 Henry Ford Health System	Policy Name/Subject: Transparent Sourcing Policy and Procedures (Bids and Proposals)	Policy No:
	Document includes: <input checked="" type="checkbox"/> Policy <input type="checkbox"/> Procedure <input type="checkbox"/> Other:	
	Applies to: <input checked="" type="checkbox"/> All HFHS <input type="checkbox"/> Business Unit: <input type="checkbox"/> Service Line: <input type="checkbox"/> Dept:	
	Category:	Current Approval Date:
	Owner (Title): Director	Approver (Title): President & COO
	Related Tiered Policy/Procedure:	
	Last Revision Date & Key Change(s): R- 3/14, 1-18-11	
	Key Word(s): Transparent Sourcing Policy	

1.0 Policy Statement: To establish a system-wide standardized policy and procedure for the request, utilization, cycle time and periodic review of bids and proposals as it relates to purchased services, products, capital expenditures, and/or contracts.

Proposals and/or bids are required from at least three competitive vendors when the amount of the proposed purchase exceeds \$20,000. This policy provision may be modified by Supply Chain Management (SCM), when the product, service, or capital equipment, is available from fewer than three qualified sources. Purchases between \$1,000 and \$20,000 do not require three competitive bids, however, best purchasing practices suggests at minimal, obtaining a verbal and/or written quotations from multiple vendors. This practice of soliciting bids will help drive additional cost savings that impact our bottom-line.

In conjunction with the HFHS commitment to the local community and the objective of developing women and minority-owned businesses, SCM Strategic Sourcing and SCM Procurement and Vendor Compliance Management will ensure at least one or more qualified women and minority-owned firms are included in the bidders list whenever applicable.

Structured Bids and Proposals offer more flexibility, further negotiation and the ability to award to a company that may not be the lowest bidder, but whose proposal has a higher overall value due to other non-price terms, abilities and or alignment to the health system's strategic Goals and Objectives. Unstructured Bids generally do not afford the opportunity for further negotiation and are generally awarded to the lowest qualified bidding company.


2.0 Scope: This policy applies to Henry Ford Health System and all of its subsidiaries, business units, department and divisions. This policy applies to independent contractors of HFHS when soliciting bids and proposals for products and services on behalf of HFHS.

- 2.1 Should exception to this policy be required, individuals in the positions designated below may authorize the exceptions. <http://henry.hfhs.org/body.cfm?id=14437>
 - 2.1.1 Chief Executive Officer
 - 2.1.2 President/Chief Operating Officer
 - 2.1.3 Senior Vice President/Chief Financial Officer
- 2.2 Each exception is to be documented and a copy filed with the Vice President, Supply Chain Management.

3.0 Responsibility: The Director of Strategic Sourcing and Director of Procurement and Vendor Compliance and Management, under the direction of the Vice President, Supply Chain Management is responsible for carrying out this policy. All employees of the organization are expected to adhere to the Transparent Sourcing Policy and Procedures.

4.0 Policy

- 4.1 Supply Chain Management Senior Buyer and Contract Sourcing Specialists in collaboration with end user/ customers and/or Value Analysis Team (VAT) are responsible for soliciting, issuing, receiving, and analyzing, all proposals and/or bids.
- 4.2 All departments will adhere to a standardized procedure for proposals and/or bids to obtain

