

# Procurement

## Alaska eHealth Network Policy 8.100

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### I. POLICY

It is the official Procurement Policy of the Alaska eHealth Network (AeHN) that the following guidelines and instructions be used for contract and procurement management. Any issues not discussed below should be addressed in accordance with state and federal law, in addition to any applicable grant restrictions.

### II. SCOPE

This applies to all employees, volunteers and those directly reporting independent contractors who furnish, or otherwise authorize the furnishing items or services for AeHN.

### III. DEFINITIONS

For purposes of this policy, the following definitions apply:

**Equipment** means an item of personal property, which costs \$5,000 or more per unit, and which has a useful life of more than one year.

**Prior approval** means the written approval by an authorized member of the Board of Directors evidencing prior consent.

**Property**, when used alone, refers to both real property and personal property.

**Supplies** means all personal property, excluding equipment and intangible property.

### IV. CODE OF CONDUCT

No AeHN employee, officer or agent shall participate in the selection, award or administration of a procurement contract if a real or apparent conflict of interest would be involved. The following steps should also be taken to avoid conflicts:

- A. Officers, employees or agents of this organization shall not solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors. All employees engaged in the award and administration of contracts must sign a written statement regarding this restriction.
- B. Contractors who develop or draft AeHN applications or contract specifications or requirements must be excluded from the competition for that procurement to avoid a conflict of interest.

Failure to comply with this prohibition will result in appropriate disciplinary action which could result in suspension or termination of the officer, employee or agent.

## **V. FREE COMPETITION**

All procurement actions undertaken on behalf of AeHN by its officers, employees or agents, whether negotiated or advertised and regardless of dollar value, must be conducted in a manner providing, to the maximum extent practical, open and free competition. If something appears to be an excellent price, other vendors must still be considered.

## **VI. PROCEDURES/DETERMINATION OF NEED**

The Executive Director of AeHN has designated the HIT Director with the ability to approve purchases with a unit price of \$1000 or more. Prior to approval, the designees shall review the proposal to determine:

- A. Whether the item or service is actually necessary and not duplicative of existing items or services;
- B. Where appropriate, an analysis is made of alternatives to determine which would be the most economical and practical procurement for the AeHN; and
- C. Solicitations for goods and services provide for all of the following:
  1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
  2. Requirements which the bidder/offer or must fulfill and all other factors to be used in evaluating bids or proposals.
  3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

The Executive Director is responsible for reviewing and approving all procurements prior to disbursement of all funds.

## **VII. REQUEST FOR BIDS**

- A. Procurement actions where costs are expected to exceed \$50,000 shall be conducted through an open bidding process, with bids requested from an adequate number of qualified sources. Requests for Bids shall contain clear specifications and shall not contain features which unduly restrict competition. Contracts for procurement shall be awarded to the responsible bidder with the highest rating based on quality and other factors.
- B. Procurement actions where costs are expected to range between \$10,000 and \$50,000 may be conducted through estimates from an adequate number of qualified sources. These estimates may be obtained by telephone or through comparison of available cost information. The procurement decision will be made based on quality and other factors.
- C. Procurement actions costing less than \$10,000 require no documentation of cost comparisons.

## **VIII. PURCHASE ORDERS**

Purchase orders will be used to obtain approval for all purchases.

## **IX. PRIOR APPROVAL**

Prior written approval from the Board of Directors must be obtained before:

- A. Purchasing Capital Equipment whose cost is greater than \$5000.
- B. Making major budget changes. For the purposes of this policy, “major” is defined as a budget change concerning more than \$5000.

## **X. DOCUMENTATION**

All procurement transactions must be documented and kept in the procurement files. The following procedures apply to such documentation:

- A. Files will be maintained for all purchases where the cost exceeds \$5000. These files shall include the following documentation:
  - 1. Copy of the Check.
  - 2. Copy of approved Purchase Order.
  - 3. Invoice
  - 4. Copy of Contract or other information pertaining to the purchase.
  - 5. Request for Bid (if applicable).
  - 6. Responses to Bid request (if applicable).
  - 7. Basis for selection of supplier.
- B. Analysis documentation must also be kept in the procurement files. This includes copies of:
  - 1. All the documentation of the prices and vendors that were compared;
  - 2. Identifying which vendor was chosen; and
  - 3. A statement regarding why that vendor was chosen.
- C. Cost analysis documentation must be kept in the procurement files and includes written documentation of the determination of whether a cost was reasonable, allocable to a specific grant and allowable for that grant.

## **XI. ADDITIONAL ASSET FILES**

AeHN will also maintain files for equipment items where the cost is between \$10,000 and \$50,000. These files shall obtain the following information:

- A. Copy of approved Purchase Order.
- B. Invoice
- C. Basis for selection of supplier.
- D. Other information pertaining to the purchase, as appropriate.

## **XII. CONTRACT REQUIREMENTS**

A contract under a grant must be a written agreement between AeHN and the contractor. Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement, based on such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. AeHN should make sure that contractors are not restricted by the Federal “Debarment and Suspension” orders. The contract must, as appropriate, include the following:

- A. Activities to be performed;
- B. Time schedule;
- C. Policies and requirements that apply to the contractor; and
- D. Maximum amount of money for which AeHN may become liable to the contractor under the agreement.

## **XIII. COMPLIANCE BY CONTRACTORS AND SUPPLIERS**

The Executive Director (or his or her designee) is responsible for assuring that contractors and suppliers comply with the terms, conditions and specifications of the contract or order. In addition, the Executive Director should be sure that any audit contracts include assessment of the procurement process and controls.

## **XIV. POLICY REVIEW**

These policies shall be reviewed every year by Executive Director and will be modified or updated as needed at that time.

<b>PROCUREMENT POLICY</b>	<b>POLICY #</b>	8.100
APPROVED BY: AeHN Board	<b>ADOPTED:</b>	6/15/2011
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