



Administration Manual

SUBJECT: Purchasing & Tendering Policy
 POLICY NUMBER: 07-01-03
 PAGE: 1 of 7

This replaces previous policy: Quotations & Tenders of May 2004

APPROVED BY: Management Committee 06-01-05

GENERATED BY: Chief of Financial Officer

APPROVED BY: HHHS Finance Committee March 21/06

APPROVED BY:

ISSUED:

REVISED: January 2006

REVIEWED:

REFERENCE:

PURPOSE:

To ensure that value is received for expenditures, with consideration to quality, delivery, service, availability, price and where applicable, local and Canadian content.

To maximize the resources of the corporation through the timely procurement of goods and/or services at the best price.

All documents used in the Competitive Bidding process (RFP's, RFQ's, Tenders etc.) must be completed in conjunction with the Chief Financial Officer for processing and posting as required.

The purchasing Management Association of Canada (PMAC) Code of Ethics has been adopted as the Purchasing/Material Management's guideline for ethical purchasing practices within HHHS. (<http://www.pmac.ca/about/ethics.asp>)

ADMINISTRATION:

1. Each department (through a support service, if applicable) is responsible for quotations, tenders and purchasing. All acquisitions shall be coordinated through the Director of that department.
2. Notwithstanding #1 above, quotations and tenders relating to renovations, new construction and other similar construction projects are to be issued and administered by the Chief Financial Officer and/or the Chief Executive Officer.

APPROVAL:

1. Capital acquisitions, major renovations and construction will be incorporated in the annual budgeting process and, as such, will be reviewed by the Finance Committee of the Board. Specific acquisitions or contracts for items that exceed \$25,000 will be reviewed and approved by the Finance Committee, notwithstanding the fact that they may be included in the corporate budget.



**HALIBURTON HIGHLANDS
HEALTH SERVICES**
For The Health Of The Highlands

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*Suggest increase to

- a) \$25,000
- b) 100,000

2. Approvals of capital expenditures or renovations will be as follows: *

- a) Up to \$1000 by Department/Program Director.
- b) From \$1000 to \$5000 by the CEO and/or CFO.

In all cases, the approval will be subject to verification of budget approval or re-allocation of budget funds.

3. Approvals for supply and equipment service contracts will be coordinated through the Director of Environmental Services. Once the supplier has been selected, the authorization of the CFO/CEO is required. Those contracts beyond \$5000 require ratification from the Finance Committee of the Board.

* \$ 25,000

PROCEDURE:

Materials and services for the hospital will be acquired through one of the following methods:

- i) Public Tendering
- ii) Invited Quotation or Tender
- iii) Director Purchase

* \$ 100,000

1. **Capital Equipment** (all equipment purchases over \$1,500)
a) An equipment requisition is completed by the Department Manager. Electrical/mechanical purchases will require review and signature of Manager of Environmental Services. Once the capital request form has been completed it will be forwarded to the senior management/Board for approval.

- b) The Executive Team member responsible for the department approves/signs the capital requisition form.
- c) The Executive Team member submits purchase order to manufacturer/supplier.
The Executive Team member forwards a copy of requisition and ordering information to finance office.

* Director

2. **Consumables** (eg. medical/surgical supplies)

- a) Vendor contracts are established for recurring purchases.



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These contracts are the result of an RFP, RFQ, Tender or an extension of a prior contract through the collaboration of the department manager and Chief Financial Officer/Finance Supervisor. These contracts are honored and reviewed as required according to department needs. Contracts are valid at all HHHS sites. Copies of all contracts must be provided to the Chief Financial Officer.

- b) Purchase orders are not required for purchases of less than \$50.00. Alternate arrangements such as petty cash (through department petty cash/business office) can be used for reimbursement for these small local purchases.
- c) Recurring/Standing Orders: This type of purchase order is used strictly for the predetermined, regularly scheduled goods required by certain departments. As orders are shipped by approved vendors, the packing slips and invoices must be reviewed in detail by the ordering Manager/Director to ensure the corporation pays for exactly what has been received and/or ordered.

3. Office & Stationary

- a) As office and stationary requests are usually of a smaller dollar value, a standard requisition for these items has been created. For items not listed on the form, write the item and description, with price, in the space provided on the form. However, individual items of values exceeding \$50.00 each require a Purchase Order Form.
- b) The department completes and signs the Office & Stationary requisition. Forward the requisition to the business office, a copy is kept for department records.

4. Electrical Equipment Purchase Protocol

- a) The purchase of electromedical equipment includes assurances that the selection of electromedical equipment meets all clinical requirements as determined by



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patient/resident care needs, and is C.S.A. approved. All installations, in-services, and technical support requirements are addressed prior to purchases.

