

Contracts Disclosure

The following FAQs will be updated as additional information is available. Please send your questions or comments to info@albertahealthservices.ca. Submitted questions will not be responded to individually; however, themes will be noted and responded to here.

Why are you posting contract information?

We understand the need to be open and transparent with Albertans about how these funds are being used and we are working towards making contracts such as these publicly available. This will help Albertans better understand how contracts are awarded. It's also in line with the recent Government of Alberta contracts disclosure.

What contract information are you posting?

We have posted all contracts signed in 2014-15 and managed by Contracting Procurement and Supply Management (CPSM) and will post the Q1 data, contracts from other departments, and AHS long-term contracts in the coming weeks. We will post quarterly after that.

How much does AHS spend in contracts each year?

Each year, approximately \$3.5 billion are spent on contracted goods and services by AHS, through the CPSM department, to support the delivery of health care in this province. This includes a wide range of goods and services needed to support health care for over four million Albertans.

At the end of 2014/15 there were \$12 billion in active contracts, which include contracts signed in previous years which have not yet expired.

How much did AHS contract for outside of a competitive process in 2014/15?

In 2014/15, AHS' CPSM signed 1,629 contracts for \$2.7 billion. Of those contracts, 612 contracts were the result of a competitive process for contracts totaling \$1.5 billion and 1,017 contracts were sourced outside of a competitive process totaling \$1.2 billion. For those sourced outside of the competitive bid process:

- 845 were Approved Procurement Expenditures (APE) for \$1.1 billion
- 39 were below applicable trade agreement threshold levels for \$442,000
- 133 were sole source contracts for \$115 million.

We sourced 612 competitive process contracts for \$1.5 billion in 2014/15

What are soles sources?

At a basic level, any contract sourced directly to a single provider without a public competitive process could be called a sole source. The misconception is that sole sourced contracts are not permitted by government entities; however that is not actually the case. The trade agreements (New West Partnership Agreement

(NWPTA) and the Agreement on Internal Trade (AIT)) which govern AHS' obligations when contracting for goods and services state specific exceptions when an open competitive process need not be followed.

AHS has three categories of non-competitive contracts, all of which are acceptable under our policies and the agreements which govern AHS:

- Approved Procurement Exceptions Contracts
- Below Trade Agreement Financial Threshold Contracts
- Sole Source Contracts

What percentage and \$ value are sole sources in the posting?

The value of the 133 sole source contracts signed in 2014/15 represents 4.3 per cent of all the corporate contracts signed in 2014/15. It is less than one per cent of the \$12 billion value of all AHS corporate contracts that were active at the end of 2014/15.

How does this compare to the previous year? Have you reduced your sole sourcing?

Since 2013/14, there has been a net reduction of \$120 million in sole source contracts. AHS will continue to minimize the amount of sole source contracts, while ensuring that we do not impact the delivery of patient care.

Why does AHS still have \$1.2 billion in non-competitive contracts?

It is not realistic for AHS to put every contract out for competitive bid as it could compromise patient care. However, we will continue to reduce the amount of non-competitive contracts at AHS. We have made progress on this and we will continue to source more contracts competitively – particularly those not related directly to patient care.

There are many instances when it makes sense to secure contracts through a non-competitive process. For example, there are some patient care equipment, supplies and systems in place that can only be provided or maintained by one vendor. Sometimes, time is the determining factor, for example if a specific piece of equipment fails, and there is one clear provider to fix or replace it we must contract with that provider. Often we need to extend an existing contract, which was created through a competitive process, in order to ensure there is no disruption to a service. Other times, the contracts are of such small value, that any tendering process would cost more than the value of the work. In that instance, it just doesn't make sense to conduct a competitive bid process and therefore, we sign a contract without one.

However, we will continue to reduce the amount of non-competitive contracts at AHS. We have made progress on this and we need to continue to source more contracts competitively. We know there are more opportunities to contract through competitive bid, and we're working on that.

How much of the sole source contracts posted are for patient or clinical care?

Approximately 80 per cent of all the contracts listed (Below Threshold, APE and sole source) are directly related to patient care or for medical and surgical products, services and their maintenance.

What policies do you have for contracting?

AHS abides by contracting processes and policies, which are in compliance with the New West Partnership Agreement (NWPTA) and the Agreement on Internal Trade (AIT) as it applies to the Municipalities, Academic Institutions, Schools and Hospitals (MASH) sector.

The primary AHS policy that governs contracting is Contracts Policy #1117. However, there are also several other policies and procedure documents that impact or address contracting process and approval levels, such as the AHS Travel, Hospitality and Working Session Policy.

Where can I find this information?

The information on contracts can be found on the external web page under About AHS>Data, Statistics and Reporting>[AHS Contracts](#)