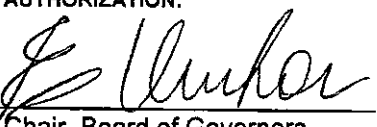


Red Lake Margaret Cochenour Memorial Hospital
- POLICY-

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DEPARTMENT: ADMINISTRATION BOARD OF GOVERNORS	CATEGORY: FINANCE	POLICY NUMBER: ADM-FIN-II-12 BG-I-21	
SUBJECT: PROCUREMENT OF SERVICES AND SUPPLIES & SUPPLY CHAIN CODE OF ETHICS	AUTHORIZATION:  Chair, Board of Governors	Distribution: Purchasing IT Maintenance	Original: March 2011 Revisions: Apr. 11

PURPOSE:

This policy will provide guidance to Board and staff of the RLMCM Hospital with respect to procurement of services such as purchasing of supplies and hiring of consultants. The policy will further advise staff of ethical practices and standards when engaging in supply chain activities.

BACKGROUND:

ETHICS:

The purpose of Supply Chain Code of Ethics is to define acceptable behaviours and standard that should be common for everyone involved with supply chain activities such as planning, purchasing, contracting, logistics and payment. All such employees must be advised of the Code.

- **Personal integrity and Professionalism**
 All individuals involved with purchasing or other supply related activities must act and be seen to act, with integrity and professionalism. Honesty, care and due diligence must be integral to the supply chain activities between RLMCM Hospital, other stakeholders and suppliers. Confidential information must be safeguarded. All participants must not engage in any activity that may create or appear to create a conflict of interest, such as accepting gifts or favours, providing preferential treatment or publicly endorsing suppliers or products.
- **Accountability and Integrity**
 Supply chain activities must be open and accountable. In particular, contracting and purchasing activities must be fair, transparent and conducted with a goal to obtaining best value for public money. All participants must ensure that public sector resources are used in a responsible, efficient and effective manner.
- **Compliance and Continuous improvement**
 All individuals involved in purchasing or other supply chain-related activities must comply with this code of ethics and the laws of Canada and Ontario. All individuals should continuously work to improve supply chain policies and procedures, to improve their supply chain knowledge and skill levels and to share leading practices.

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PROCUREMENT:

Procurement policies and procedures govern how the organization conducts sourcing, contracting and purchasing activities, including approval segregation and limits, competitive and non-competitive procurement, purchasing, contract awarding, conflict of interest and bid protest procedures.

Broad Public Sector (BPS) organizations which includes hospitals must be accountable for the results of their procurement decisions and the appropriateness of procedures followed. Buying power must be leveraged through group purchasing initiatives to achieve economies of scale. Processes must be standardized and transparent to the public. BPS organizations must maximize the value they receive from the use of public funds. BPS procurement activities are also governed by legislation and other trade agreements.

DEFINITIONS:

Consultant: a person or entity that under an agreement, other than an employment agreement, provides expert or strategic advice and related services for consideration and decision-making.

Consultant Service: the provision of expertise or strategic advice that is presented for consideration and decision-making.

The Procurement Directive allows for exemptions and exceptions to the definition of consultant due to its deference to the Agreement on Internal Trade (AIT).

PROCEDURE:

1. The Board of Directors and staff of the RLMCM Hospital must comply with the current version of the Supply Chain Guideline and the 25 mandatory requirements contained within the document as provided by the Government of Ontario.
2. The Hospital will ensure internal controls are in place with respect to segregation of duties ie. requisition; receipts, payments.
3. All services and supplies will be purchased with the objective of obtaining the optimal benefit for funds expended with consideration to cost effectiveness, efficiencies, health and safety, quality, standardization, requirements of the department, fire safety, building codes, applicable legislation etc.
4. Procurements must be approved by the appropriate levels of authority. Levels of authority correspond with job roles and levels of responsibility in the organization. The levels of authority as outline below are followed.

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Operating Budget	
Delegated Purchasing Authority Level	Total Purchase Amount
Department Manager	Less than \$5,000
CEO	Less than \$50,000

Capital Purchases	
Delegated Purchasing Authority Level	Total Purchase Amount
Department Manager	Greater than \$1,000 but less than \$2,000 (to be reviewed quarterly by Leadership Team)
CEO	Less than \$100,000 per Fiscal Year
Board of Governors	Greater than \$100,000

5. Whenever procurement practices deviate from the Supply Chain Guideline, rationale must be documented.
6. Where the value of the procurement is greater than \$100,000.00 the procurement must be handled through the open competition process.
7. Where decisions to deviate from the Supply Chain Guideline are being considered, rationale must be shared with the Board of Directors and a motion made to agree to the procurement. The "Procurement Approval Authority Form" should be utilized to document all details of the procurement.
8. Staff input via the fiscal advisory committee and client input will be included in procurement, purchasing decisions.
9. Group purchasing of services and supplies will be used where savings can be demonstrated.
10. Purchase of supplies and services must be made locally where possible to support the local economy.
11. Services and supplies should be purchased from Canadian suppliers wherever possible before considering procurement from outside the country.
12. The Hospital will maintain a preferred suppliers list for non-competitive procurement purposes.
13. The Hospital will post compliance reports on the website.
14. Documentation concerning all procurement will be stored for a period of 7 years
15. Procurements involving tenders will be maintain in a confidential manner locked in the CEO's office.

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PROCESSES

1. When an employee wishes to make a purchase they must discuss the need for the purchase with the department manager.
2. The manager will direct the employee to complete a "Purchase Requisition". The requisition must include the date, who requested the item, the quantity required, product code number and the description of the item. The employee will forward the requisition to the Department Manager.
3. Once the Manager receives the requisition, the manager will write in the account numbers to which the purchase will be charged and approve the requisition with a signature.
4. The requisition is then forwarded to the Purchasing Department. Purchasing creates a "purchase order" inclusive of a purchase order number.
5. Once the purchase orders are prepared they are sent to the Finance Director or designate for final approval and then the Purchasing Department faxes the purchase order to the appropriate supplier.
6. The purchasing department maintains a small amount of petty cash (approximately \$850.00 – \$890.00) in a safe to utilize for air ambulance escorts and other small purchases. Receipts are kept and reconciled when cash gets low. The purchasing department is advised of a purchase required by the manager through email.
7. If a piece of equipment or supplies are required urgently, the purchasing department maintains a manual book of purchase order numbers that can be quickly communicated to the supplier. The appropriate information is then entered into the electronic system later.