

PROCUREMENT AND PURCHASING and DELEGATION OF AUTHORITY TO CONTRACT
September 26, 2019
DOCUMENT INFORMATION

Policy Title:	Procurement and Purchasing <i>and</i> Delegation of Authority to Contract
Department/Manual:	UH Administration: Board of Directors Approved Policies
Issue Number:	
Date Issued:	September 26, 2019
Date Reviewed/Revised:	Amendment to Matrix – July 22, 2020
Supersedes:	“Purchasing Services” policy adopted 7/1/2013 and “Signature Authorization and Delegation” policy adopted 11/21/2017
Approved By:	University Hospital Board of Directors
Final Approval:	University Hospital Board of Directors Resolution of the Board of Directors No. 2019-0917-83
Attachments:	Exhibit A: University Hospital Delegation of Authority Matrix

1.0 Purpose and Scope

University Hospital will procure goods, materials and services (including professional services) from responsible vendors, at competitive prices and upon terms and conditions most favorable to the Hospital, consistent with its mission to deliver excellent healthcare services to the communities that it serves. University Hospital will also delegate responsibility for entering into contracts, and business and strategic relationships to personnel most qualified to effectuate such relationships in the best interests of the Hospital. This Procurement and Purchasing Policy and Delegation of Authority to Contract (hereinafter, the “Policy”) establishes the framework for procurement and purchasing procedures and associated delegation of authority to enter into Contracts to be utilized throughout the Hospital. This Policy is in furtherance of the New Jersey Medical and Health Sciences Education Restructuring Act, P.L. 2012, C. 45 (the “Restructuring Act”) and the Bylaws of University Hospital, as amended and adopted (the “Bylaws”). The Chief Executive Officer through his/her Chief Financial Officer and the Chief Legal Officer is responsible for ensuring compliance with this Policy and shall adopt standard operating procedures necessary and desirable for its implementation and management.

This Policy and its implementing procedures shall remain consistent with all applicable federal, State laws and regulations, as summarized in Section 8.2 hereof.

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2.0 Applicability

All University Hospital employees involved in the procurement and purchasing of goods, materials and services (including professional services) are required to abide by this Policy and its implementing procedures.

3.0 Definitions

a Alternative Procurement Methods – procurements and purchases of goods, materials and services that by their nature are not eligible for the Competitive Selection Process or are otherwise approved by this Policy.

b Competitive Selection Process –a process of selecting a vendor or service provider for the provision of goods, materials or services (including professional and technical services) by either Competitive Quote, Request for Information, Request for Quotation, Request for Proposal or Invitation to Bids.

c Competitive Quote –the process of selecting a vendor or service provider by soliciting a minimum of three (3) written, emailed, or faxed quotations from Pre-Qualified Vendors offering such goods, materials or services. All prospective vendors must receive an identical invitation to provide quotations. The quotations must include, at a minimum: (a) the name of the vendor; (b) the contact person for the vendor; (c) the vendor phone number and email address; (d) date of the quotation; (e) quotation amount; (f) how long the quotation price will be kept firm by the vendor, and (g) any further documentation required by the standard operating procedures implementing this Policy.

d Contract(s) –any written agreement, including a purchase order that is intended to legally obligate University Hospital. For purposes of this Policy, all Contracts must be in writing, except in exigent circumstances, provided that the Contract shall be memorialized as promptly as possible after the exigency. The types of Contracts that the Hospital typically executes are listed on Exhibit “A” attached hereto, as amended and supplemented from time to time.

e Goods, materials and services –equipment, products, supplies and any work or service performed of any kind or type, including professional or technical work or service, which may be purchased, leased or otherwise acquired by the Hospital.

f Pre-Qualified Vendor(s) –a vendor or service provider that satisfies University Hospital credentialing requirements as established by procedures implementing this Policy, such requirements as may be set forth as part of the Competitive Selection Process, the RFP, RFQ or ITB. The Chief Financial Officer shall maintain a list of Pre-Qualified Vendors that may be part of an approved pool or panel, and/or may be qualified as such during the Competitive Selection Process.