- b) Requests to purchase electromedical equipment must be made in collaboration with biomedical engineering and/or environmental services.
- c) With the clinical requirements, Biomedical Engineering provides the following:
 - A list of manufactures
 - A list of preferred manufactures
 - A preferred device if possible, based on reliability, serviceability and compatibility.
- d) This information is forwarded to initiating department manager.
- e) Purchasing proceeds with the Capital Purchasing process.
- f) The resulting quotations are reviewed by department manager and/or biomedical engineering, who will then recommend purchase, set-up installation, inservice and technical support as required.

5. Complete Orders

- a) All orders must indicate department for shipping and receiving purposes, with attention to specific person, if required.
- b) Any orders of sensitive nature (light, temperature, date, etc.) must be highlighted for shipping. Orders of this nature are to be reported to business office and maintenance for attention when received. Order forms for sensitive shipments are to be attached to clipboard in receiving area, with sensitive area highlighted.

6. Receiving Goods

- a) All deliveries are to be signed and date stamped upon arrival.
- b) Business office staff and/or department will collect packing slip(s) with delivery received.



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- c) The goods are delivered to the ordering department.
- d) The department checks the contents of their deliveries with packing slip to ensure the deliveries are correctly noted.
- e) The department signs the packing slip/receiving reports and returns them to the business office for accounts payable.
- f) The business office records the date of delivery on the original purchase order.
- g) Payment will not be made without the signed receiving report, packing slip and/or delivery slips.
- h) It is each department's responsibility to ensure all required paperwork is forwarded to business office as soon as possible so early payment discounts are taken and late payment fees are avoided.
- i) Electromedical/electrical/mechanical equipment requires electrical safety testing and assignment of asset number by Environmental Services Department prior to utilization within HHHS departments.

6. Return / Removal of Goods

- a) All goods leaving the corporation are to be accompanied by the Purchased Goods Return Form. This form indicates whether the goods are being returned for credit, exchange or repair. It is essential that this information is correct in order for the correct charges to be applied to the ordering department.
- b) The department completes the Purchased Goods Return Form with all pertinent information ensuring that the department account is correct including manufacturer/supplier return authorization information.
- c) The goods with the form are to be taken to the business office for processing.

CRITERIA:

Selection of the above procedures will be based on the following criteria:

* \$5,000

- 1. Purchasing of supplies and/or equipment with an estimated annual volume of \$1000 requires a minimum of three verbal or written competitive prices.



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\$ 25,000

2. Acquisition of supplies and/or equipment with an annual volume exceeding \$5000 requires a minimum of three written competitive prices.

\$25,000

3. Acquisition of services (snow removal, waste removal) available locally with an estimated annual cost of more than \$5000 requires a minimum of three prices through the tendering process.

\$1,000 or \$5,000

4. All written quotations are to be submitted on "request for quotation" forms supplied by the support service (if applicable).

5. The HHHS may identify needs for Direct Purchases for items of an emergency nature, or for which there is a sole supplier, or for which the total cost does not exceed \$500 and which is not a recurring purchase.

6. The HHHS may identify a need to acquire supplies and/or equipment for which the exact nature or specifications are not known. This could include consulting services, professional services, banking services, technical systems, such as computers and computer consulting. The approval procedure, pages 1 & 2 will apply. In such cases the HHHS may request proposals and select the one representing the best overall value.

7. Where the HHHS is involved in co-operative purchasing of goods/services with other local regional or provincial organizations, such purchases are to be made according to procedures that are consistent with the intent of the Purchasing and Tending Policy.



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DEFINITIONS:

Public Tendering

A method of procuring goods and/or services usually involving competitive bidding, written specifications, and a tendering form inclusive of insurance, when applicable. Such tenders will be opened at a specific time and location in accordance with the details outlined in the call for tender. The statement “all or any tenders not necessarily accepted” will be in all tender notices.

Invited Tender or Quotation

Invitations to provide prices for the provision of goods or services can be requested from one or a number of suppliers/contractors. When the quotations are received the originator of the request in conjunction with Purchasing will assess the situation and decide upon which supplier to award the contract to, as in appropriate and advantageous to the HHHS. There is no requirement for quotation prices to be shared between suppliers.

Direct Purchase

A direct purchase is made, usually without the benefit of tenders or quotations, when the item or services is of known or closely estimated price, of relatively low cost, involving a type of goods or services in which quality and price is easily ascertained or for which limited or sole supplier situations exist. In addition, direct purchase may occur in an emergency situation to rapidly resolve a situation that clearly outweighs the need to follow another method of acquisition.

