

MAIMONIDES MEDICAL CENTER

CODE: PURCH-006 (Reissued)

DATE: November 4, 2015

ORIGINALLY ISSUED: September 13, 1993

SUBJECT: BIDDING PROCESS

I. POLICY:

It is the policy of Maimonides Medical Center that all purchases for goods and services (including those of MMC Holding Corp.) are subject to a competitive bidding process. To this end, the Director of Material Management and the appropriate department heads are jointly responsible to originate, obtain and award bid solicitations from responsible vendors. A responsible vendor is one who, where appropriate, is a licensed/certified manufacturer, contractor or service company; has adequate fiscal resources or ability to secure necessary resources; possesses required experience, organizational and technical expertise; has the ability to meet required delivery and/or performance criteria; and can demonstrate a satisfactory record of performance and integrity. Where possible, the Medical Center will select Brooklyn based vendors provided such vendors meet all other applicable criteria.

The competitive bidding process as outlined herein, may be waived under the following circumstances:

- A. The Medical Center elects to purchase through a contract offered by a Group Purchasing Organization when the Medical Center is a participant of that group and the price offered is competitive.
- B. The Medical Center is out of stock of an inventory item and the contracted vendor is unable to supply the item on an emergency basis, or a service, such as a repair, is required on an emergency basis.
- C. Sole source orders are permitted if supported by documentation from the ordering department and approved by Purchasing.
- D. The product is maintained as a Medical Center standard as a result of the Product Utilization Process (Ref: Hospital Policy PURCH-5, "Product Utilization Process") and only available through a single source.
- E. Professional Consultation and/or Legal Services with a per engagement cost estimated to be less than \$50,000.
- F. Such other circumstances as may warrant immediate approval of a purchase as directed by any of the following 2 executives: the President, Executive Vice

President/COO, Executive Vice President/CFO or Vice President Finance Administration/CCO.

- G. The Vice President for Legal Affairs & General Counsel determines that a litigation and/or administrative exigency exists, requiring the immediate retention of outside counsel in order to protect the interest of the Medical Center.

In the event that the competitive bidding policy is waived, a properly authorized Business Award Justification Form (Attachment A) must be completed by the party requesting the waiver and submitted to the Director of Materials Management *prior to* the issuance of a Purchase Order (PO).

II. PROCEDURES AND RESPONSIBILITIES:

- A. Three (3) written bids must be obtained for purchases or services that exceed \$20,000. At least one bid must be from a local area/Brooklyn vendor, or justification why a Brooklyn vendor bid could not be obtained will be documented on the Business Award Justification Form (Attachment A). This documentation will be kept on file by the Purchasing Department. The Department Head in conjunction with an appropriate Purchasing representative will solicit and manage the bid process.
- B. The Department Head and a representative from Purchasing will jointly make the decision as to which bidder shall be awarded a contract. Awards shall be made to the lowest bidder who has demonstrated the ability to perform responsibly, as defined in Section I above. In the event the lowest bidder is not accepted, a Business Award Justification Form must be completed as if it were a sole source vendor stating the reasons for the decision. If Purchasing and the department head disagree on the bidding decision, the matter will be submitted to the CFO for arbitration.
- C. The appropriate department head will ensure that large purchases are not being subdivided into smaller, less than \$20,000 purchases, to avoid the bidding process.
- D. Services such as electrical work or cabinetry work that, in the aggregate, are expected to exceed \$20,000 are also subject to the bidding process. Such work cannot be directed towards one vendor simply on the basis of a bid that may have been approved in some prior period.
- E. Once a bid has been awarded, proposed changes by the winning bidder to the projected cost will be treated as follows:

- Changes in excess of 10% of the winning bid shall be approved by both the operating vice president and vice president of Purchasing.
 - If, in the opinion of the vice president of Purchasing, the changes, in both scope and cost, are so significant that the original bid process is no longer valid, the purchase or service shall be re-bid.
- F. Purchasing and the appropriate department head shall collaborate on the specific details of the bidding process so as to ensure a smooth process that does not impede the ability of the department to fulfill its mission.
- G. Only vendors in good standing with the medical center may submit bids. Existing vendors who have lost their good standing will be notified, by certified letter, when their performance does not meet the Medical Center's requirements as outlined in this Policy. Under these circumstances a vendor will be placed on probation during which time they will be required to demonstrate satisfactory performance. A vendor will have ten (10) working days to respond in writing to such notification. Determination of vendor acceptability is at the sole discretion of the Medical Center.
- H. In collaboration with the Purchasing Department, Medical Center departments are required to:
- a. Identify products and/or services that are purchased on a regular basis.
 - b. Identify qualified vendors that can be solicited for bid response including at least one Brooklyn based vendor.
 - c. Provide sufficient lead-time to effectuate the bidding process.
 - d. Present justification as to why a product(s) and/or service(s) should be excluded from the bidding process.
- I. When there are Medical Center wide implications for use of a product or service, the Product Utilization Committee will review product and vendor selection. The Director of Material Management will advise the Committee of any appropriate Purchase Agreements due for renewal and recommend which product(s) and service(s) should be excluded from the bidding process based on clinical and vendor performance issues, as well as price.
- J. For Professional Consultation Services with an anticipated cost of less than \$50,000 per engagement, the executive responsible for the engagement must document the reason for, and the cost of the engagement, and obtain written approval from either the President or an Executive Vice President. Once approval is obtained, an engagement letter or contract in a format acceptable to the Medical Center's Legal Department must be signed and a purchase order issued. For engagements in excess of \$50,000 annually, the three-bid