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g Professional –relative to contract services and as differentiated from “technical” services, refers to services performed by a person authorized by law to practice a recognized profession and whose practice is regulated by law or the performance of which services requires knowledge of an advanced type in a field of learning acquired by a prolonged formal course of specialized instruction and study as distinguished from general academic instruction or apprenticeship and training. Professional services include those services rendered in the provision of goods or performance of services that are original and creative in character in a recognized field of artistic endeavor, as well as extraordinary, non-specifiable services if, after evaluation and assessment, such services are determined to be such that they cannot reasonably be described by written specifications.

h Request for Proposal (“RFP”) –the formal solicitation process, including public advertisement, and required documentation utilized to select one or more Pre-Qualified Vendors that will provide Services to the Hospital. *Price is not the only determining factor* when evaluating responses to an RFP. The award of one or more Contracts under an RFP takes into consideration factors other than price, including the Pre-Qualified Vendor’s customer service, experience, quality, reliability and experience with the Hospital, if any.

i Request for Quotations (“RFQ”) - the formal solicitation process including public advertisement, and required documentation utilized to obtain pricing, delivery information and terms and conditions from Pre-Qualified Vendors, based on clearly defined delivery schedule, requirements, specifications and quantities communicated as part of the RFQ. *Price may be the determining factor* when evaluating responses to the RFQ, but other factors (as identified in the RFP approach) can be considered based on the goods, materials or services being solicited by the Hospital.

j Request or Information (“RFI”) – A RFI is generally used when the solution to a business problem is not immediately evident or clearly defined. The RFI is used to gather information, solicit external expertise regarding how to solve the problem, and to study proposed solutions. An RFI, by itself, is not used to make a selection or an award of a Contract, but the information gathered from the RFI process can inform the issuance of an RFP.

k Invitation to Bid (“ITB”) – also referred to as a bid solicitation, the ITB is a formal solicitation process, including public advertisement, and required documentation that is utilized to obtain pricing, delivery information and terms and conditions from Pre-Qualified Vendors, based on clearly defined requirements, specifications and quantities communicated as part of the ITB. *Price is the determining factor* when evaluating responses to the ITB, with an award of Contract made to the lowest responsible bidder. An ITB form of solicitation may have limited application to those procurements where the award of Contract is made to the Pre-Qualified Vendor based solely on price.

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1 Technical –relative to contract services and as differentiated from “professional” services, refers to services that require the application of a special skill or practical knowledge in such areas as information technology, telecommunications, electronics or other applied sciences.

4.0 Delegation of Authority to Enter into Contracts; Contract Review

4.1 Pursuant to the Restructuring Act and as reflected in the Bylaws, the Board of Directors directs and controls all expenditure of Hospital funds, regardless of the source and the execution of contracts with the State or federal government or any individual, firm or corporation. In accordance with the Bylaws, the Board of Directors has delegated to the President of the Hospital the authority to enter into contracts on behalf of the Hospital. The Board of Directors may make additional delegations of authority in accordance with the Bylaws, as enumerated in this Policy and its implementing procedures, as amended and supplemented from time to time.

4.2 All Contracts purporting to bind the Hospital are subject to legal review *prior to execution* by Hospital representatives, who have delegated authority pursuant to, and in accordance with, this Policy and its implementing procedures. Contracts less than \$1,500,000 using a pre-approved template and whose terms and conditions upon signing do not materially deviate from the form approved by the Legal Department, do not require legal review prior to execution. Questions about whether a particular term or condition materially deviates from the template should be addressed with appropriate Legal Department staff.

4.3 Except as otherwise provided for by this Policy, University Hospital employees do not have authority to enter into a Contract that legally obligates the Hospital. Any employee that fails to adhere to this Policy may be subject to disciplinary action.

4.4 The Hospital enters into various types of Contracts as identified on Exhibit “A”. A University Hospital employee authorized to execute a Contract on behalf of University Hospital pursuant to Exhibit A of this Policy may delegate signing authority pursuant to a written memorandum. A signature delegation memorandum must include: (a) a clear and specific statement of delegation authorization signed by the authorized employee that includes (i) time period, (ii) expenditure limit, (iii) the specific Contract or type of Contract, or (iv) any other specified limitation; and (b) the full name, title, and signature of the individual receiving the delegation. All delegations of authority must be formalized prior to the execution of the Contract for which such delegation is granted, and the record of which maintained by the individuals granting and receiving the delegation, with a copy of such delegation memorandum provided to the University Hospital Chief Legal Officer. Responsibility for the Contract and its execution rests with the employee who delegated the authority; delegation of authority only transfers the obligation to sign the Contract, it does not transfer responsibility for the procurement and

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adherence to this Policy. A delegation may be modified or revoked at any time by the delegator provided such modification or revocation shall be in writing and promptly delivered to the delegatee with a copy to the University Hospital Chief Legal Officer. Sub-delegations are not permitted, unless approved, in writing, by the Chief Financial Officer.

