

## POLICY

### PROCUREMENT POLICY

4007

#### 1) Procurement: Policy

The Bullhook Community Health Center, Inc. (BCHC) is committed to ensuring that goods and services are purchased in a manner that provides open and free competition and is in compliance with the procurement standards required by the U.S. Department of Health and Human Services found at 45 CFR Part 75 (HHS adoption of Uniform Grant Guidance), state and local statutes and executive orders as applicable. Revisions to OMB Circular A-110 are automatically included in the BCHC's policy.

#### **Policy Guide per 45 CFR Part 75 Subpart e**

The application of these cost principles is based on the fundamental premises that:

- (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
- (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal-award.
- (d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.
- (e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered. See §75.2 *Indirect (facilities & administrative (F&A)) costs*.
- (f) For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees (including pre- and post-doctoral staff) contributing

to the completion of Federal awards for research must be recognized in the application of these principles.

(g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award. See also §75.307.

This policy applies to the procurement of:

- Supplies and other expendable property,
- Real property, and
- Services

## **2) Procurement: Procedures**

The following procedures will be considered for the procurement of all products and non-employee services. Compliance with these procedures is required to be documented for procurements greater than \$150,000.

### **a. Code of Conduct**

- i. No BCHC Board member, officer, employee or agent will participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved.
- ii. "Conflict" is defined as a situation under which the BCHC Board member, officer, employee or agent, any member of his or her family or his or her business partner, or any organization which employs or is about to employ any of these parties, has a financial or other interest in the person or firm selected for an award.
- iii. No BCHC Board member, officer, employee, or agent will solicit or accept gratuities, favors or anything of monetary value from contractors, or parties to sub-agreements. Any board members, officers, employees, or agents in violation of this policy will be subject to disciplinary action, the level and extent of which will be determined based on the severity of the violation.
- iv. Contractors that develop or draft grant applications or contract specifications, requirements, statements of work, invitations for bids and/or requests for proposals are excluded from competing for such procurements.

### **b. Competitive Bids**

The BCHC will obtain three competitive price quotes or bids if possible and practical. The BCHC will make contract awards to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to BCHC in terms of price, quality and other factors, as determined in the sole discretion of BCHC. BCHC will set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated. The BCHC reserves the right to reject any and all bids or offers when it is in BCHC's best interest to do so.

#### **i. Sole-Source Procurements**

On certain occasions, when a vendor or consultant is the sole manufacturer or provider of a particular good or service, a bid process may not be feasible and a sole source contract will be awarded. The reason(s) justifying a sole source procurement, together with a description of the supplies or services required to meet the BCHC's needs, will be documented in the appropriate file.

**c. Standard Procedures**

- i. The BCHC will not purchase unnecessary items.
- ii. Where appropriate, the BCHC will perform an analysis of lease and purchase alternatives to determine the most economical and practical procurement.
- iii. Solicitations for goods and services will include a clear and accurate description of the technical requirements for the procurement (which will not unduly restrict competition); requirements which the bidder/offeror must fulfill and all other evaluation factors; a description, when practical, of technical requirements in terms of performance required; and specific features of "brand name or equal" descriptions required.
- iv. BCHC will use positive efforts to utilize small businesses, minority-owned firms and women's business enterprises when practical.
- v. When practicable and economically feasible, BCHC will procure products and services that conserve natural resources and protect the environment and are energy efficient.
- vi. BCHC will determine the type of procuring instrument to be used (e.g. fixed price contracts, purchase orders, and incentive contracts) based on appropriateness for the particular procurement and for promoting the best interest of the program or project involved.
- vii. BCHC will only contract with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. BCHC will consider factors such as integrity, past performance, financial and technical resources and accessibility to such resources. Employees will ensure that no contracts are entered into with entities that, or individuals who, are debarred, suspended, or otherwise ineligible by virtue of Federal agencies, implementation of Executive Orders 12549 and 12689 concerning debarment and suspension.
- viii. Procurements to be funded with Federal funds will be performed in accordance with the requirements set forth in 45 CFR Part 75 (HHS adoption of Uniform Grant Guidance) as applicable.

**d. Procurement Records and Files**

BCHC will establish and maintain procurement records and files. BCHC will document in the procurement files some form of cost or price analysis made in connection with every procurement action in excess of \$150,000, including the justification for contractor selection, justification for lack of competition when bids are not obtained, and the justification for the award cost or price.

**e. Contract Administration**

BCHC will maintain a system for contract administration that ensures contractor compliance with the terms, conditions and specifications of the contract and adequate and timely follow up of all purchases. BCHC will evaluate and document contractor performance in terms of whether the contractor has met the terms, conditions and specifications of the contract.

BCHC will ensure that, as applicable, all contracts for procurements purchased with Federal funds contain the contract provisions specified 2 CFR Part 75 (HHS adoption of Uniform Grant Guidance) Appendix II.

