

CORPORATE POLICY, STANDARDS and PROCEDURE

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<u>POLICY TITLE</u> INDEPENDENT CONSULTANT CONTRACTS		<u>NUMBER</u> TBA
<u>AUTHORIZATION</u> Vice President, People and Organization Development	<u>DATE APPROVED</u> November 2011	<u>CURRENT VERSION</u> <u>DATE</u> November 2011

DATE(S) REVISED / REVIEWED SUMMARY

Version	Date	Comments / Changes
1.0	November 2011	Initial Policy Released

POLICY APPLICATION

The purpose of this policy is to ensure that appropriate processes are used when procuring external consultants in Fraser Health.

Consultants are generally procured by Health Shared Services BC (HSSBC). Consultants for planning, programming, design and construction of facilities and infrastructure (“Facilities Consultants”) are procured by Lower Mainland Facilities Management (LMFM).

In extraordinary circumstances, the President and Chief Executive Officer may waive the delegation of procurement to HSSBC and assume the contracting role within Fraser Health.

Hiring of consultants must follow Revenue Canada’s rules on when a person can be considered an independent external consultant and when a person is deemed and treated as an employee. People Services manages these Canada Revenue processes related to **deemed employees**.

Hiring of consultants must follow Fraser Health’s Signing Authority Policy. Consultants are vendors who are typically contracted with a purchase order and are paid via Accounts Payable once the service has been confirmed as having been provided. The relationship established is a vendor-purchaser relationship.

CONSULTANTS PROCURED THROUGH HSSBC

HSSBC will follow legal and other requirements related to procurement which are set out in its procurement policies and processes available via the Fraser Health Intranet.

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Contracts Over \$75,000

HSSBC will utilize a competitive process for all Consultant engagements over \$75,000 as follows:

- Sourcing the consultant from either a Pre-Qualified Consultant-Vendor list maintained by HSSBC;
- Selecting the consultant through a public bid process where there is no established pre-qualified contractor or where a competitive bid is determined appropriate by HSSBC to get best value for Fraser Health.

Contracts Between \$50,000 and \$75,000

HSSBC will use an expedited process for engaging consultants for services costing between \$50,000 and \$75,000.

Contracts Less Than \$50,000

At dollar values below this threshold a contract may be negotiated directly with a contractor. HSSBC will act as the agent for Fraser Health to issue a purchase order for the service. HSSBC will assist with vendor contract negotiations. All threshold values depend upon the aggregate dollar value of the contract inclusive of all expenses and any related taxes or fees.

Link to HSSBC policies, procedures and guidelines

The threshold values for competitive bidding are described in the HSSBC policies which can be referenced at:

http://fhpulse/capital_finance_and_purchasing/purchasing/Pages/HSSBCPolicies.aspx

The HSSBC “*Leaders Guide to Hiring Consultants*” describes how Managers should proceed at each contract threshold. This document can be referenced at:

http://fhpulse/capital_finance_and_purchasing/purchasing/Pages/HSSBCConsultantEngagementProcess.aspx

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DEEMED EMPLOYEES – Canada Revenue Agency Requirements

An individual who presents themselves as a Consultant or “Independent Contractor”, may be deemed by Canada Customs and Revenue Agency (CCRA) to be an employee for Income Tax purposes. In order to avoid an unexpected legal and tax liability for Fraser Health, a number of criteria must be applied to the proposed engagement to determine if CCRA’s “deemed employee” rules apply.

If the consultant is deemed by CCRA to be an employee, Fraser Health is responsible for the employer’s share of payroll taxes, Canada Pension Plan (CPP), Health and other employer costs where applicable.

Please refer to the following information for further details on the Fraser Health Intranet at:
http://fhpulse/leader_resources/hiring_staff/Pages/Contractor.aspx

It is the responsibility of Fraser Health Managers, Directors and Vice Presidents to consult these references and, in consultation with People Services, determine whether a proposed consultant engagement would be a “Deemed Employee” under CCRA rules.

ROLES AND RESPONSIBILITIES FOR ENGAGING CONSULTANTS

Functional Centre Managers / Directors (Spending Authority) are responsible for:

- Ensuring compliance with the Human Resources and Financial Approval policies of Fraser Health and the required internal approval for hiring consultants;
- Planning sufficient lead time for procurement support and a legal procurement process;
- Advancing communication and scheduling with the Procurement agent (Health Shared Services BC);
- Integration (project management) of complex projects when procurement is but one element of a complex multi-stakeholder process;
- Participating in the selection process up to contract issuance;

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- Reporting potential conflict of interests and any vendor non-performance to HSSBC Supply Chain or the Lower Mainland Facilities Management.

