



UNIVERSITY HOSPITAL POLICY

SUBJECT:	PURCHASING SERVICES	TITLE:	PURCHASING PROCESS		
Responsible Executive:	Executive Director, Supply Chain Management	Responsible Office:	Supply Chain Management		
CODING:		ADOPTED: 7/1/13		AMENDED:	
LAST REVIEWED:					

I. PURPOSE

To establish guidelines and procedures, and to define the responsibilities of University Hospital employees, in connection with the purchasing of goods and services in support of the Hospital’s operations and to ensure that the purchasing process is fair, transparent, and designed to ensure that the Hospital is obtaining quality goods and services at the best possible value and in compliance with applicable State requirements.

II. ACCOUNTABILITY

Under the general oversight of the Board of Directors, the President/CEO shall ensure compliance with this policy and New Jersey State statutory law concerning competitive bidding. The Chief Financial Officer, Vice Presidents, and Chief Officers shall implement, and comply with this policy.

III. APPLICABILITY

This policy shall apply to all University Hospital employees in connection with the procurement of goods and services by purchase, lease or otherwise under the authority, or acting on behalf, of University Hospital.

IV. DEFINITIONS

- A. Requisition – A requisition serves as the document through which employees submit requests for the purchase of goods and services.
- B. Request For Proposal (RFP) – A purchasing document created to provide the most cost effective solution based upon detailed specifications used for soliciting proposals or offers to provide the goods and/or services specified therein. This document is used for high profile, critical procurements that generally exceed a public bid threshold; the threshold amount as determined by the Governor every two years.
- C. Request For Quotation (RFQ) – A purchasing document used to purchase items generally under the prevailing public bid threshold. This document contains detailed specifications and is kept simple so a contract can be executed quickly.
- D. Request For Information (RFI) – A purchasing document developed for the purpose of gathering specific information or feedback from vendors pertaining to a product or service. It is not a bidding document.
- E. Goods and services – All goods, products, equipment, supplies and professional or technical services of any and all kinds and types which may be purchased, leased or otherwise acquired by the Hospital.

- F. Bid Waiver – A request to procure a product, professional or technical service for which the dollar amount exceeds the threshold as amended outside the public bidding process. Waiver criteria are governed by N.J.S.A. 52:34-9 and 52:34-10 and include narrow and limited exceptions to the open public bidding statutes enumerated under the University Hospital Bid Waiver policy. A bid waiver shall be granted on a one time basis for a specific item or service from a vendor and for a specific dollar amount.
- G. Blanket Waiver – A blanket waiver is granted for a recurring need and may include multiple items from multiple vendors to be procured within a specific Fiscal Year. It authorizes University Hospital to procure a product, professional or technical service for which the dollar amount will exceed the threshold as amended outside the public bidding process. The Board of Directors may authorize blanket waivers exclusively for: grant subcontracts, group purchasing organizations, organ transplants, blood products, and outside legal counsel.
- H. Bid Waiver Coordination – The Executive Director for Supply Chain Management is responsible for working in conjunction with the requesting department to assist in the preparation of waiver requests, and to review and recommend either approval or disapproval of waiver requests based on state statutes, regulations, and an evaluation of propriety of the waiver of public bid and the necessity for the goods or services to be procured. In the event that the Executive Director finds that the purchase can be publicly bid, the requesting department will be notified and the procurement will be referred to the Office of Supply Chain Management.
- I. Employees – For the purposes of this policy, “employees” refers to all University Hospital personnel including, without limitation, all directors, officers, faculty, housestaff, attending physicians and staff members.
- J. Conflict of Interest – Conflict of Interest is a divergence between an employee’s financial or other personal interests and the employee’s obligation to abide by principles of good business conduct or applicable corporate policies, such that considerations of personal gain, financial or otherwise, may influence or create the perception of influencing that employee and compromising the employee’s ability to perform his or her responsibilities in an objective and appropriate fashion.

