1. PURPOSE
The purpose of this policy and procedure is to guide managers with planning, estimating costs and purchasing approved capital equipment through a competitive procurement process and provide for standardization of equipment where possible.

2. POLICY STATEMENT
Purchasing will assist managers in the search, sourcing, pricing, evaluation and purchase of approved capital equipment.

Purchasing will assist in and help facilitate the standardization of equipment in order to meet operational needs and gain efficiencies in utility and cost.

Managers will plan for capital equipment needs and standardization where possible, estimate costs as accurately as possible, allow sufficient time to procure capital equipment through competitive means and be involved in the procurement process.

3. SCOPE
Management or manager refers to the most responsible administrator, whether manager or director or vice-president, for the department or area the capital equipment is intended for, compliant with functional centre mandates and accountability. For purposes of this policy, capital equipment or equipment means any tangibles goods, equipment, technology or software including any related costs such as construction or renovation to ready the equipment for its intended use, above the capitalization dollar threshold set for TBRHSC. Refer to FIN-adm-04 Capital and Minor Equipment for the threshold amount. Excluded from the scope of this policy is capital building acquisitions, major building construction projects or additions.

4. DEFINITIONS
“Award” means the notification to a proponent of acceptance of a proposal, quotation or tender that brings a contract into existence.

“Bid” means a proposal, quotation or tender submitted in response to a solicitation from a contracting authority. A bid covers the response to any of the three principal methods of soliciting bids, i.e., Request for Proposal, Request for Tender and Request for Quotation.

“Competitive Procurement” is a set of formal procedures for developing a procurement contract through an invitational, bidding or proposal process. The intent is to solicit fair, impartial competitive bids.

“Invitational Competitive Procurement” is any form of requesting a minimum of three (3) qualified suppliers to submit a written proposal in response to the defined requirements outlined by an individual/organization.
“Open Competitive Procurement” is a set of formal procedures for developing a procurement contract through a bidding or proposal process open to all potential suppliers via a public posting of defined requirements outlined by an individual/organization.

“Procurement” means acquisition by any means, including by purchase, rental, lease or conditional sale, of goods and services.

“Purchase Order (PO)” means a written offer made by a purchaser to a supplier formally stating the terms and conditions of a proposed transaction.

“Requisition” A formal request to obtain goods or services made within an organization, generally from the end user to the procurement department.

“Vendor-of-Record (VOR) Arrangement” means a procurement arrangement, typically established through an RFP that authorizes one or more qualified vendors to provide goods/services for a defined period on terms and conditions, including pricing, as set out in the VOR agreement.

5. **PROCEDURE**

**Information Gathering for a Capital Equipment Budget or Purchase**

At the written request of a manager, via a completed Non-Stock Purchase Requisition (form #3432), and/or Capital Equipment Impact Checklist, Purchasing will assist management with information gathering and price estimates for planning and budget purposes.

When seeking approval, managers must carefully estimate capital equipment costs including options, accessories, delivery, installation, training and transitional costs including any impacts on operating costs such as consumables, warranties and/or service costs to ensure there are no subsequent delays in the procurement process due to unfavourable cost variances.

The TBRHSC Capital Equipment Working Group and designated leads for organization wide common clinical equipment are also available to assist with planning and subsequent acquisition and implementation.

**Initiating a Capital Equipment Purchase**

Once a manager has approval to proceed with the acquisition of annual operating or out-of-budget capital equipment, evidenced by a capital budget number assigned by Financial Services’ Accounting department, the manager will complete a Non-Stock Purchase Requisition (form #3432) and submit to Purchasing to initiate the procurement process.

The submission should detail the desired equipment description, specifications, options, accessories, consumable supplies, installation requirements, testing, in-service and/or necessary training for end user and/or other areas such as biomedical. Managers should not indicate a specific supplier when more than one supplier exists unless standardization is a key element for decision making. Further discussions to justify position may be required with Purchasing.

In order to proceed with procurement planning and acquisition the estimated pre-tax price or reasonable expected price range for the specified equipment must be within 10% or $25,000, whichever is less, of the approved budget for the capital budget number.

If the anticipated price variance exceeds the 10% or $25,000 threshold, whichever is less, than Purchasing will discuss with the manager the possibility of scaling back the options to come within budget and proceed with the procurement, provided the revised equipment specifications and/or options still meets the identified need.

Alternatively, in order to proceed with the new higher cost estimate, the manager must return their capital budget request and revised cost estimate to their supervisor, Vice President and/or Senior
Management Council, as needed, requesting the additional budget approval. Refer to FIN-adm-01 Capital and Operating Budgets.

Once the manager has approval to proceed with the capital equipment procurement at the new higher cost estimate and the budget associated with the assigned capital budget number has been increased, the manager will contact Purchasing to proceed.

Before commencing the procurement, Purchasing will reconfirm the revised price estimate and check that it is within 10% or $25,000 (whichever is less) of the revised budget value for the capital budget number listed with Financial Services.

