

WINCHESTER DISTRICT MEMORIAL HOSPITAL	MANUAL: Hospital Policy Manual	NUMBER:
	SECTION: Finance	AF0700 (replaces AF0500)
POLICY/PROCEDURE	SUBJECT: Purchasing	DATE: (R) January 2010

POLICY

The Hospital ensures that competitive bidding processes are used to acquire goods and services. All transactions and decisions must be properly approved by a level of authorization commensurate with its nature and size.

Written quotations from qualified suppliers are required. An explanation will be provided to the Chief Executive Officer or Chief Financial Officer when all quotations cannot be obtained.

PURPOSE

The purpose of the Contracts for Services policy is to provide:

- a fair and economical way of allocating operating costs in compliance with industry best practices and legislative requirements; and
- measures to ensure transparency and accountability in the spending of public funds by the Hospital

SCOPE

This policy applies to the Board of Directors, Officers, Senior Management and all employees of the Hospital.

RESPONSIBILITY

All employees are responsible for ensuring that the necessary approvals have been obtained before a major commitment is made on behalf of the Hospital.

DEFINITIONS

“Goods” means any physical (tangible) product, capable of being delivered to a purchaser and involves the transfer of ownership from seller to customer.

“Services” means any work performed by an individual who is not an employee of the hospital.

“Public tender” means the services are advertised in a minimum of three (3) local newspapers, inviting tenders from suppliers. Tenders shall be opened in public on the day and the time designated in the Request for Proposal (RFP) unless altered by an addendum to the tender.

“Invitational tender” means the goods or services are invited to only to pre-selected suppliers (based on experience, expertise, references, and pricing). The suppliers may also be chosen based on past performance at the hospital. Invitational tender shall have a tendering period of not less than seven days unless authorized by the Chief Financial Officer or Chief Executive Officer.

PROCEDURES

1. All tenders shall be addressed to the attention of the WDMH Vice President (VP) responsible for the department contracting the purchase. The Manager or Vice President of the initiating

department shall act as custodian for all original tendering documents. Requests for proposals (RFP) will include concise compliance and evaluation criteria. The Hospital's standard RFP document will be reviewed by the Hospital's legal retainer on an annual basis and/or as required to keep current of industry practices.

- (a) For Goods (including capital equipment) with a **gross total** value of \$1,000 to \$5,000:

The V.P. responsible for the department initiating the purchase shall determine the appropriate acquisitioning and purchasing process. A minimum of two (2) qualified vendors are required to submit a written proposal in response to the hospital's requirements. The VP of the initiating department, in consultation with the manager of the affected department, shall award the contract.

- (b) For services with a **gross total** value of \$5,001 to \$50,000:

The V.P. responsible for the initiating department shall determine the appropriate tendering process. A minimum of three (3) qualified vendors are required to submit a written proposal in response to the hospital's requirements. The Chief Financial Officer shall award the contract.

- (c) For services with a **gross total** value of \$50,001 to \$100,000:

The Chief Financial Officer shall determine the appropriate tendering process. A minimum of three (3) qualified vendors are required to submit a written proposal in response to the hospital's requirements. The Chief Executive Officer shall award the contract, with a detailed recommendation from the Chief Financial Officer.

- (d) For services with a **gross total** value of \$100,001:

Public tendering process must be completed. The Board of Directors shall approve the award of the contract, with a recommendation from the Chief Executive Officer.

When quotes or tenders are received, acceptance is not based on price alone, but on quality and various predetermined criteria.

2. Unsuccessful vendors shall be so advised by letter.
3. Where emergency conditions exist, procedures will be assessed and dictated by the V.P. responsible for the department in consultation with the Chief Financial Officer.
4. Consultants will not be paid for any hospitality, food or incidental expenses, based on the recent policy change at the Ministry of Health Long-term.

The following guidelines apply to all purchases:

1. Goods and services (with the exception of utilities), shall be requisitioned through the Purchasing Department, which shall have the sole authority for making purchases or leasing commitments on behalf of the Hospital, with proper authorization.
2. An electronic Purchase order through Ormed must be used to order all goods and services.
3. A verbal order for the purchase of emergency/urgent items may be placed with the supplier by

the Purchasing department. A condition that requires emergency ordering will be assessed and approval granted by the Department Vice-President and the Chief Financial Officer. A purchase order is to follow immediately, with proper authorization.

4. If the required number of qualified suppliers (or received bids) is not met, explanation and authorization will be provided by the Chief Executive Officer or Chief Financial Officer.
5. The Hospital will endeavour to support the local business community whenever price, quality, and supply time are comparable.
6. Disagreements between the Purchasing department and the Manager regarding the supplier of the goods or services are to be resolved by the Department Vice-President, or Chief Financial Officer.
7. All prices quoted are treated as confidential by the Hospital and the supplier.
8. All sales representatives will be directed to the Purchasing Department.

ORIGINAL: June, 2005

REVISED: September, 2009

REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE:

- AF0100 Signing Authority Limits

APPROVED

Treasurer, Board of Directors

Date

January 2010

Michele Blor
Chief Financial Officer

Date

January, 2010

Trudy Leis
Chief Executive Officer

Date

January 2010