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- 4.3 competitive pricing for products, services, capital equipment, and construction as applicable. Department/individuals are prohibited from requesting bids, proposals, negotiating pricing, terms and conditions, service warranties, or delivery, without the expressed written approval of Supply Chain Management Director of Strategic Sourcing.
- 4.4 Supply Chain Management Strategic Sourcing will determine the dollar limits for proposal and/or bid procedure as stated below:
- 4.4.1 \$1,000- \$20,000
 - 4.4.1.1 It is the discretion of the Senior Buyer as to the number of proposal responses required.
 - 4.4.1.2 Proposed responses may be written or verbal.
 - 4.4.2 \$20,000- \$50,000
 - 4.4.2.1 Written or documented verbal proposal and/or bid responses are required from three vendors when possible.
 - 4.4.2.1.1 This policy provision may be modified by Supply Chain Management Director of Strategic Sourcing or Director of Procurement, when the product, service, or capital equipment, is available from fewer than three qualified sources or for other compelling reasons.
 - 4.4.2.2 Contract Sourcing Specialist and Senior Buyer may provide the written documentation in form of Request for Quotation and/or the vendor may send a confirming letter.
 - 4.4.2.3 Require lease/buy analysis when appropriate.
 - 4.4.3 Over \$50,000
 - 4.4.3.1 Minimum of three sealed bids or written proposals is required, when possible.
 - 4.4.3.2 Contract Sourcing Specialist in collaboration with end user/customer and/or VAT, will recap the bids and/or proposal responses.
 - 4.4.3.3 Require lease/buy analysis when appropriate.
- 4.5 HFHS employs a Group Purchasing Organization (GPO) strategy to leverage it's spend and manage its costs. In every sourcing opportunity, GPO vendors will be included in the sourcing process if applicable.
- 4.6 Supply Chain Management Contract Sourcing Specialist and Vendor Compliance Coordinator will determine the available vendor pool in concert with the end user(s), and the final selection and award to the successful vendor.
- 4.7 If proposals and/or bids have identical results, Supply Chain Management, in consultation with the end user(s) and other identified neutral party, will determine the bid award.
- 4.8 All bids and proposals will be opened privately and kept confidential. The results are not to be shared with other competing vendors.
- 4.9 All valid proposal and bid responses returned within the designated due date (date and time stamped) will be reviewed by Contract Sourcing Specialist. Late proposals, absent proof of an emergent situation, will not be accepted and will be returned to the bidder.

5.0 Procedures


- 5.1 To initiate the RFX process, departments are asked to first complete the Triage form and contact the office of Supply Chain Management. Leadership will assign a Senior Buyer/Contract



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- Sourcing Specialist to support your RFX. <http://henry.hfhs.org/body.cfm?id=14438>
- 5.2 Specifications- Supply Chain Management Contract Sourcing Specialist in consultation with the appropriate end user/customer, Value Analysis Team or outside organization (i.e., Architectural & Engineering firms, consultants, etc.) will determine the required specifications, including quality level, for products, services, and/or capital equipment. Supply Chain Management may require that these quality and specification levels be documented in writing.
- 5.3 Selection Criteria –In some cases, Supply Chain Management Contract Sourcing Specialist, in conjunction with the requesting end user/customer or Value Analysis Team, may develop a list of weighted selection criteria to be used in the analysis of vendor responses. Selection criteria must minimally include the following topics and minimum weights. For example:
- 5.3.1.1 Contract Price/Fee 20%
 - 5.3.1.2 Product/Service Acceptability 65%
 - 5.3.1.3 Minority Vendor Participation 5%
 - 5.3.1.4 References 10%
- 5.4 Identification of Suppliers -Supply Chain Management Senior Buyer or Contract Sourcing Specialist, in consultation with the requesting end user/customer, Value Analysis Team, compiles a list of vendors who will receive bid and/or proposal requests based on who can provide the specified product, service, and/or capital equipment.
- 5.5 Request for Bids/Proposals -Supply Chain Management Senior Buyer or Contract Sourcing Specialist forwards to the vendor a bid or proposal request. The Request for Proposal (RFP) or Bid will include the following components:
- 5.5.1 Letter of Introduction including Table of Contents and brief narrative describing the scope of the project
 - 5.5.2 RFP/Bid due date and time
 - 5.5.3 Location response is to be delivered to- Supply Chain Management department.
 - 5.5.4 Names and phone number of appropriate contact persons
 - 5.5.5 Standard HFHS RFP or RFQ Terms and Conditions
 - 5.5.6 Specifications (drawings, if appropriate)
 - 5.5.7 Time and location of bidder's conference meeting (if required)
- 5.6 An extension of the established bids and proposals due dates may be granted upon approval of the Supply Chain Management Director of Strategic Sourcing.
- 5.6.1 In the event an extension is granted, all vendors invited to submit a response will be notified in writing (and/or fax notification) of the new due date and time.
- 5.7 Receipt and Opening of Bids and Proposals
- 5.7.1 Bids or Proposal under \$50,000 can be faxed. Bids or Proposal that are \$50,000 or more must be received in Supply Chain Management in the specified manner as noted in the bid as how it is to be received. This could be in a "Sealed Envelope" or electronically. It must be marked "Bid Enclosed" or "Proposal Enclosed"
 - 5.7.2 All bids and proposals will be time stamped upon receipt.
 - 5.7.3 All bids and proposals will be opened after the due date and time by a SCM Contract Sourcing Specialist, Senior Buyer and/or VAT member. The staff opening the bid proposal will initial and date the signature page of the response.
 - 5.7.4 All bids and proposals will be opened privately and kept confidential. The results are not to be shared with other competing vendors.