**Commencing the Procurement and Choosing the Procurement Method**

Wherever possible, the manager must pursue competitive procurement means.

Purchasing will work with the manager to select the most appropriate and required competitive procurement method. Depending on the procurement value one of the following options is typically chosen; verbal quotations, written quotations, Vendor-of-Record, Invitational Competitive, Open Competitive. Refer to PUR-09 Purchasing Procedures and Contract Management and PUR-10 Competitive Procurement Processes.

In addition to other required disclosures, the competitive documents must include:

- TBRHSC profile and context within which the product or service is to be required, present and future, if applicable
- General terms and conditions, as defined and maintained by Purchasing, required in order to do business with TBRHSC
- Equipment functional requirements, specifications and technical requirements
- Identification of mandatory criteria
- Submissions not meeting mandatory criteria will be disqualified (keep to minimum to ensure no bid unnecessarily disqualified)
- Physical space constraints and building service requirements
- Request for information on ability of equipment to be upgrades and expected life cycle
- Request for information on Supplier training, on-going service as well as location and source
- Request for equipment trial, if applicable
- Evaluation methodology, criteria, weighting and tie breaker, compliant with Non-Discrimination
- Requirement for financial overview of supplier to assess long term viability
- Requirement for three (3) references

If the requisitioning manager and/or Purchasing lead feels only one supplier is able to meet the identified capital equipment need, they must complete form NSC-46 for consideration and subsequent approval for non-competitive procurement at the next approval level higher than required for the procurement value. Refer to PUR-17 Non-competitive, Single and Sole Source Processes. Refer to ADMIN-21 Approval Authority and the approval for non-competitive procurement must be one higher than indicated in the Appendix.

**Equipment Standardization**

Purchasing will assist in and help facilitate the standardization of equipment based on existing equipment in:

- TBRHSC
- St, Joseph’s Care Group
- Northwest Supply Chain Group
- Northwest Health Alliance
- Northwest Local Health Integration Network
- Council of Academic Hospital of Ontario
- St. Joseph’s Care Group Capital Program
- Other shared service organizations
Other group purchasing initiatives

Evaluation, Presentation, Trial, Site Visit and Award
The manager will participate in the determination of the evaluation criteria and the evaluation itself. At minimum a team of two, one of which is a Purchasing representative will evaluate competitive procurements.

Maximum justifiable weighting must be allocated to the price/cost component of the evaluation criteria. The proportionate share of weighting to the price/cost component will vary by type of procurement. Where price is not the predominate factor it must be justifiable.

Where the procurement value is $100,000 or more an evaluation team, of more than two members, must be established and the evaluation criteria must be approved by the appropriate approval authority, evidenced by signature, before the competitive procurement documents are posted as the evaluation criteria cannot be changed by the team afterwards.

Where an equipment presentation, equipment trial and/or an equipment site visit is required to better understand and score the functionality of the equipment it must be indicated in the competitive documents. Only up to the three highest ranked proposals will be considered for presentations, trials and/or site visits. The presentation(s), trial(s), and/or site visit(s) are documented and scored independently by the evaluation team and must only be assigned either a pass or fail, or minimal scores (i.e. 5 points).

If suppliers are being requested to provide alternative strategies or solutions as part of their submission it must be explicitly stated in the competitive procurement documents along with the evaluation criteria.

Refer to PUR-18 Evaluation Process for additional information on the team and evaluation process and to ADMIN-21 Approval Authority to determine the approval authority for the evaluation criteria, same as approval authority for the procurement.

Once the price/cost component of the highest ranking supplier is known, Purchasing and the manager will check if the bid price is within 10% or $25,000, whichever is less, of the budget value prior to making any award. If the bid price exceeds the threshold, additional Vice President and/or Senior Management Council approval must be provided before proceeding.

A contract must be established with the successful supplier before the provision of the goods (or an interim Purchase Order may be used) and the contract must follow the form of agreement that was released with the procurement documents. Hence, consideration of the published form contract, terms and conditions is extremely important before posting competitive procurement documents.

Terms and Conditions
The following terms and conditions will be included with the purchase of medical equipment:

- Service Manual
- Technical Specifications
- Operating Manual
- Cleaning Procedures
- Medical Device License Number
- CSA and/or ULC Approval
- Clinical Education Training
- Certified Biomedical Engineering Training
- Delivery Dates
- Payment Schedule
- Freight Free-on-Board (FOB) to TBRHSC site
- Preventative Maintenance Contract Submission Post Warranty Period
- Price List on consumables
- Discount rate on all repair parts
• Staff In-service and Training
• Instrument holders for all scope equipment (if applicable)

The approval authority if the final invoice or award must be at a higher level than the requisitioner, reference policy ADMIN-21 Approval Authorities for additional information.

6. RELATED PRACTICES AND/OR LEGISLATIONS
   Broader Public Sector Procurement Directive, July 2011

7. REFERENCES
   Broader Public Sector Procurement Directive, July 2011 – Mandatory requirements 9, 10, 15, 16 and definitions