HSSBC is responsible for:

- Anticipating and budgeting for a reasonable and predictable level of support for procurement during the fiscal year;
- Planning, managing and fully documenting the legal process to acquire consulting services;
- Directing functional centres to existing pre-qualified consultants and pre-established contracts for services to meet program requirements;
- Ensuring that all competitive bid requirements have been met by the pre-qualified vendors process;
- Ensuring Fraser Health's compliance with all Government requirements and internal policies related to procurement;
- Integrating and coordinating with other HSSBC Supply Chain support departments such that each acquisition / consultant engagement is as seamless as possible for the end-users;
- Providing appropriate Supply Chain communication and education to Fraser Health clients and promoting compliance with this policy;
- Establishing and managing a policy for a formal vendor complaints resolution process including an internal and escalating complaint resolution procedure with an independent last resort procedure;
- Ensuring that there is a publically communicated procurement process which declares how new consultants / contractors / vendors may gain access to pre-qualified lists in the event that the public refresh process is longer than twelve months;
- Documenting and executing purchase orders / contracts for all procurements managed by HSSBC.

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Lower Mainland Facilities Management (LMFM) Procurement Responsibilities:

- Consultant engagements for Facilities Consultants will be managed substantially in accordance with published HSSBC processes and the Fraser Health Signing Authority policy. LMFM will also follow applicable professional, governmental and industry practices related to its area of responsibility.
- Public Private Partnerships (P3) projects procured using third party organizations (i.e. Partnerships BC) will be considered on a case-by-case basis. The Vice President, Capital Projects, Real Estate and Facilities and the Chief Financial Officer shall reference the Signing Authority Policy and document in writing the scope of responsibilities for these projects as they arise.

Vice Presidents are responsible for:

- Ensuring internal compliance with this policy within their areas of responsibility;
- Ensuring that any unusual consulting contracts not contemplated by this policy and the Signing Authority policy are reviewed by Fraser Health's Chief Financial Officer or President and Chief Executive Officer before execution.

Exemptions from Public Competitive Bidding Thresholds

HSSBC, as the agent, is assigned the responsibility to secure all approvals required for exemptions from public bidding and maintain a formal record. HSSBC will publish as required all Notices of Intent (NOI) where bidding processes are waived and will record all official documentation for challenge and/or management audit. LMFM has the same obligations for its scope of responsibility.

HSSBC is typically expected to manage all non-construction Consultant contracts, all Supply Chain/Material Management contracts and all Information Management/Information Technology (IMIT) contracts. LMFM is typically expected to manage all Facilities Contracts.

If the procurement is not assigned to HSSBC or LMFM then the approval for an exemption rests with the President and Chief Executive Officer.

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Tax Withholding Requirements

All consultants/contractors must demonstrate that they are registered with Revenue Canada, WorkSafe BC and other agencies as required at contract implementation. Contract language is required to support the withholding of appropriate amounts representing monies that may be due Federal/Provincial governments or agencies arising from the performance of the contract.

Tax withholding requirements are separate from bid thresholds and contracts. These are statutory requirements.

Documentation for Consultant Contracts

All non-construction Consultant contracts shall be documented in writing and managed by HSSBC.

All non-construction Consultant contracts executed by Fraser Health shall be documented in writing and executed in accordance with the Fraser Health Signing Authority Policy with copies provided to the appropriate Vice President or delegate. A central file will be maintained by the appropriate Vice President and be available for internal audit review.

All Facilities Consultant contracts shall be documented in writing and executed in accordance with the Fraser Health Signing Authority Policy with copies provided to the Capital Projects, Real Estate and Facilities (LMC Facilities Management) procurement department and will be available for internal audit review.

Standard Form Contract for Consultants

A standard form contract shall be used for all consultant contracts procured by HSSBC.

Where Fraser Health is the contracting agency, the Fraser Health standard form contract shall be substantially in accordance with the HSSBC standard contract and shall include appropriate language defining the scope of work and limiting the liability of Fraser Health.

Where deemed appropriate Fraser Health's Chief Financial Officer may authorize a short-version of the standard Fraser Health contract for use in specific circumstances. The latest version of the standard form contract(s) shall be available on the Fraser Health Intranet.

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For “Facilities Consultants”, LMFM will use the HSSBC standard form contract or prescribed professional, government and industry standard form contract as appropriate. All such contracts will comply with liability requirements as articulated or approved by the Risk Management Branch of the Government of British Columbia.

Billable Expenses

Fraser Health’s Travel and Business Expenses policy shall be used as a guide for reimbursing consultants for their travel, meal and business expenses. Any departure from these guidelines will require Vice President approval.