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5.7.5 In the event that the bid or proposal response due date and time has been extended for one or more bidders, all bidders invited to respond will be notified of the extension and no responses shall be opened prior to the new due date and time.

5.8 Bid/Proposal Responses and Award

5.8.1 All bid and proposal responses will be returned by the vendor to Supply Chain Management.

5.8.2 Contract Sourcing Specialist will open the proposal and/or bid response. If bid is for \$50k, see 5.7.3

5.8.3 Contract Sourcing Specialist or Senior Buyer will perform a recap analysis in collaboration with end user/customer and/or VAT member(s).

5.8.4 Contract Sourcing Specialist or Senior Buyer will prepare a written summary of the recap and recommendation for awarding the proposal and/or bid in collaboration with end user/customer and/or VAT. The award recommendation may include reporting of Tier 2 minority spend by recipient of bid award.

5.8.5 Any award that is not in agreement with the recommendations of Supply Chain Management the end user/customer/department and/or VAT must justify in writing why the recommended vendor is not the appropriate award recipient and obtain approval from their respective Senior Vice President or department Chair.

5.9 Dispute: In the event of a dispute in the final selection of the successful vendor, SCM Director of Strategic Sourcing and the Director of Procurement and Vendor Compliance and Management, in collaboration with the end user/customer, and other key HFHS stakeholders will determine the final vendor selection.

5.10 Change Order

5.10.1 A request by a department that results in the change in scope of service or equipment exceeding the budget amount by more than fifteen percent will result in the generation of a written change order.

5.10.2 Such changes will be subject to approval in accordance with the Requisitioning, Contracting and Signature Authority Policy for the total project amount.

6.0 Recommended Compliance Monitors and Audits: Corporate Tax and Audit and SCM- Vendor Compliance will use the PeopleSoft Strategic Sourcing module to track solicitation of bidding and proposal solicitation for the healthcare system.

7.0 Definitions:

- **Proposal:** an act of putting forward or stating something for consideration; something proposed.
- **Bids:** the act of one who bids; a statement of what one will give or take for something; an offer of a price.



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- **Minority-owned business-** as defined by the National Minority Supplier Development Council: A sole proprietorship, partnership, or corporation of which a minimum of 51% is owned by minority persons. In the case of a proprietorship or partnership, the minority owners must be engaged in the daily management, control and operation of the business concern. In the case of a corporation, the minority stockholders must be in control of the management and daily business operations, and a majority of the Board of Directors must be minority group members.
- **Minority Person(s)-** as defined by the National Minority Supplier Development Council: includes African American, Hispanics, Native Americans, Asian-Indian American, and Asian-Pacific American. Members must be American citizens.
- **Women Business Owner-** A sole proprietorship, partnership, or corporation of which a minimum of 51% is owned by women. In the case of a proprietorship or partnership, the female owners must be engaged in the daily management, control and operations of the business concern. In the case of a corporation, the female stockholders must be in control of the management and daily business operations, and a majority of the Board of Directors must be female group members.

APPROVAL SIGNATURE(S)



Robert Riney, President and COO

Date: 6-2-14