V. POLICY

A. Compliance Requirements:

1. University Hospital requires all employees to observe the highest possible standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of University Hospital, each individual must practice honesty and integrity in fulfilling their responsibilities and comply with the Hospital’s Code of Ethics and compliance policies and all applicable laws and regulations.
2. Employees are prohibited from participating in the purchasing of goods or services for University Hospital with any vendor or vendor’s subcontractor with whom he/she or an immediate family member or a member of their household has a personal interest or that might otherwise create, or create the appearance of, a conflict of interest. A personal interest exists when an employee, an employee’s immediate family member or a member of their household is an employee, partner, shareholder or officer of a vendor; or when an employee, employee's immediate family member or member of the household receives or has received in any of the past three years direct or indirect compensation from the vendor.
3. University Hospital resources may not be used in transactions of a personal nature for employees and Supply Chain Management is prohibited from making personal purchases for private individuals.
4. Employees must only contact vendors when it is consistent with University Hospital policy, state laws and regulations. Caution must be exercised not to misrepresent the employee’s ability to obligate the Hospital. Inappropriate contact with vendors may subject employees to sanctions up to and including termination.

5. Purchase Orders and Requests for Bid Waivers will not be generated to allow work to start prior to proper approvals. Department heads shall be held accountable for unauthorized purchases.
6. Purchase Orders and Requests for Bid Waivers shall not be approved for a vendor that was part of an unauthorized purchase. Rather, the University Hospital shall advertise the request for public bid or, if not feasible, seek quotes from competitive vendors.
7. Documentation shall be made and retained pursuant to University Hospital policies, and employees shall provide all documentation concerning purchases to the UH Chief Compliance Officer immediately upon request.

B. Signature Authority:

1. The President/CEO, Chief Operating Officer, or Chief Financial Officer may sign contracts on behalf of the University Hospital for the purchase of goods and services in excess of \$100,000.00, and all contracts for the purchase or sale of real property, which have been approved by the Board of Directors as recommended by the Finance, Investment & Administration Committee.
2. The Executive Director for Supply Chain Management may execute contracts for the purchase of goods and services of less than \$100,000.

C. Purchases Guidelines:

1. Purchases are to be made from existing University Hospital contract sources, including group purchasing organizations, whenever possible. In addition, state and federal sources and additional cooperative purchasing groups for contract services should be examined when possible over outside private vendors.
2. All other purchases up to \$10,000 – If a purchase up to \$10,000 cannot be made from existing contract vendors, employees shall make a good faith effort to obtain the lowest reasonable cost and maintain documentation of their efforts and results.
3. All other purchases between \$10,000 and the prevailing public bid threshold – Requisitions shall be supported by three (3) documented written and complete quotations from potential vendors solicited by the department or Office of Supply Chain Management. Exceptions to this requirement may be authorized by the Executive Director for Supply Chain Management on a case by case basis.
4. All Purchases at or over the prevailing public bid threshold – The University Hospital shall advertise for bid all purchases which exceed the prevailing public bid threshold, except as permitted under the waiver of public bidding process. A purchase request may not be segmented for the purpose of circumventing the bidding requirement.

D. Competitive Bidding Guidelines

1. Specifications and invitations for bids shall permit such full and free competition as is consistent with the purchasing of supplies and services necessary to meet the requirements of University Hospital. The competitive process shall not favor one potential bidder over another. A concerted effort must be made in good faith to provide bidding documents to all prospective bidders through routes that are most likely to reach interested persons to encourage the broadest possible participation from vendors.
2. Bid advertisements shall be placed on the Supply Chain Management website a minimum of ten (10) working days in advance of the bid opening in order to permit competitive bidding. Advertising periods shall be extended for more than ten working days for complex purchases as appropriate.
3. Supply Chain Management will attempt to secure at least three (3) competitive bids. Bids received will remain sealed and be read at the specified public opening. University

Hospital shall notify all bidders and schedule the bid opening date, time, and place. Bid openings may be attended by interested parties.

4. The Chief Financial Officer can reject or award any or all bids in whole or part, as deemed in the best interest of University Hospital. In case of tie bids, the Chief Financial Officer shall have authority to award orders or contracts in compliance with this policy.

