

Chapter 13

Saskatchewan Health Authority—Purchasing Goods and Services

1.0 MAIN POINTS

The Saskatchewan Health Authority purchases goods and services to support the delivery of health services each year. The Authority directly purchased approximately \$123 million in goods and services between July 2024 and January 2025.

By February 2025, the Authority improved its processes when purchasing goods and services over \$5,000. It implemented seven of the eight recommendations we first made in 2022.

We found the Authority:

- Appropriately documented rationale when making single and sole source purchases, including when using credit cards to purchase goods and services, to show best value sought when making purchases
- Authorized the initiation of purchases and written contracts for goods and services in accordance with its delegation of signing authority, which decreases the risk of making inappropriate purchases
- Consistently evaluated potential suppliers and obtained conflict of interest declarations from tender subcommittee members when tendering for goods and services to help demonstrate fair treatment of suppliers
- Communicated with suppliers about award decisions for public tenders, which helps convey fairness and transparency in the Authority's purchasing process

The Authority needs to formally assess and track supplier performance. Having a formal supplier evaluation process reduces the risk of using unqualified or inappropriate suppliers.

2.0 INTRODUCTION

2.1 Background

The Provincial Health Authority Act makes the Saskatchewan Health Authority responsible for planning, organizing, delivering, and evaluating health services within the province.

To help fulfill its mandate, the Authority purchases goods and services related to the delivery of health services. It purchases capital assets (e.g., hospital beds, diagnostic machines, buildings), goods (e.g., medical supplies, food, prosthetics), and services (e.g., repairs and maintenance, professional fees) to support the delivery of health services each year.



Between July 2024 and January 2025, the Authority directly purchased approximately \$123 million in goods and services.¹

2.2 Focus of Follow-Up Audit

This chapter describes our first follow-up audit of management's actions on the recommendations we made in 2022.

We concluded, for the period ended February 28, 2022, the Saskatchewan Health Authority had effective processes, other than the areas identified in our eight recommendations, to purchases goods and services over \$5,000.²

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Authority's progress toward meeting our recommendations, we used the relevant criteria from the original audit. Authority management agreed with the criteria in the original audit.

To carry out our follow-up audit, we interviewed key staff responsible for purchasing goods and services. We examined purchasing documentation such as policies, tender documents, purchase orders, and contracts. In addition, we tested samples of purchases (e.g., tenders, single and sole source purchases, purchase card transactions).

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 28, 2025, and the Saskatchewan Health Authority's actions up to that date.

3.1 Procurement Policy Followed for Single and Sole Source Purchases

We recommended the Saskatchewan Health Authority follow its procurement policy (e.g., document rationale) when using single or sole source purchasing methods. (2022 Report – Volume 1, p. 76, Recommendation 2; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

We recommended the Saskatchewan Health Authority follow its single and sole source requirements when using credit cards to purchase goods and services over \$5,000. (2022 Report – Volume 1, p. 75, Recommendation 1; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

¹ Information provided by the Saskatchewan Health Authority.

² 2022 Report – Volume 1, Chapter 5, pp. 67–85.

The Saskatchewan Health Authority followed its procurement policy when using single or sole source purchasing methods, including when using credit cards to buy goods and services over \$5,000.

The Authority's *Procurement and Competitive Bidding Policy* sets out guidance for when staff can use non-competitive purchasing methods (e.g., single or sole source purchases). See **Figure 1** for the Authority's exceptions to its competitive bidding process.

Figure 1—Saskatchewan Health Authority Exceptions to Competitive Bidding Process

Sole Sourcing or Limited Sourcing: This process will be used when it is not possible or practical to obtain multiple quotes or responses to tenders because of a very limited or specialized marketplace. In the case of sole sourcing, it is necessary to demonstrate that only one supplier can meet the needs of the Authority.

Emergency Situations: Purchasing made when there is an unforeseeable emergency and the goods, materials, and services cannot be obtained by means of an open purchasing procedure. Circumstances may include, but are not limited to, pandemics; protection of health, safety and wellbeing of workers; or prevention or relief of critical shortages of essential goods.

