

CSHP Board and Branch Reference Manual

| | |
|--------------------------------------|---------------------------------|
| CATEGORY: Finance | PAGES: 4 |
| NUMBER: 3.2.6 | EFFECTIVE: March 7, 2010 |
| TITLE: Selection of Suppliers | REVISED: March 13, 2011 |

POLICY

1. Purchases of goods or services will undergo a competitive bid procedure, as appropriate for the dollar value of the purchase.
2. Bids on a good or service will be sought from at least 3 reputable suppliers.
3. All qualifying bids are to be evaluated.
4. Suppliers that are chosen to supply a good or service are those that will provide the best value for acquisition cost.
 - a) The winning bid must provide to CSHP the best mix of price, quality, specification compliance, terms, conditions, experience and reputation.
 - b) CSHP is not obligated to accept any bid, if it is found that all bids submitted do not satisfy the selection criteria of CSHP.
5. The assessment of bids must be undertaken by at least 2 people.
6. To avoid potential conflicts of interest, no member of CSHP will participate in the selection of suppliers or awarding of contracts where that individual has a financial or personal interest in any supplier bidding. (Refer to CSHP’s Conflict of Interest Policy.)
7. For goods and services exceeding \$10,000, CSHP Executive must be consulted for approval or further guidance if the selected supplier requires a deposit of greater than 25% of the final purchase price.
8. Financial commitments for the provision of ongoing goods or services must be reviewed and undergo the competitive bid process at least every five years, unless a contractual agreement specifies a shorter period.

This policy applies to CSHP National and all its branches.

Rationale

To establish guidelines that ensure:

- The use of fair and ethical methods.
- An accountable determination of the successful supplier from which goods and services are purchased.
- Free and open competition for all contacted suppliers.
- Documentation exists that demonstrates competitive bid accountability to members.
- CSHP obtains the best value for the total acquisition cost of all goods and services.

DEFINITIONS

CSHP Board and Branch Reference Manual

Quotes/Quotations: A price to supply a good or service submitted in writing. A quote is to be obtained from potential suppliers prior to the purchase of goods or services of an estimated value between \$500 and \$1,000.

Request for Quotations (RFQ): An invitation to potential suppliers to submit written quotations based on detailed specifications provided about the goods or services to be purchased. An RFQ is to be used to select suppliers for goods or services of an estimated value between \$1,001 and \$10,000.

Request for Proposals (RFP): An invitation to potential suppliers to submit written proposals for the provision of specific goods or services. An RFP is to be used to select suppliers:

- a) For goods or services of an estimated value greater than \$10,000, or
- b) When it is impossible to provide a specific list of goods or services to be provided, or
- c) When the selection of the supplier cannot be made solely on the basis of lowest price.

An RFP enables the procurement of the most cost effective solution based upon selection criteria identified in the RFP.

Request for Expressions of Interest: An invitation to indicate interest and capability to supply goods or services required. Expressions of interest are used to identify an initial field of suppliers of products, services, or solutions in order to determine available options in the marketplace.

PROCEDURES

General Procedures

1. All essential and desired requirements for the goods or services to be purchased must be determined before contacting suppliers.
2. To ensure objectivity and eliminate unfair competitive advantage, suppliers are not to participate in the development of specifications.
3. CSHP staff members responsible for issuing requests for bids shall seek out information about potential suppliers from all available sources, such as personal contacts, internal records and published sources.
4. Prior to the opening of responses to RFQs or RFPs at least two staff members (Operations Manager and another staff member) will establish the criteria and their weights to be used to evaluate the quotes or proposals. Examples include, but are not limited to: price, quality, specification compliance, experience and qualifications of the supplier and subcontractors, and existing business relationship.

Quotes/Quotations

1. The staff member soliciting the quote will contact at least 3 potential suppliers.
2. Potential suppliers may provide their quote by mail, fax or email. A price obtained from a potential supplier's catalogue will be equivalent to a mailed, faxed or emailed quote.
3. The supplier that offers the best mix of price and fulfills all other essential requirements wins the contract.

CSHP Board and Branch Reference Manual

Request for Quotations (RFQ)

1. A request for quotations must include:
 - a) Specifications of the goods or services to be purchased.
 - b) Deadline (date and time) for receipt of quotation.
 - c) Criteria to be used to evaluate the quotations.
 - d) Contact information for the staff member designated to provide information to potential suppliers.
 - e) Terms and conditions of the bid.
 - f) Terms and conditions of a subsequent purchase and payment.
2. All bids are to be stamped with the date and time of receipt by the office. Responses received after the deadline are not to be accepted, unless an extension has been agreed by the contracting staff.
3. During the bid period, all queries from bidders should be directed to a designated staff member, who shall record all such queries and the responses. Answers to questions that are relevant to all bidders will be communicated to all bidders.
4. Bids are to be evaluated as described in this policy.

Request for Proposals (RFP)

1. A requests for proposals must include:
 - a) Specifications of the goods or services to be purchased and/or a description of the project the Society is undertaking.
 - b) Criteria to be used to evaluate the proposals.
 - c) Deadline (date and time) for receipt of the proposal.
 - d) Contact information for the staff member designated to provide information to potential suppliers.
 - e) Terms and conditions of the bid.
 - f) Terms and conditions of a subsequent purchase and payment.
2. All bids are to be stamped with the date and time of receipt by the office. Responses received after the deadline are not be accepted, , unless an extension has been agreed by the contracting staff.
3. During the bid period, all queries from bidders should be directed to a designated staff member, who shall record all such queries and the responses. Answers to questions that are relevant to all bidders will be communicated to all bidders.
4. Bids are to be evaluated as described in this policy.

Request for Expressions of Interest

1. A request for expressions of interest must include general details of the goods or services required or the project to be undertaken. Over-specification should be avoided.
2. A request for expressions of interest is issued either as an advertisement in relevant media or in some other written form (e.g. email) to identified potential suppliers.

CSHP Board and Branch Reference Manual

Evaluation of Quotes, Proposals and Expressions of Interest

1. Quotations received for purchases of \$500 to \$1,000 are to be evaluated and a supplier chosen by the purchasing manager.
2. Responses to RFQs and RFPs are to be evaluated by a committee of at least 2 staff members, including the staff members involved in establishing the weighting of criteria used to evaluate the RFQ or RFP.
3. The committee will evaluate each of the bids based on the previously-determined criteria and assign scores where required. Additional information may be requested from all of the short-listed suppliers as needed and details of the discussions held must be documented and retained as part of the bid packages.
4. Requirements by potential suppliers for deposits will be considered when evaluating the bids.
5. The bid with the highest score is the winning bid. The determination of the winning bid must be confirmed with the Executive Director.
6. Scoring summaries must be kept on file with the bid package and all bid packages must remain on file at the office for the duration of the contract.