4.5 It is the responsibility of the individual signing a Contract on behalf of University Hospital to ensure that they have the authority to do so. If an individual is uncertain whether they are authorized to sign a particular contract, they should consult with their supervisor or with the University Hospital General Counsel.

5.0 Contracts for the Purchase of Goods, Materials or Services

5.1 In General

Contracts for the purchase of goods, materials or services (including professional and technical services) shall be entered through a Competitive Selection Process or by an alternative procurement method provided for by this Policy. With limited exception, all purchases of goods, materials and services shall be managed by University Hospital Supply Chain Management personnel in accordance with this Policy and its implementing procedures. Any unit of the Hospital that is authorized to conduct its own procurement processes shall comply with the objectives of this Policy where applicable, and establish written procedures to be approved by the Chief Financial Officer and Chief Legal Officer.

5.2 Contracts less than \$17,500

Contracts for the purchase of goods, materials or services (including professional and technical services) in an amount less than \$17,500 may be entered without a Competitive Selection Process.

5.3 Contracts equal to or greater than \$17,500 and less than \$150,000

Contracts for the purchase of goods, materials or services (including professional and technical services) in an amount equal to or greater than \$17,500 and less than \$150,000 shall be entered through (a) a Competitive Quote; or (b) an alternative procurement method set forth in Section 6 herein.

5.4 Contracts in an amount equal to or greater than \$150,000

Contracts for the purchase of goods, materials or services (including professional and technical services) in an amount equal to or greater than \$150,000 shall be entered through (a) a RFQ, RFP or ITB; or (b) an alternative procurement method set forth in Section 6 herein.

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6.0 Alternative Procurement Methods to the Competitive Selection Process

6.1 In General.

The use of a Competitive Selection Process is integral to the Hospital fulfilling its mission. However, consistent with the Restructuring Act and the Bylaws, procurement of goods, materials and services (including professional and technical services) may also be accomplished through other methods, as outlined in Section 6.2, subject to the requirements outlined in Section 4 herein.

6.2 Alternative Procurement Methods

Procurements satisfying one or more of the alternative methods below must be properly documented to validate that the proposed purchase qualifies under such method and is not otherwise eligible for the Competitive Selection Process. Additionally, certain procurements of the type as stated below and as enumerated on Exhibit “A” are by their character not subject to the Competitive Selection Process.

6.2.1 Group Purchasing Organizations

University Hospital may participate in one or more Group Purchasing Organizations, the purpose of which is to achieve, among other benefits, most favorable pricing and terms and conditions for the members of the group. The Hospital may enter into a Contract for the purchase of goods, materials or services (including professional and technical services), regardless of amount, from a Group Purchase Organization.

6.2.2 Organ Procurement Organizations

University Hospital may participate in one or more Organ Procurement Organizations for the purpose of acquiring organs and tissue that meet the needs of transplant its patients. The Hospital may enter into a Contract for the acquisition of organs and tissues from an Organ Procurement Organization.

6.2.3 As-Needed, Pool or Panel Pre-Qualified Vendors

University Hospital may establish as-needed, a pool or panel of Pre-Qualified Vendors for a particular procurement that are solicited through the Competitive Selection Process. Once the as-needed, pool or panel of Pre-Qualified Vendors is designated, the Hospital may issue work or service orders or seek Competitive Quotes from these Pre-Qualified Vendors in the pool. The establishment of such pools or panels, which must be

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for a defined period of years, allows for timely procurement of goods, materials and services (including professional and technical services).

6.2.4 Utilizing State Contract

University Hospital, as an instrumentality of the State of New Jersey may procure goods, materials and services (including professional and technical services) from Pre-Qualified Vendors that are also listed as qualified vendors of the State. Utilizing a vendor qualified under a State Contract satisfies the Competitive Selection Process prescribed by this Policy.

6.2.5 Donor-Directed or Grant Directed Purchases

University Hospital may receive financial support from donors or grant programs, the term of which affect the procurement and purchasing of goods, materials or services to be utilized as part of the donation or grant program. To the extent that the donor or grant-based program includes eligibility or other requirements that affect the Competitive Selection Process, the Hospital may procure goods, materials or services consistent with such requirements. Procurements under this alternative method must be documented in accordance with procedures implementing this Policy.

