

JOSEPH BRANT MEMORIAL HOSPITAL

PURCHASING PROCEDURES

MANUAL

APPROVED BY: _____ NUMBER: P-020

Administrative Committee

DATE: 83/10, 92/05, 98/01 & 02/09R PAGE: 1 of 6

PURCHASING POLICY

1. **Purpose:**

Purchasing is an important activity where it is mandatory that the responsibility for buying materials and services be assigned to a group of people skilled in negotiating, cost reduction and other purchasing techniques.

The primary responsibility is to provide for the purchase of materials, supplies and services, with the objective that they will be available at the proper time, in the proper place, in quantity, quality and price consistent with the needs of the Hospital. This balancing of several factors is critical.

To achieve this overall objective, the responsibilities, authorities and controls set forth in this policy, and related policies and procedures, must be adhered to by all employees.

2. **Scope:**

This policy applies to all purchase and purchase-related documents prepared or processed within the Hospital.

3. **General Responsibilities:**

- a) The Director of Purchasing has the responsibility for the procurement of all goods and services, the processing and sale of goods and services, and to either provide the services for such procurement or processing or give functional directions to others delegated the authority to perform such services.
- b) Only those persons delegated by the President are authorized to commit the Hospital for materials, equipment, supplies and services.
- c) Purchasing has the responsibility for obligating the Hospital and for making the final determination of source of supply, quantities purchased delivery schedule and price negotiations, except where others are so authorized. These decisions will be made in conjunction with Administration, Finance and other departments, as appropriate.

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- d) Purchasing is responsible for initiating and maintaining effective and professional relationships with suppliers actual and potential.
- e) Purchasing is to serve as the exclusive channel through which all requests regarding prices and products are handled. The Purchase Department will conduct all correspondence with suppliers involving prices or quotations. In cases where technical details are necessary, the Purchasing Department should be provided with copies of all such correspondence. Close communication and co-ordination between Purchasing and the using departments must occur.
- f) All negotiations are to be handled by the appropriate purchasing personnel within their delegated authority.
- g) When supplier sales representatives make personal sales calls, they are to be directed to call on the appropriate Buyer at that time.
- h) All employees involved in purchasing activities will work to maintain and enhance the Hospital's image by their personal conduct and methods of doing business.
- i) All employees engaged in purchasing activities will recognize and practice good public relations by giving all callers and visitors courteous treatment.
- j) Vendor selection and products purchased are to meet the basic policies and standard practices of the Hospital. The orderly replacement "by attrition" is to occur when cost-effective and operating commitments can be met.
- k) Purchasing personnel are to purchase all goods at the lowest possible *total* end-use cost, considering the guidelines of prices, service, quality and delivery.
- l) The Director of Purchasing is to assume full authority to question the quality and kind of material asked for, in order that the best interests of the Hospital may be served.

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- m) Purchasing personnel are to inform ordering departments whenever the quantity or specifications of materials ordered are inconsistent with sound purchasing practices or market conditions.
- n) Purchasing personnel will work to establish and encourage punctual delivery of specified goods and services in correct quantities.
- o) Purchasing personnel will negotiate the return of rejected equipment or supplies to suppliers.
- p) The Director of Purchasing is to advise Management of economic conditions and changes significant to the Hospital's long and short-term interests.
- q) Any action, pertaining to purchasing or negotiations, shall be preceded by a purchasing requisition containing:
 - Required approval signatures.
 - Proper ordering details.
- r) Competitive bidding will be used whenever and wherever possible. Refer to Policy P-210: "Quotations" for verbal and written quotations minimums.
- s) Salespersons and manufacturer's representatives visiting the Hospital on business matters are required to make a statement of their business at the Purchasing office and obtain departmental approval before approaching the intended location.

In the opinion of the Director of Purchasing, when any request for equipment, supplies or services contains specifications peculiar to a department, he may arrange for the representative to visit and conduct business with the department representative.

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- t) Members of Management, other than Purchasing Department, may not commit the Hospital to any purchase, preference, or give other information regarding price or performance. The Purchasing Department reserves the right to question the kinds of materials or the quantities requested, in order that the best interests of the Hospital may be served.
- u) Requests for equipment not included on a previously approved Capital Equipment List are required to be approved by the President and Finance Committee prior to any purchasing action.

Contracts or equipment requests shall be accompanied by a detailed report of that contract or equipment. The report shall contain all relevant details as to why it or they, are required.

Refer to Policy P-192: “Capital Assets – Approval & Appropriation”.

- v) In cases of extreme emergency, after regular business hours, if a product or a supply item is needed, a department head may order the supply of the needed product or equipment from a supplier. In these circumstances, the verbal ordering must be confirmed by furnishing Purchasing with written requests, as soon as practical, or in any case, at the commencement of the next business day.

During normal business hours (8:30 a.m. to 4:30 p.m.), all departments must obtain a purchase order *before* contacting a supplier. See also Policy P-425: “Receiving of Shipments - After Hours”.

4. **Functional Responsibilities:**

- a) Acting as the agent for the Hospital in all matters pertaining to purchasing and procurement, the Director of Purchasing becomes the custodian of Hospital purchase funds. This responsibility requires special knowledge accompanied by a high degree of integrity in spending these funds to obtain:

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“The right product”
“In the right quantity”
“At the right price”
“At the right time”.

- b) Active and continuous participation is required by the Purchasing Department to search for and disseminate ideas and suggestions from manufacturers and supply sources which leads to cost savings and/or product improvements or procedure improvement.
 - c) Responsibilities are not only restricted to the act of negotiation and actual purchase, but also include following through the chain of events and decisions to ensure that everything possible has been done to obtain the best value for the Hospital funds that have been spent.
5. **Specific Responsibilities:**
- a) Obtaining comparative prices.
 - b) Selecting responsible vendors.
 - c) Awarding non-contract and contract purchase orders.
 - d) Following up back orders on request of the ordering departments.
 - e) Adjusting and investigating internal and external complaints.
 - f) Developing firm vendor relations with all departments of this Hospital.
 - g) Maintaining a formal expediting function of all orders on a routine basis.

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- h) Maintaining effective record system of purchases, ensuring they are current, complete and available for audit (ie. Purchase order files, vendor lists, departmental requisition, numerical file, etc.).
- i) Confirming purchases by telephone, and recording current prices and expected delivery date(s) on every order.

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