Standardization: Where the Authority uses a product or service with a particular standardized specification through a competitive bidding process and continued standardization is justified. For example, periodic acquisition of equipment, specific consumables or phased in equipment purchases over a period, where a competitive process previously took place.

Source: Adapted from Saskatchewan Health Authority, *Procurement and Competitive Bidding Policy*, p. 3.

For purchases greater than \$5,000 (and \$20,000 for construction), the Authority expects staff to document sufficient rationale for using non-competitive purchasing methods through its Sole Source and Exceptions Justification Form.

While the Authority expects staff to generally use credit cards to buy smaller dollar value items (i.e., purchases less than \$5,000), documenting rationale for using non-competitive purchasing methods also applies to purchases made by staff using credit cards.

Between July 1, 2024, to December 31, 2024, we found Authority staff made 13 purchases on credit cards in excess of \$5,000. Credit card purchases ranged from just over \$5,000 to \$13,000 in value.

We tested three credit card purchases more than \$5,000 and found the Authority appropriately documented rationale (e.g., no alternative suppliers identified to provide the same products under the required conditions) on the justification form for using the sole source purchasing method for all three purchases.

The Authority has a centralized purchasing department responsible for purchasing goods and services over \$75,000 (over \$200,000 for construction). For purchases greater than \$75,000, the Authority's Procurement Department determines sources of supply through the public tender process.

We tested five purchases greater than \$75,000 subject to the public tender process between July 1 and December 31, 2024, and found one sole source purchase. Our testing of the purchase found the Authority had documented appropriate rationale (i.e., only product meeting all the Authority's needs) on the justification form for using the sole source purchasing method.



Following its procurement policy and documenting justifications for single or sole source purchases, including credit card purchases, helps the Authority treat suppliers fairly and equitably, and obtain best value when making purchasing decisions.

3.2 Purchases and Contracts Properly Authorized

We recommended the Saskatchewan Health Authority authorize the initiation of purchases consistent with its written delegation of signing authority. (2022 Report – Volume 1, p. 77, Recommendation 3; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

We recommended the Saskatchewan Health Authority authorize contracts for goods and services in accordance with its delegation of authority. (2022 Report – Volume 1, p. 82, Recommendation 7; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

The Saskatchewan Health Authority properly authorized the initiation of purchases consistent with its delegation of authority.

To initiate purchases, the Authority requires staff to use a contract or purchase order depending on the purchase threshold:

- For purchases between \$5,000 and \$75,000, individual business units and staff in various parts of the province are knowledgeable of suppliers frequently used for various types of purchases. After staff obtain three quotes, they issue a purchase order with purchase details including quantity and description, supplier information, and shipping location.

The Authority requires staff with the appropriate delegation of authority to approve purchase orders.

- For purchases greater than \$75,000, the Authority's Procurement Department determines sources of supply through the public tender process. The Authority requires staff to formally document the sourcing decision on its Procurement Confirmation Form that sets out the tender's details such as a preliminary description and specifications of the product or service, total approved budget, and contract term.

The Form must be approved by the Executive Director or Director of the area of responsibility, as well as the Director of Procurement.

After the Authority approves the recommended supplier, it will enter into a contract (i.e., written contract or purchase order) with that supplier. The Authority requires staff with the appropriate delegation of authority to approve contracts.

We tested 14 purchases between July 1, 2024, and December 31, 2024 and found the Authority appropriately authorized the initiation of these purchases (i.e., purchase orders, Procurement Confirmation Forms). It also appropriately authorized the supplier contracts (four written contracts; 10 purchase orders).

Appropriate approvals for purchase initiation help the Authority commit to purchases that meet its needs and provide best value. Executing contracts in accordance with expectations (e.g., in accordance with delegation of signing authority) decrease the risk of the Authority making inappropriate purchases, having contract disputes, and not receiving goods or services when needed.