6.2.6 Sole Source Procurements

A proposed procurement of goods, materials or services (including professional and technical services) may qualify as a “sole source” provided: (i) the Pre-Qualified Vendor is the only source that is capable of providing the goods, materials or services, (ii) the goods, materials or services being procured are distinguishable from all other goods, materials or services available in the marketplace, and (iii) the goods, materials or services provide the Hospital with unique or distinctive utility, functionality or value unavailable from other suppliers.

6.2.7 Technical Procurements based on Standardization or Interchangeability of Parts/Components

Procurements under this alternative method typically involve equipment or supplies of a technical nature, for example, clinical equipment, information technology or data communications equipment. A proposed procurement under this alternative methodology may qualify provided it: (i) assures standardization based on an existing platform or process, or (ii) facilitates interchangeability of components or parts for an existing platform or process, and (iii) is in the public interest.

6.2.8 Emergency Purchases

A proposed procurement of goods, materials or services, regardless of the amount, may qualify as an emergency purchase provided the purchase is necessary as a result of an unexpected event that creates a health or safety risk to individuals, property, or to University Hospital as an institution. Procurements relying on this alternative method must be documented in accordance with procedures implementing this Policy.

6.2.9 Real Estate

The purchase, lease or other disposition of real property by the Hospital may be effectuated outside of the Competitive Selection Process.

6.2.10 Intergovernmental Purchases

As an instrumentality of the State of New Jersey, University Hospital may purchase goods, materials or services from units of government, federal or any State, county, or local, or any agency or political subdivision thereof.

6.2.11 Memberships and Subscriptions

University Hospital, in the fulfillment of its mission, participates in various professional associations, trade organizations, and other groups, and maintains subscriptions to continuing publications, periodicals, software subscriptions, the cost of which may be effectuated outside of the Competitive Selection Process.

6.2.12 Technical and professional services

As stated herein-above, Contracts for professional and technical services shall be entered through a Competitive Selection Process or by an alternative procurement method provided for by this Policy. Certain services personally performed by a contractor that are of a technical or professional nature may be procured outside of the Competitive Selection Process in accordance with procedures implementing this Policy.

6.2.13 Directed Procurements

University Hospital may procure professional services outside of the Competitive Selection Process upon the direction of the President and Chief Executive Officer after consultation with the Chief Legal Officer and Chief Financial Officer, provided the

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purchase of such services addresses mission critical functions of the Hospital and otherwise advances the public interest. The justification for a directed procurement should be documented in accordance with procedures implementing this Policy.

7.0 Approval of Contracts in an amount equal to or greater than \$1,500,000

Any proposed Contract, regardless of the method of procurement, with an expected value in an amount equal to or greater than \$1,500,000 may not be executed by any University Hospital employee unless recommended by the Finance, Investment, Administration, and Audit Committee and approved by the University Hospital Board of Directors. Contracts executed for exigent reasons must be brought to the University Hospital Board of Directors for review and affirmation within a reasonable period of time.

8.0 Process standardization and compliance with related legal requirements and policies

8.1 This Policy shall be effectuated through one or more standard operating procedures, as amended from time to time. This Policy supersedes all prior policies pertaining to the subject matter contained herein.

8.2 University Hospital employees are responsible for compliance with all applicable federal and State laws and regulations, the Code of Conduct, and policies that may affect this Policy.

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EXHIBIT A – As amended July 22, 2020

University Hospital Delegation of Authority Matrix

Contract Type	President/ CEO	EVP	CFO	CMO	GC	Prior Board Approval
Clinical Affiliation Agreement	X	X		X		
Research Agreement or Grant	X	X		X		
Confidential Disclosure Agreement	X	X		X	X	
Business Associate Agreement	X	X			X	
Contract for the purchase of goods, materials or services less than \$17,500	X	X	X	X	X	
Contract for the purchase of goods, materials or services equal to or greater than \$17,500 but less than \$1,500,000	X	X	X			
Alternative Procurements	X	X	X			
Contract equal or greater than \$1,500,000	X	X				X
Collective Bargaining Agreement	X	X				
Managed care contract	X	X	X			
Engagement of auditors	X	X	X			X
Engagement of outside legal counsel	X				X	
Settlement agreement less than \$250,000	X				X	
Settlement agreement equal to or greater than \$250,000	X				X	X
All other Contracts within the ordinary course of business	X	X		X	X	