process should be followed. In the event the Executive responsible for the engagement determines that this should be a sole source contract, the reasons why must be documented on the Business Award Justification Form and approval must be obtained from either the President, the Executive Vice President/Chief Operating Officer or the Executive Vice President/Chief Financial Officer. A written engagement letter or contract approved by the Medical Center's Legal Department must be signed prior to the commencement of the engagement and a purchase order issued. When requesting sole source approval, the executive must document the reasons why, which at a minimum must include a discussion of need for the services, the qualifications of the vendor and the reasonableness of cost.

- K. Once the engagement letter for Professional Consultation Services is signed, a purchase requisition along with a copy of the contract must be sent to purchasing. The requisition should be for the exact amount of the contract plus a variable amount to cover anticipated variable expenses not to exceed 15% of the contract amount. Purchasing will then set up a blanket order PO for the engagement and advise the responsible executive of the PO number. The executive must advise the engaged consultant to include the PO number on all invoices. The only exception to the PO process will be for the legal department's handling of routine matters, these services may be paid by check request if the legal firm has been pre-qualified by the Medical Center. On an annual basis, the Vice President for Legal Affairs will present a list of recommended legal firms and their rate structure to the President for approval.

III. **CONTROLS:**

- A. In order to track adherence to this policy, all contracts, awards or letters of engagements governed by this policy must be documented on the attached Bidding Award Justification form and sent to Purchasing and maintained in the files for a period of 7 years.
- B. The Internal Auditor, along with the Director of Material Management and Executive Vice President for Finance, will review compliance with this Policy on an annual basis via test selection of bid awards.
- C. For Professional Consultation Services, the executive responsible for the service will review and approve each invoice and verify that the correct PO is listed on the invoice. If approved for payment, the executive must sign and date the invoice with the note "approved for payment" and forward it to accounts payable. (No check request is necessary). Accounts payable will process the invoice for payment against the PO.

- D. If the amount of the invoice exceeds the amount authorized on the PO, it will be returned to the executive and a revised PO has to be requested which the President or an Executive Vice President must approve.

- E. Internal Audit will review all appropriate records to ensure that this policy is properly implemented and the Vice President—Audits will report periodically to the Audit and Legal Committee as to the Medical Center’s compliance with this policy.

Pamela S. Brier
President

Attachment:	Business Award Justification Form
REFERENCE:	Purchasing
INDEX:	Bidding Process
ORIGINATING DEPARTMENT:	Purchasing

Maimonides Medical Center
 PURCHASING DEPARTMENT
Business Award Justification Form

It is the policy of Maimonides Medical Center (MMC Purchasing Policy #6) that the award of all purchases of \$20,000 or more, be justified for one of the following reasons:

- 1) The vendor or product was selected in a three company bid
- 2) Existing Bid, Pre-approved Vendor, or Vendor associated with a funded approved project
- 3) The vendor or product is covered by a GPO contract
- 4) The vendor or product selection was made by either Purchasing or MIS

To ensure policy compliance a completed copy of this form, with any supporting documentation, must accompany your requisition for a PO to be processed.

Department Name:		Origin Number:	
Dept Initiator Name:		Dept Initiator Number:	
Product Name/Type:		Vendor Name:	

JUSTIFICATION

- Bid process winner (Attach bids – if less than 3 bidders explain below)
- Existing vendor associated with an approved funded project (explain below)
- Active contract or annual renewal PO to pay existing long-term contract (explain below)
- GPO (Premier/Amerinet) contract item
- Directed Sole Source (explain below)
- Purchasing Department or MIS directed vendor
- Brooklyn Vendor Included in bid (If No, explain below)

<input type="checkbox"/> Brooklyn Vendor Included in bid (If No, explain below)

AUTHORIZATION

Signature 1 (VP): _____ Date: _____

Name (Print) _____ Title: _____

Signature 2 (COO/CFO): _____ *Date:* _____

Name (Print) _____ *Title:* _____

DIRECTED SOLE SOURCE OR AWARDS NOT GIVEN TO LOWEST BIDDER REQUIRE COO OR CFO SECOND SIGNATURE

PURCHASING DEPARTMENT USE ONLY:

BAJ TYPE: Vendor Project/Capital Expense

Vendor Name: _____ Vendor Number: _____ Expiration Date: _____