

Adm. Policy No: 1.08

Effective Date: April 2000

SUBJECT: Purchasing of Goods and Services
(Over \$10,000)

SPONSOR: Corporate Contracting

POLICY: It is the policy of Heritage Valley Health System (HVHS) and its affiliated organizations to comply with applicable federal, state, and local laws and regulations.

PURPOSE: HVHS shall strive to:

- Secure material, equipment, services, and projects of specified quantity and quality at the time and place needed at a cost economically consistent with what is required.
- Purchase without prejudice, seeking to obtain the maximum ultimate value of each dollar of expenditure.
- Cooperate with all departments and individuals serving them, so that they can effectively discharge their individual and collective responsibilities to HVHS.

SCOPE: Purchasing authority is vested in the Board of Directors who, in turn, delegates it to Administration. Administration then delegates to the CSCS CEO who, in turn may delegate authority as deemed necessary, but not ultimate accountability.

GUIDELINES: All final price negotiations and all commitments of purchase orders must be made by the Corporate Contracting. Any deviations must have administrative approval.

PROCEDURE: A minimum of three (3) bids are required, whenever possible, for materials, equipment, or services exceeding ten thousand dollars (\$10,000.00) in any twelve (12) month period unless:

- a. There is only one source of supply.
- b. It is an emergency order.
- c. Sufficient evidence from previous bids is available to justify placing an order without bids.
- d. Items are covered under national group purchasing contracts.
- e. Items contracted in aggregate with other Hospital Systems. i.e. (Washington Hospital Collaborative)

- f. All Vendor correspondence. i.e (quotations, bids, etc.) as required by this policy will be maintained in the procurement office files or procurement data areas

A vendor should not to be asked to submit a quotation on material, equipment or service if they will not be given proper consideration or if another source of supply has already been decided upon.

HVHS will reserve the right to reject any or all bids, or to accept other than the low bid if proper justification is documented.

All correspondence with vendors must be coordinated by Corporate Contracting except in specific instances where technical details are involved or specified information is desired. In these instances, the department corresponding with the vendor is to send a copy to the Corporate Contracting in the event of involvement or later negotiations.

Departments must order supplies according to routine procedures and schedules. This includes inventory items, outside purchase items, and repair service items.

Administrative Policy Adm.1.19, "Conflict of Interest", will be enforced to protect HVHS's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of HVHS.

HVHS commits to comply with all state and federal laws and regulations that govern its operation, including the requirement not to contract with persons or companies that have been debarred, excluded, or are otherwise ineligible for participation in federally funded health care programs.

All vendors who may be exposed to Protected Health Information (PHI) as part of healthcare operations, treatment, or payment will comply with all requirements of HIPAA.

Warrants and Guarantees

Seller will warrant and guarantee specific terms and conditions as outlined and included on the HVHS Request for Quotation and Purchase Order documents.

BIDDING EQUIPMENT/SUPPLIES/SERVICES WITH ANNUAL EXPENSES EXCEEDING \$10,000

- A. CSCS CEO or Director Of Strategic Sourcing, CSCS/ Contract Managers
 1. Determines when competitive quotes are needed, according to Administrative Purchasing Policy.
 2. Works with customer departments/areas to develop a detailed list of specification requirements.
 3. Works with customer departments /areas to select acceptable vendors in coordination with the Value Analysis Committee as appropriate.

- B. Contract Managers
 1. Prepares appropriate document(s) for bidding per specifications.
 2. Reviews and signs quotation request.
 3. Emails/faxes vendor copy.
 4. Upon return of quotes, develops spreadsheets comparing costs (performing life cycle analysis if appropriate), reviews with customer department(s), selects successful vendor, initiates additional negotiations, if needed, and issues a purchase order.
 5. Notifies unsuccessful suppliers.
 6. Files quotations in contract file by vendor, indicating assigned PO number, if applicable. Maintains same file for a reasonable period of time base on the date of the contract.