**RESOLUTION OF UNIVERSITY HOSPITAL REVISING POLICIES
PERTAINING TO PROCURMENT OF GOODS, MATERIALS AND
SERVICES, AND DELEGATION OF AUTHORITY TO CONTRACT ON
BEHALF OF THE HOSPITAL**

WHEREAS, University Hospital (the "Hospital") was duly established and validly exists as an independent public healthcare institution and an instrumentality of the State of New Jersey (the "State"), pursuant to the New Jersey Medical and Health Sciences Education Restructuring Act, L 2012, c. 45 (the "Restructuring Act"); and

WHEREAS, pursuant to the Restructuring Act, the Hospital's board of directors (the "Board") has the power and duty to exercise general oversight over the affairs of the Hospital to ensure fulfillment of its mission and to: (1) direct and control expenditures of Hospital funds; (2) borrow money; (3) enter into contracts with the State or federal government, or any individual, firm or corporation; (4) solicit and accept grant moneys; (5) acquire, own, lease, dispose or, use, and operate property; (6) sue and be sued; (7) enter into a contract or other agreement with a nonprofit corporation operating one or more hospitals in New Jersey to operate and manage or assist in the operation and management of the Hospital; and (8) hire, fire, and fix salaries for all employees of the Hospital; and

WHEREAS, in accordance with the Hospital's bylaws (the "Bylaws") (as amended by Resolution 2018-0620-58 adopted June 26, 2018), pursuant to Resolution 2013-0701-11 adopted July 1, 2013, the Hospital approved several policies, as appended thereto, including those certain policies entitled, *Purchasing Process* and *Waiver of Bids* (singly and collectively referred to hereinafter as the "Procurement Policy"); and

WHEREAS, pursuant to Resolution 2017-1121-54 adopted November 21, 2017 in accordance with the Bylaws, the Hospital adopted that certain revised *Signature Authorization and Delegation of Authority for Hospital Contracts and Other Agreements* (referred to hereinafter as the "Delegation of Authority Policy"); and

WHEREAS, the Hospital intends to amend, restate and combine the Procurement Policy and the Delegation of Authority Policy with the goal of facilitating more timely procurement of goods, materials and services, and the requisite approvals therefor, consistent with applicable federal and State laws and regulations and the Hospital's Code of Conduct; and

WHEREAS, the Hospital further intends to examine its supply chain management system to identify opportunities to streamline and bring more efficiency to its procurement processes, including identifying potential automation of procedures currently managed manually; and

WHEREAS, assessment of the supply chain management system and the roll out of the Amended and Restated Policy (as defined below) will likely occur over a period of months, require revisions to existing standard operating procedures and training of affected personnel, and further require engagement of professional services to facilitate timely implementation; and



UNIVERSITY HOSPITAL
Newark, New Jersey

WHEREAS, the Hospital's Finance, Investment and Administration Committee has reviewed the proposed action and recommends approval;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of University Hospital

1. The above recitals are incorporated herein by this reference.
2. The Procurement Policy and Delegation of Authority Policy are hereby amended and restated by the policy attached hereto and made a part hereof as Exhibit "A" (the "Amended and Restated Policy").
3. The President and Chief Executive Officer is hereby authorized to take the steps necessary and desirable to implement the Amended and Restated Policy, including dissemination and training of revised standard operating procedures, and engagement of professional consultancy resources, consistent with this Resolution (including the Amended and Restated Policy) and the Code of Conduct. The Procurement Policy and Delegation of Authority Policy will remain in effect pending the complete roll-out of the Amended and Restated Policy, however, the President and Chief Executive Officer, in consultation with the Chief Financial Officer and the Chief Legal Officer, may implement aspects of the Amended and Restated Policy, in a phased approach, to address particular needs of the Hospital and to otherwise serve the public interest.
4. The President and Chief Executive Officer shall periodically report to the Board of Directors the status of the roll out of the Amended and Restated Policy.
5. This Resolution shall take effect immediately upon the adoption hereof.

I hereby certify that this Resolution 2019-0917-83 is a true copy of actions duly adopted by University Hospital as of the date hereof.

Resolution Adopted: September 26, 2019


Mary K. E. Maples, Esq., Corporate Secretary