3.3 Conflicts of Interest Declarations Obtained Prior to Evaluation of Potential Suppliers

We recommended the Saskatchewan Health Authority obtain conflict of interest declarations from tender subcommittee members, as required by its conflict of interest policy. (2022 Report – Volume 1, p. 79, Recommendation 5; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

We recommended the Saskatchewan Health Authority consistently evaluate potential suppliers when tendering for the purchase of goods and services. (2022 Report – Volume 1, p. 79, Recommendation 4; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

Saskatchewan Health Authority staff involved in tender evaluations completed conflict of interest declarations as required by policy and consistently evaluated suppliers when tendering for the purchase of goods and services.

The Authority uses subcommittees to conduct each of its public tenders. Subcommittees usually consist of three to five people including purchasing staff, subject-matter experts (e.g., IT experts, medical staff), and individuals with prior experience with the type of purchase.

The Authority's procurement policy requires subcommittee members to declare any potential or perceived conflicts of interest in accordance with its *Conflict of Interest Policy* before supplier evaluations begin.

The Authority also requires subcommittee members to use tender evaluation criteria to score each bid received on a tender. Purchasing staff combine the results from subcommittee members within a scoring matrix to provide an overall score for each proposal.

We tested four tenders and found subcommittee members completed conflict of interest declarations as expected (none declared conflicts of interest) and appropriately used evaluation criteria to assess suppliers.



Obtaining and maintaining written declarations from subcommittee members about their possible conflicts of interest before the evaluation process starts help the Authority to illustrate fair and equitable treatment of potential suppliers.

Properly and regularly completing evaluations for all tenders also help the Authority select suppliers that meet the Authority's needs. Further, with documented evaluations, the Authority can sufficiently support its decisions for supplier selection and demonstrate achievement of best value.

3.4 Award Decisions Communicated to Suppliers

We recommended the Saskatchewan Health Authority consistently communicate supplier award decisions for public tenders as required by its procurement policy. (2022 Report – Volume 1, p. 81, Recommendation 6; Public Accounts Committee agreement February 27, 2024)

Status—Implemented

The Saskatchewan Health Authority consistently communicated supplier award decisions for public tenders to suppliers as required by its procurement policy.

The Authority's *Procurement and Competitive Bidding Policy* requires staff to notify successful and unsuccessful bidders. Staff notify the successful bidder with a letter of intent, while notifying unsuccessful bidders with a letter of regret. In addition, the Authority requires staff to publicize contract award notices within 72 days of awarding the contract (e.g., posting notices on the SaskTenders website).³

We tested four tenders and found:

- For three tenders, the Authority sent letters to all successful and unsuccessful bidders ranging from 10 to 51 days after bidding closed.
- For one tender, the Authority sent letters to bidders 115 days after bidding closed. We found the Authority had reasonable explanations for the delays (e.g., additional time taken to evaluate comparable bids).
- For all tenders, the Authority updated the SaskTenders website within 72 days of awarding the contracts.

Communicating supplier award decisions help the Authority to demonstrate that its purchasing process is fair and transparent.

³ SaskTenders is the website that hosts public sector tender notices for Saskatchewan. sasktenders.ca/content/public/Search.aspx (1 April 2025).

3.5 Supplier Performance Not Formally Assessed

We recommended the Saskatchewan Health Authority establish a formal process to assess and track supplier performance. (2022 Report – Volume 1, p. 84,

Recommendation 8; Public Accounts Committee agreement February 27, 2024)

Status—Not Implemented

The Saskatchewan Health Authority does not have a formal process to assess and track supplier performance.

The Authority does not formally assess whether suppliers performed to a satisfactory level (e.g., timelines met, acceptable quality of work) after the conclusion of a contract or after its receipt of goods and services. However, Authority management indicated it is developing a formal process to assess and track supplier performance, which is expected by March 2026.

Assessing suppliers at the conclusion of a contract is important because these assessments can affect whether suppliers are selected for future purchases. Without a consistent process to assess and track supplier performance, the Authority increases its risk of using unqualified or inappropriate suppliers (e.g., suppliers who performed below expectations).

