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| Vendor Selection Process & Capital Assets Acquisition | **Last Revision:** | April 2019 |
| **Last Reviewed:** | April 2019 |
| **Applies to the following THA Group of Companies:** | * Island Health Care * Island Hospice * Independent Life At Home * THA Services * RightHealth® * Palliation Choices |
| **Included in the following THA Manual:** | Administrative Policy and Procedure Manual  Finance |

PURPOSE

To provide a standardized approach to vendor relations and selection. To obtain the highest quality products or services at the best cost.

POLICY

To ensure that THA Group gets the best service, price and quality, vendor selection and relations for all companies will be centrally managed at THA Services. No individual branch office shall enter into a contract or purchase goods or services from a vendor that hasn’t been approved by THA Services.

**PROCEDURE**

Every THA Group employee has an obligation to be a prudent buyer and negotiate the best deal for the company.

**Vendor selection process:**

Any V.P. may submit a new vendor for review to the management team if he/she sees an unmet need or if THA Group can obtain a good or service of equivalent quality at a lower price.

Criteria for selecting a vendor:

1. Pricing: competitive pricing is one component of the evaluation and maybe outweighed by other factors. Pricing alone will not be a deciding factor, unless all else is equal.
2. Quality of after sales service and available warranties.
3. Parts availability and shipping time frame.
4. The vendor has the financial stability, size and service infrastructure to be capable of meeting THA's needs.
5. The vendor’s service reliability and terms and conditions of sale protect THA Group’s interests.
6. Reference checks attest to the high reputation of the vendor.

The following goods and services are covered by this policy:

1. Medical supplies
2. Drugs
3. DME
4. Office supplies
5. Medical equipment
6. Office equipment (computers, copiers, printers, servers)
7. Telephone equipment and service providers
8. Insurance policies
9. Maintenance, repair and cleaning contracts
10. Company vehicles
11. Professional services (i.e., legal, accounting, etc.)

Special note for legal services: due to the inherently expensive nature of retaining legal counsel, every new case will be approved by the C.E.O.

**Responsibilities**:

All new vendors wishing to do business with THA Group will be evaluated by Finance and the appropriate V.P.

* Finance: vendors will be reviewed annually by the Controller and C.F.O. to ensure that no better or cheaper option is available. Finance will then make a recommendation to the management team.
* Information Systems: IS will review and validate all technology purchases (software and hardware).
* Chief Clinical Officer will be asked to oversee and validate all clinical supplies, drugs, DME and medical equipment purchases.

**Bidding process for non-recurring items:**

**In order to guarantee that THA is buying goods and services at the lowest possible price; vendors shall go through a competitive bidding process.**

What: Any purchase, lease, acquisition, service contract

How much: $1,000 or more

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Bids: a minimum of 2 bids or quotes must be submitted to Finance for any purchase of $1,000 or more. Exceptions to this rule can only be granted by the C.E.O.

**Long term Investments**:

For large investments (over $100,000), the employee recommending the acquisition will have to demonstrate to the senior management team why he/she thinks this is a judicious investment of the company’s limited resources. The individual will work with the C.F.O. to determine the expected **R**eturn **O**n **I**nvestment and study different financing schemes.

Three or more bids must be obtained and presented to the management team.

**Budget:**

In order to maximize profitability and run the business according to financial best practices, THA Group will make every effort to operate under an annual budget. Finance will make every effort to create a budget using input from the C.E.O. and all V.P.s All employees will then make every effort to operate within the confines of their budget.

Significant purchases and investments not included in the original budget will have to be approved by the senior management team and the impact on expected profitability evaluated.

**Applicable laws and regulations**:

Form 1099 must be filed at year end for the proper reporting of income to certain vendors. Therefore, all vendors should complete an IRS W9 form (Request for taxpayer ID number certificate) so that Finance knows their reporting status. Note: incorporated vendors do not receive 1099s.