

 Middlesex Hospital Alliance Strathroy Site <input type="checkbox"/> Four Counties Site <input type="checkbox"/>	Policy <input checked="" type="checkbox"/> Procedure <input checked="" type="checkbox"/> Standard <input type="checkbox"/> Medical Directive <input type="checkbox"/>	Manual
	Procurement – Goods and Non Consulting Services	
Date Issued: August 2009 Date Reviewed: Date Revised: April 2011	Issued by: Materiel Management	Approved by: MHA Board of Directors
Cross Reference:		

Replaces: Procurement – Suppliers and Service

PURPOSE:

The Materiel Management Department is responsible for the development, maintenance and coordination of all purchases for the Middlesex Hospital Alliance. Its objective is to ensure a fair and transparent acquisition process for all goods and non-consulting services in accordance with the Broader Public Sector Procurement Directive.

POLICY

Materiel Management (M.M.) procure by purchase, rental or lease the required quality and quantity of goods and/or services, in an efficient, timely and cost effective manner. All negotiations leading to the purchase of supplies, equipment and/or services shall be conducted by, or in conjunction with, Materiel Management.

PROCEDURE:

In accordance with the Broader Public Sector Procurement Directive, the following thresholds have been established for competitive bidding.

Total Procurement Value	Means of Procurement
<\$25,000	Two quotations + Approved Purchase Requisition
Between \$25,000 and up to \$99,999	Invitational Competitive Bidding (3 quotations)
\$100,000 or more	Open Competitive Bidding Processes
<i>* It is recognized that under certain rare circumstances the formal process of competitive bidding may not be feasible. In these circumstances, a completed and authorized Competitive Bidding Exemption Form as well as an approved Purchase Requisition will be required to proceed with the purchase.</i> <i>All competitive bidding exemptions will be reviewed and approved by the CFO.</i>	

The electronic requisition is the method used to initiate the purchasing process and must be approved in advance by the appropriate cost centre signing authority. The originating department determines its needs for goods or services and contacts M.M. if necessary. The “*Equipment Reprocessing Questionnaire*” must be completed and forwarded to M.M. prior to issuing the requisition if this is an initial purchase/evaluation of a medical device requiring reprocessing.

The originating department issues an online requisition through the HMMS website. The unit cost is required and the total value of the requisition determines the level of approval required. When obtaining goods or services, the requisition must be completed including cost centre, expense account, description, preferred vendor and unit cost. It is the responsibility of the person approving the requisition to determine that budget funds are available. This acts as the approval for payment if the goods/service are received as ordered and meets the information on the requisition including cost. If the requisition is denied it is returned to the department for further action.

A division of requirements into multiple procurements to reduce the estimated value of a single procurement and avoid the application of the identified value thresholds is not permitted.

The approval levels follow the limits indicated below. Limits will vary subject to department environment

Approval Authority Schedule

<i>Amount excluding Taxes</i>	<i>Purchase Method</i>	<i>Approval Level Required</i>
<i><\$50</i>	<i>Petty Cash Cheque Requisition Corporate Credit Card Online Requisition to Purchase Order Invoice Approval</i>	<i>Requisitioner</i>
<i><\$950</i>	<i>Cheque Requisition Corporate Credit Card Online Requisition to Purchase Order Invoice Approval</i>	<i>Requisitioner</i>
<i>\$950 - \$4,000</i>	<i>Online Requisition to Purchase Order Invoice Approval Cheque Requisition</i>	<i>Level 1</i>
<i>\$4,000 - \$7,500</i>	<i>Online Requisition to Purchase Order Invoice Approval</i>	<i>Level 2</i>
<i>\$7,500 - \$75,000</i>	<i>Online Requisition to Purchase Order Invoice Approval</i>	<i>Level 3</i>
<i>>\$75,000</i>	<i>Online Requisition to Purchase Order Invoice Approval</i>	<i>Level 4</i>

For a list of approved requisitioners and approvers please refer to the list posted on the MHA Inside.

The M. M. department is authorized to commit hospital funds for the purchase of supplies, equipment, and services required for operations and patient care. Any extension of this authority will be granted by the issuance of an appropriately completed purchase order.

Obtaining Prices

M.M. is responsible for managing the competitive bidding process with the following exceptions:

Drug Purchases – which are owned and executed by the Pharmacy Department

Food Purchases – which are owned and executed by Nutrition and Food Services

Petty Cash – incidental purchases of a non-repetitive nature and of non-stocked items should be made through the petty case procedure if the total value of the purchase is less than \$50.00

Training and Education – Conferences, courses (reimbursed through MHA payment requisition)

Employee expenses – meal allowances, travel and hotel accommodation (reimbursed through MHA payment requisition)

Advertising (Media) subscriptions

Insurance - Except for domestic or international purchases of goods purchased by M.M. and not otherwise covered by an existing company policy.