E. Waiver of the Public Bidding Process

1. Bid waivers shall only be used in limited circumstances and shall only be permitted as outlined in the State bidding laws and the University Hospital Bid Waiver policy.
2. Blanket waivers will be approved annually by the Board of Directors and may not extend beyond June 30th of the fiscal year. Blanket waivers charged to grant funds may not extend beyond the expiration date of the grant.
3. All bid waiver requests shall be approved by the Executive Director for Supply Chain Management.
4. Following the approval of the Executive Director, each of the following signatories shall independently evaluate the bid waiver request for the propriety of the waiver of public bid and the necessity for the goods or services to be procured. The following signature approvals are required:
 - a. Unit administrators and the Executive Director for Supply Chain Management for contracts up to \$100,000.
 - b. Unit administrator, the Chief Financial Officer, and the President/CEO for contracts valued from \$100,000 to \$1,000,000.
 - c. Unit administrator, the Chief Financial Officer, the President/CEO, the Finance, Investment & Administration Committee, and the Board of Directors for contracts valued over \$1,000,000.

F. State Contracts

All departments are encouraged to utilize available State contracts. The New Jersey State Purchase Bureau solicits bids for a variety of products and services for use by public agencies. A current index of State contracts is available at the Supply Chain Management web page.

G. Emergency Purchases

1. Emergency requisitions are to be made in cases of urgent need, such as to keep vital equipment operative, to prevent deterioration of an experiment, eliminate a life safety hazard, or to meet patient care requirements. The emergency contract must be limited to purchasing only those products or services necessary to mitigate the emergency situation. Failure to appropriately plan procurements does not constitute an emergency.
2. Supply Chain Management will assist departments in every way possible to secure goods and services when an emergency need exists. Supply Chain-Management shall authorize emergency requisitions.

VI. RESPONSIBILITIES

All employees are responsible for ensuring that the purchasing process is fair, transparent, and that the University Hospital is obtaining quality goods and services at the best possible value and in compliance with all applicable State requirements. Additionally, specific responsibilities are assigned to the departments outlined below:

- A. Supply Chain Management is responsible for:

- 1) Monitoring all purchases of equipment, services, or supplies for University Hospital.
 - 2) Rejecting any requisition for any item that is in violation of University Hospital policy, State law or regulation.
 - 3) Posting and employing a competitive process for all purchasing contracts.
 - 4) Ensuring the integrity of the open public bidding process through the development of predetermined, objective evaluation criteria; appointing independent members of evaluation committees; providing equal access to information to all potential bidders; and encouraging the broadest number of potential bidders possible.
 - 5) Coordinating all communications with potential bidders, maintaining records of all communications, appropriately securing sealed bids and bid information, and ensuring that any information that would provide a competitive advantage to any one bidder remains confidential.
 - 6) Assisting departments with the development of bid specifications, preparing RFI's, RFQ's and RFP's as appropriate.
 - 7) Communicating with vendors exclusively to protect the integrity of the open public bidding process.
 - 8) Ensuring that purchases are made from vendors compliant with all required state and university forms and documents.
 - 9) Managing all publicly bid contracts and related records of all purchases at and over the prevailing public bid threshold.
 - 10) Monitoring, as and when feasible, the performance of the contractor under contracts for goods and services to be received or performed over a period of time, such as contracts calling for ongoing performance of professional or technical services or for the periodic delivery of goods and services.
 - 11) Resolving contract disputes in a timely manner.
 - 12) Maintaining all records.
- C. The University Hospital General Counsel is responsible for review of terms and conditions of contracts, amendments to contracts, and waiver requests for form and legality to safeguard the Hospital's interests.
- D. The Executive Director for Supply Chain Management is responsible for reviewing and approving bid waiver requests, assuring that all requisite justifications have been secured to facilitate reviews by others and maintaining a log or file of those waiver requests that have been recommended for approval and those that are disapproved.
- E. The Chief Information Officer is responsible for ensuring systems compatibility and for approving all requests for rental or purchase of data processing or telecommunications equipment, software, or services.
- F. Department managers are responsible for reviewing and approving requisitions prior to submission to Office of Supply Chain Management.
- G. Business Managers are responsible for verifying funds availability of funds before a purchase requisition is processed.

APPROVALS BY:	NAME:	SIGNATURE: