



Policy Name PURCHASING/PROCUREMENT	Policy Number: 2501
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Classification: Materials Management	Page No: Page 1 of 4

COST EFFECTIVE PURCHASING

Cost effective purchasing involves making the best use of administrative resources to carry out this function. The role of Purchasing/Procurement is to provide leadership in procurement functions such as negotiating with suppliers and outlining agreements with these suppliers so that all departments benefit from the full purchasing power of the Hospice.

Departments can make purchases up to \$999.99 directly with suppliers. Purchase orders are not required for these purchases but authorization is required from the respective Manager. Purchases above this amount require approval from the Executive Director.

PURCHASING POLICY

1. General Policy Objectives

The Salvation Army Agapé Hospice must maintain high legal, ethical, managerial, and professional standards in the management of the resources entrusted to it as a publicly and privately funded institution. We must ensure that goods and services are acquired in a manner that ensures the Hospice:

- Obtains best value when considering a purchase by combining the cost, quality and sustainability of the product or service;
- uses a fair and open process when calling for, receiving, and evaluating quotations and tenders;
- meets its statutory, legal and ethical obligations in the acquisition of goods and services by purchase or lease; and
- by employing staff skilled in purchasing techniques including negotiating, contractual terms and conditions, cost reduction techniques, and cooperative buying processes.

2. Purchasing Principles

Goods and services shall be acquired according to the following principles:

- **Planning** - Goods and services should be acquired after consideration of needs, alternatives, timing, and availability of funds.
- **Sourcing** - The process by which suppliers compete for Hospice business shall be open, fair, consistent, and non-discriminatory.



Policy Name PURCHASING/PROCUREMENT	Policy Number: 2501
	Page No: Page 2 of 4

- **Purchasing** - Goods and services shall be acquired competitively from qualified suppliers to meet specified needs and to achieve the best value for money expended.
- **Accountability** - Approvals shall be obtained and documentation shall be retained for review and auditing.

3. Scope and Policy Application

This policy governs the acquisition of goods and services, by purchase or lease, with Hospice funds from all sources including the operating, research, capital and ancillary funds and all other funds held in trust or at its disposal. The overall responsibility for administering this policy is under the general direction of the Executive Director.

4. Purchasing authority and process

Goods and services shall be acquired according to the following principles:

All purchases require a purchase order or a **written agreement**, except for purchases of \$999.99 * or less, or in rare situations where the Executive Director approves an exemption.

** Note that any amounts in this policy are **before** taxes and refer to the total value of the package / group / bundle of goods being purchased over the scope of a project. It is NOT acceptable to split the purchase into small parcels in order to avoid obtaining quotations or avoid using an approved supplier (e.g. splitting a purchase of six pieces of equipment with a total value of \$5,400 into six purchases of \$900 each).*

Purchases up to \$999.99:

When the purchase is up to \$999.99 there is no requirement for a purchase order, though the department has the option of issuing a purchase order.

Purchases from \$1,000 to \$ 4,999.99 more:

When the purchase is \$1,000 to \$4,999.99, at least two **written quotations** shall be obtained from **qualified suppliers**. Quotations must be attached to a copy of the purchase order and kept on file by the department. **Oral quotations** are accepted, but not recommended. Any notes relevant to the oral quotation such as date received, vendor contact, and terms and conditions should be kept on file for future reference. Upon vendor selection, a purchase order is issued by the appropriate person.



Policy Name PURCHASING/PROCUREMENT	Policy Number: 2501
	Page No: Page 3 of 4

Purchases from \$5,000 to \$99,999.99:

Goods or services \$25,000 and higher are considered high value purchases and whenever possible require three **written quotations** from **qualified suppliers**. In some instances, the nature of your purchase may require the issuance of a **request for proposal**.

Purchases under Contract:

Additional competitive quotations and tenders are not required for goods or services where there exists a contract that was executed following the purchasing policy.

Exceptions:

Competitive quotations and tenders are not required for goods or services where:

1. the only supplier is a department, agency, or utility of the federal, provincial, regional, or municipal government;
2. a regulatory authority has approved the price or rate; or
3. the purchase is for media advertising time or space.

Where the acquisition of scientific equipment of a highly specialized nature is available from only one supplier, one quotation is acceptable provided the acquisition of such equipment from that supplier without competitive quotations is approved by Alberta Health services or other federal, provincial, regional, or municipal government.

The Executive Director must approve all other exceptions to the requirements for quotations and tendering.

5. Consulting Services

“Consultant” means 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.

“Consulting Services” means the provision of expertise or strategic advice that is presented for consideration and decision-making.

If a person/firm you are contracting provides expertise or strategic advice that you use to assist in decision making, then they would fit the definition of a consultant. You then **must** get 2 quotations for any amount of services if you anticipate the fees to be less than \$100,000. Any contract entered into must clearly indicates that no circumstances



Policy Name PURCHASING/PROCUREMENT	Policy Number: 2501
	Page No: Page 4 of 4

can food, beverage, accommodation, transportation, parking, gratuities, laundry, dry cleaning and personal telephone calls be itemized and paid as part of any contract between the Hospice and a consultant or separately reimbursed

6. Professional Services

Professional services are the services provided by licensed engineers, architects, land surveyors, lawyers, veterinarians, dentists, pharmacists, nurses and medical doctors. This policy allows us to use these professional services non-competitively (i.e. not requiring quotes or issue RFPs.) However, we must have documentation each time we contract one of these professional services. This documentation can be as simple a letter of agreement stating the professional qualifications of the service provider, the service provided, the time frame and the compensation. When one uses a professional service, they must not perform functions that fit the definition of a consultant. If they do, then you are required to follow steps for the contracting of consultants.

7. Conflict of Interest

Hospice employees are governed by policies on conflict of interest which prohibit the acceptance of gifts in any form from Residents and their families, suppliers doing business with, or soliciting business from, the Hospice.

8. Personal Acquisitions

The use of Hospice procurement processes or resources for the purchase of personal items or services **is not permitted under any circumstances**. The use of the Hospice's identity for personal reasons is also not permitted.

CROSS REFERENCE

The Salvation Army Territorial Operating Policies, Section 34
[Agapé Policy 0925 Non-Monetary Gifts to Hospice](#)