director of Procurement.

9. Other Considerations

Amendments

This policy may be amended from time to time with the approval of the Executive Council. Such amendments will be communicated to the public.

Cooperative Procurement

The government encourages the joint procurement of goods and services used by all levels of the public sector when the arrangement results in overall cost savings or other substantial advantages. Crown corporations and organizations in the MASH sector (i.e., municipalities, academic institutions, school boards, and health authorities) may participate when such an arrangement will benefit both their organization and the Province. The Province may from time to time enter into a joint procurement activity with other jurisdictions if deemed to be in the best interest of the Province.

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Environmental Considerations

Where appropriate, the integration of environmental considerations into government procurement is encouraged. Procurement specifications will identify these considerations to ensure suppliers have a full understanding of the conditions to be met.

Vendor Complaint Process (VCP)

A method to handle supplier complaints and to improve the government's procurement process is an integral part of a fair and open procurement policy. As stated in the Vendor Complaint Process Guide, http://www.gov.ns.ca/tenders/policy/pdf_files/VendorComplaint.pdf it has been developed to facilitate this objective, allowing government to handle complaints in an organized, consistent manner, and to carry out the analysis and reporting requirements in order to improve upon the procurement process.

10. Fair Treatment for Nova Scotia Suppliers (Reciprocity)

Reciprocity

The Province of Nova Scotia has developed a reciprocity framework to ensure that its supplier community receives fair treatment in their dealings elsewhere in Canada. To help ensure fairness Procurement Services will consider and evaluate bids from other jurisdictions on the same basis that those jurisdictions would treat a similar bid from a Nova Scotia supplier. Where a reciprocal treatment assessment could result in a change in an award decision the requesting department will be presented with the options available and will make the determination of which bid or bids will be awarded the contract. Any decision as made by the requesting department will be based on budget considerations and will be final and irreversible.

Nova Scotia Preference

Based on the principle of best value for government and when deemed to be in the best interest of the province, Departments may award tenders for goods manufactured or produced in Nova Scotia for under thresholds/delegated procurement (\$5,000 value or less) on the following basis;

- 1st. Nova Scotia Manufactures
- 2nd. Nova Scotia Distributor

3rd. Atlantic Canada Manufacturers

4th. Atlantic Canada Distributors

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11. Bid Opening, Evaluation, and Award Information

Bid Opening

Bid submissions are opened in public in accordance with the closing time, date, and place stipulated in the bid request. Members of the public may attend bid openings or may receive the information electronically after bid opening. All bid submissions are subject to evaluation after opening and before award of contract.

Bid Evaluation

Bids may be evaluated not only on the price submitted but also on quality, delivery, servicing, and the capacity of the bidder to meet the requirements and criteria stated in the bid request documents. The bid request documents must clearly identify the requirements of the procurement, the evaluation method, evaluation criteria and the weights assigned to each criterion.

Award Information

After contracts have been awarded, access to tender documents is subject to the provisions of the Freedom of Information and Protection of Privacy Act. On request, bidders are entitled to receive an explanation and a debriefing on their bid submission.

12. Approvals, Audit, Reporting and Recording

Approval

When a procurement is undertaken that is an alternative procurement, an unsolicited proposal, or is the result of an unauthorized procurement transaction, the Deputy Head or person with signing authority in the client department must approve the procurement, in consultation with Procurement Services unless otherwise stated.

Audit

All procurement activities will be subject to audit by the Auditor General and the Corporate Audit Division of the Department of Finance. All procurement activities will be subject to compliance testing by Procurement Services to ensure compliance with Procurement Policy. The compliance testing results will be used for outreach and education programs. Any irregularities or concerns will be reported to the Corporate Audit Division of the Department of Finance.

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Reporting

A monthly report of all under threshold alternative procurement transactions will be prepared by the department's procurement section and forwarded to their Deputy Head with a copy to Procurement Services for review. A quarterly report of all over threshold transactions will be prepared by Procurement Services and forwarded to the Deputy Head of each government department with a copy to the Minister responsible for Nova Scotia Government Procurement.

Recording

Departments must ensure that all procurement transactions are authorized, properly recorded in the procurement module of the Corporate Financial Management System (CFMS or SAP), and supported by the appropriate documentation. Departments may request an exemption from Procurement Services for certain procurement transactions to be processed using the accounts payable module of the CFMS. Repeated failure to comply with the Procurement Policy may result in the Deputy Head withdrawing the procurement authority from an individual within a department, agency, board or commission.

For further information or clarification regarding government Procurement Policy

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