

MAIMONIDES MEDICAL CENTER

CODE: PURCH-002 (Revised)
DATE: September 28, 2017
ORIGINALLY ISSUED: July 8, 1969

SUBJECT: PURCHASE REQUISITIONS

I. POLICY:

All purchases of goods and services require a purchase requisition to be submitted by the requisitioning department. (See PURCH-1)

Purchase orders will be placed by the Purchasing Department only upon receipt of a completed authorized requisition. No requests will be accepted by telephone, nor will a purchase order number be issued verbally except in an emergency and only with the express approval and authorization of a Purchasing Department Manager.

II. RESPONSIBILITIES:

A. It is the responsibility of the requesting department to complete a purchase requisition with the following information:

1. Department Number
2. Account Number
3. Capital Project Number
4. Origin Number
5. Valid Vendor ID Number
If the department does not have a valid Vendor ID Number a request for the number must be sent to the Purchasing Department. A New Vendor form together with the vendor's letterhead or an invoice must be submitted for entry into the Medical Center's Vendor File.
6. Quantity of each item
7. Unit of Measure
8. Complete Item Description and Specification
9. Priority Code
10. Delivery Date
11. Authorized Signatures

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- B. The requisition information will be entered into the Medical Center's financial system to obtain a purchase order number.
- C. The Purchasing Department is then responsible for completing the purchase order upon receipt of an appropriately completed authorized purchase requisition.
- D. The Finance Department, Special Funds Group, is responsible for review and fund verification for all requisitions to purchase items or services for a special funds department.

III. PROCEDURES:

All requisitions must contain a priority code and required delivery date. Requisitions without a priority code will be considered Standard Priority. The priority codes are defined as follows:

- A. **CRITICAL**
Represents an emergency situation where the item or service requisitioned directly affects the provision of patient care and must be purchased immediately without the bidding process. It is the operating department's responsibility to determine the need for a priority critical requisition, so indicating on the purchase requisition, and directly notifying the purchasing department.
- B. **STANDARD**
Represents normal turnover of inventory, routine need for services, or when scheduled preventive maintenance is required. The Purchasing department will place standard priority PO's within 72 hours of requisition receipt or notify the department of a problem with that 72-hour timeframe.

Depending on the dollar amount of the requisition, the appropriate individuals must authorize the requisition in accordance with the table below.

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<u>Position</u>	<u>Approval Limit</u>
<u>Operating Department</u>	
Department Heads and Administrators	\$1,000
Associate/Assistant Vice-Presidents	\$1,000-\$5,000
Vice Presidents and Chairman	over \$5,000
<u>Purchasing Department</u>	
Assistant Director of Purchasing	up to \$25,000
Director of Purchasing	\$25,000-\$250,000
Vice President of Purchasing	over \$250,000

In accordance with the Bidding procedure (PURCH-6), requesting departments are responsible for submitting a "Business Award Justification" (BAJ) form for vendors whose purchases are, or anticipated to be, \$20,000 or more. The BAJ must accompany the initial requisition. Subsequent requisitions for vendors with BAJ forms require only department head approval. (See PURCH-6)

Requisitions for all capital items, require Capital Project Committee approval. Capital purchases are defined as goods or services with a useful life of one (1) year or more or a repair to a capital item that increases the useful life of the item. The Capital Authorization committee must approve all capital purchases, regardless of dollar amount.

The Capital Approval Committee requires departments to get Bio-Medical and Engineering approval for purchase requisitions (where appropriate). All Capital requisitions are approved based on appropriateness, cost, revenue impact and cost savings potential. Capital requisitions should be given to the department's executive representative on the Capital approval Committee for review.

Requisitions for all items or services purchased from special funds will be sent to the Finance Department, Special Funds Group, for review and then to the Purchasing Department for processing. The Special Funds Group will verify that funding is available.

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IV. CONTROLS:

1. The Internal Auditor and Purchasing Department Management will periodically review purchase requisitions and purchase orders for compliance with this Policy.
2. The Finance Department will maintain the file of approved signatories and periodically review its content for accuracy.



Kenneth Gibbs
President & CEO

REFERENCE:

INDEX:

ORIGINATING DEPARTMENT: Purchasing