NOTE: Should successful vendors disclose a direct or indirect financial interest in HVHS, as defined in Administrative Policy Adm.1.19, "Conflict of Interest", then a process of due diligence must be performed by a committee, as appointed by the Board of Directors (BOD). A Purchase Order (PO) can then be issued only upon BOD approval.

“Request for Quotation” Guidelines

When requesting formal quotations, the following guidelines should be considered.

- (I) All quotes should include:
 - a) accurate specifications
 - b) quantity to be purchased
 - c) conditions of delivery – always request free on board (F.O.B.) hospital (freight prepaid and fully allowed)
 - d) terms of payment – net 45 days
 - e) estimated lead time
 - f) when reply is due
 - g) any special needs
 - h) HVHS reserves the right to reject any or all bids
 - i) Conflict of Interest Disclosure form
 - j) price protection/contract dates

- (II) All **EQUIPMENT** quotes should include the specifications in (I), plus the following:
 - a) assurance of compliance of safety and operational standards of hospital
 - b) in-service education must be provided to the satisfaction of the user
 - c) all warranty information must be provided (parts and labor)
 - d) preventative maintenance available and its cost
 - e) included as part of the quote two (2) complete user manuals and parts lists
 - f) identification and costs of expendable supplies that might be needed to use the equipment
 - g) costs of any associated licensing fees

- (III) All quotes for **PRINTED MATTER** should include the specifications in (I), plus the following:
 - a) specifications of paper stock including weight, color and special descriptions
 - b) text requirements
 - c) whether proofs will be required
 - d) special requirements such as padding, drilling, packaging, single part, multiple part, storage, and invoicing per release
 - e) that HVHS will own all proofs/blue line materials upon the completion of the job

Contractor Selection Guidelines for Construction/Renovation Projects

1. There will be no restrictions on the geographic locations of contractors; however, the use of companies located within HVHS's service area is encouraged.
2. All general contractors will be pre-approved by use of the American Institute of Architects (AIA) Document 305, "Contractor's Qualification Statement", or an approved equal.
3. If a contractor proposes to utilize subcontractors on a project, HVHS reserves the right to approve such use.
4. When awarding a project, based on a negotiated price, consideration should be given to a contractor's specialty, area of expertise, or experience. Attempts should be made to distribute the work among qualified contractors.
5. Contract awards will be the responsibility of the Engineering Department with final authorization being confirmed via the formal PO process.

**BIDDING PROFESSIONAL SERVICES (CONSULTING, INSURANCE, ETC.)
WITH ANNUAL EXPENSES EXCEEDING \$10,000**

A. Customer Department

1. Identifies a need for professional services.
2. Develops a SOW and/or specifications.
3. Forwards SOW and/or specifications, with list of acceptable supplies to .
Corporate Contracting

B. Corporate Contracting

1. Assists customer department in developing SOW and/or specifications.
2. Once established, attaches formal RFQ cover letter to SOW/specifications, mails/faxes/e-mails to selected vendors.
3. Receives all quotes. Performs comparison spreadsheets, with multi-year cost projections if applicable.
4. Reviews competitive costs with customer department, assists in cost/benefit analysis if applicable.

NOTE: Should successful vendors disclose a direct or indirect financial interest in HVHS, as defined in Administrative Policy Adm.1.19, "Conflict of Interest", then a process of due diligence must be performed by a committee, as appointed by the BOD. A PO can then be issued only upon BOD approval.

5. Assures all appropriate parties are involved with formal legal review.
6. Issues a PO for services requested.

Approved: April 2000

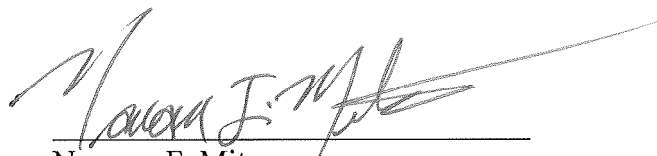
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February 2014

SIGNATURES:



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