**f. Oversight and Monitoring**

The BCHC will require the contractor to develop, maintain and furnish records and reports which pertain, directly or indirectly, to the services provided by the contractor and which the BCHC may reasonably deem appropriate and necessary for the monitoring and auditing of the contract.

**g. Employment Contracts and Letters of Agreement**

Chief Executive Officer

The employment agreement between the Chief Executive Officer and BCHC will be negotiated and approved by the BCHC Board Executive Committee. The Board Chair will be responsible to sign the agreement as negotiated.

All Other Employees

Employment Agreements and Employment Contracts for all positions except as listed above will be negotiated and approved by the Chief Executive Officer. He/she will be responsible to present each employee with the agreement/contract, and has the authority to sign each agreement as the designated BCHC representative.

**3) Purchasing Approval**

All departmental operating supply orders must be approved by the applicable department manager. The CFO or CEO may approve departmental supply purchases and general operating purchases, including budgeted capital equipment, under \$5,000. All purchases over \$5,000 and under \$20,000 must be approved by the CEO. All purchases greater than \$20,000 must be approved by the finance committee of the Board of Directors.

**4) Agreements with Financial Institutions**

Any and all agreements with Financial Institutions must be reviewed by the Finance Committee and approved by the entire BCHC Board of Directors. Each agreement must be signed by an Executive Officer: Board Chair, Vice Chair, Secretary or Treasurer. These agreements include Debt Agreements, Banking Agreements and or Line of Credit Agreements.

**5) Requisition and Receiving**

Request for purchases will be presented to the Chief Financial Officer and/or the Chief Financial Officer for approval on Purchase Order Forms.

- a. Upon receipt of products or services:
  - i. The individual that receives and opens any shipment shall identify the order and match each item against the packing slip.
  - ii. All supplies or injectables that are to be used on patients are to be entered into the Electronic Medical Records (EMR) system. The detail information is to be given to the Patient Account Manager (PAM) for input into the EMR. The Accounting Associate is to provide the cost price to the PAM to calculate the price to be charged to the patient.

## **6) Capital Equipment**


Capital equipment is defined as any equipment having an initial cost of five thousand dollars (\$5,000) or more and a useful life span of more than one (1) year. Capital equipment shall be purchased according to purchasing policies outlined herein.

- a. An Inventory list of all BCHC equipment and assets shall be maintained by the CFO.
- b. At a minimum, the list shall describe the equipment and/or asset by:
  - i. Name
  - ii. Date and Year of purchase
  - iii. Original Purchase Price
- c. Capital Equipment will be inventoried annually in conjunction with the external financial audit.
- d. A depreciation schedule for capital equipment and assets shall be established in accordance with generally accepted accounting principles.
- e. The following processes shall be utilized in the disposition of capital equipment and/or assets:
  - i. An item which has reached the end of its useful life but retains some monetary value may continue to be used or be traded as partial payment toward a new piece of capital equipment of similar functions and usefulness.
  - ii. An item of capital equipment which has been damaged so as to render it valueless, or which has reached the end of its useful life and retains no monetary value, may be discarded. In the case of damage or destruction to property, the appropriate insurance carrier should be contacted to determine whether the property is covered under the policy.
  - iii. An item of capital equipment which is no longer necessary, but which retains usefulness or monetary value may be declared surplus. If an item determined to be surplus was originally purchased in whole or in part with federal or state grant funds, the appropriate granting agency will be contacted to advise on the appropriate disposition of the item. Items donated to the BCHC or not purchased in whole or part through federal or state grant funds and declared surplus, may be sold by BCHC, with the proceeds of such sale being used to further expand the BCHC services and activities.

- iv. At any time that BCHC ceases to exist under the law, assets of the BCHC, including capital equipment, will be disposed of according to the rules governing 501 (c) 3 Corporations, as stated in the bylaws of the BCHC. Granting agencies will be contacted prior to the disposition to determine the existence of any legitimate interest in such equipment by such agencies and to advise legal disposition of equipment if such an interest exists.
- f. The CFO shall ensure that appropriate documentation of all trades, dispositions, sales, etc. of BCHC property are maintained.
- g. The CFO shall ensure that all existing laws, regulations, guideline, etc. are followed whenever BCHC property is traded, disposed of, sold, etc.

**7) Insurance**

- a. In order to protect the assets of BCHC, adequate property and casualty insurance coverage shall be purchased and maintained. At a minimum, such insurance coverage shall be enough to replace the BCHC’s property at either fair market value or replacement value.

  
 \_\_\_\_\_ DATE 8-13-18  
 CHIEF EXECUTIVE OFFICER

  
 \_\_\_\_\_ DATE 8-13-18  
 CHAIR, BOARD OF DIRECTORS

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