Real Estate

Utilities and Telephone (Such as gas and electric, telephone and cell phone, postage)

Healthcare Materials Management Services (HMMS)

The Middlesex Hospital Alliance is an affiliate of Healthcare Materials Management and utilizes this through the McKesson PMM program and the use of PAR ordering and a cart top up system to purchase regular medical and diagnostic supplies.

The HSS system and online ordering is part of the McKesson Program and allows staff to source and order supplies through the use of an electronic catalogue and requisition.

When possible the MHA will purchase supplies from HMMS inventory and/or their preferred vendors and benefit from their purchasing agreements.

Supply Cart Inventory Levels

M.M has developed methods which shall be used to maintain an adequate level of commodities to support and supply the various MHA departments. An adequate allowance for inventory obsolescence shall be maintained.

M.M. is responsible to advise users of the market status of supply so that inventories may be increased or decreased depending on the expected availability and cost of material.

The M.M. staff may periodically perform a physical review of the supply cart inventory. As a result of such a review, goods may be removed from the cart inventory, declared surplus or otherwise disposed.

New items added to supply carts will be coordinated by M.M. and approved by the clinical leader.

Selecting Suppliers

It is the responsibility of the Materiel Management (M.M.) to make absolutely certain that vendors are capable of performing a quality job and can deliver on a timely basis. While other departments may suggest possible sources, the buyer should not be adversely influenced in evaluating the major criteria of selecting suppliers.

Solicitation and evaluation of supplier proposals will be in accordance with the Broader Public Sector Procurement Directives as issued by the Ontario Ministry of Finance. Suppliers will be evaluated on the basis of criteria such as quality, patient/staff safety, price delivery and service. Additional evaluation criteria may be considered in consultation with end users. Highest score wins the opportunity to negotiate.

A preferred supplier list is used to reduce costs by establishing strategic relationships with a small group of suppliers. The MHA M.M. try to focus as much procurement spend as possible through the preferred suppliers, where typically the best price is achieved. As an affiliate of HMMS, the MHA utilizes the HMMS preferred vendor list.

Each of the preferred vendors will be reviewed periodically to determine if the quality, value and level of service still provides the best value.

Shipping & Delivery Information

All deliveries to the Middlesex Hospital Alliance are F.O.B. Destination. By definition, this means that the title (ownership), and accordingly risks of loss or damage, pass to the Buyer (Middlesex Hospital Alliance) upon receipt at the designated delivery points, as determined by a Hospital department.

All shipments must include the hospital purchase order number on all packing lists and shipping labels. Shipments that are inadequately labelled will be refused. All shipments that require special handling must be coordinated with the appropriate department in advance. Shipments are accepted between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday (except statutory holidays).

Follow-up and Expediting

M.M. has the primary responsibility to see that the goods or services are delivered on schedule. However, it is important that other departments make sure that requests for material are submitted to the purchasing department in sufficient time to source the goods properly. The requestor is able to determine if the order has been processed by reviewing the status of the requisition online. If the order is not received within a reasonable amount of time the requestor should contact M.M. and request an up to date status of the order.

Resolution of Supplier Errors

Receiving, user departments must report discovered supplier errors to M.M./Accounts Payable for resolution of the problems. M.M. is responsible to initiate claims for shortages, picking errors or damaged stock. When an invoice is identified as discrepant, M.M will work with the user department and suppliers to obtain corrected billing.

Supplier Access to Departments

Any supplier wishing to do business with the Middlesex Hospital Alliance must comply with all Purchasing policies and procedures and *must check in* at the Materiel Management department. Access to departments is by appointment only. Door-to-door solicitation and random calls are not permitted. Suppliers are required to comply with all rules and regulations set forth by the Middlesex Hospital Alliance while on the premises and to comply with posted access restrictions. Any violations of the policies can jeopardize current and future business relationships with the Hospital.

Scope of Authority

Each member of the M.M. department is given the authority necessary to carry out the duties required to meet the above responsibilities. The Team Leader should be consulted before any action is taken contrary to this policy.

Definitions

PAR – fixed quantity of an item that must be kept on hand to support daily operations

PMM – the McKesson purchasing program for Materiel Management

HSS – the McKesson online order requisition Horizon Supply Source.