September 8, 1967

Mr. Francis E. Lambert  
Administrative Officer  
The Sheppard and Enoch Pratt Hospital  
Towson, Maryland  21204

Dear Mr. Lambert:

The attached report represents the Foundation’s analysis of the Purchasing Department. The report is submitted upon the completion of Phase I of the project; that is, it includes a description of the present procedures of the Department and establishes a Purchasing Department Manual.

The Purchasing Department Manual includes such areas as: department organization, department policies, procedures for issuing, ordering, receiving, inventorying and disposing of stores and non-stores items, invoice processing, property control and vendor relationship.

Phase II of the project will include such areas of investigation as Storeroom Catalogue, Economic Order Quantities, Store-room Layout and a review of significant implementation proceedings.

We would like to express our appreciation to the many members of the Hospital staff for their cooperation during this project. The assistance of the Purchasing Committee and particularly the contributions of Mr. Hinze and Mr. Bean have been extremely helpful.

Sincerely yours,

J. C. Kuyava  
Project Director  

H. W. Dorsey  
Project Director

plh

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INTRODUCTION

To completely understand the present procedures within the Purchasing Department, we must look at the organization of Sheppard Pratt over the past twenty years. During the time when the Financial Office was located apart from the hospital, there arose a need for certain preliminary accounting functions such as substantiating document sources to be located at Sheppard. Thus, certain fiscal procedures such as invoice processing, expense accumulation, charge summaries for fuel oil, gasoline, antifreeze and travel requests were organized under the Administrative Assistant, who at that time, also served as Purchasing Agent.

With relocation of the Financial Office and the expansion of services offered by the hospital, the considerations which dictated the present situation no longer exist. It is relevant to the discussion that this evolutionary process has not abated with the advent of plans for construction of the new Central Building, expansion of childrens' day care services, etc.

When the Purchasing Study was begun in the early summer, its scope was confined to recommending changes within the framework of the existing Purchasing Department. Since then, the approval of the Central Building and the departure of the Administrative Assistant and Purchasing Assistant have facilitated widening the scope to include reorganization of the department in such a way that any re-allocation of responsibilities would be enhanced.
CURRENT PROCEDURE FOR ORDERING, RECEIVING, AND BILLING NON-STORES ITEMS

ORDERING

When a non-store item is needed, a requisition (Form 04) is issued for equipment, supplies, repairs or services originally budgeted or approved by a Budget Amendment Form (Extraordinary Expense Order, EEO, Form 130). Currently, this requisition is being issued by either the Requisitioning Department or by the Purchasing Department.

Procedure varies from one department to another concerning whether or not a duplicate requisition is retained for their records.

To prepare a purchase order, the Purchasing Department requests the following information:

1.) Item description and quantity desired.
2.) Approximate cost (usually this information is not received).
3.) Vendor.
4.) Applicable department and a six-digit expense account number.
5.) Location code for capital items (this information is not being obtained).
6.) Signature of department head.
7.) EEO number if applicable.

Purchasing prepares and types a purchase order based upon the information provided by the requesting department. The standard purchase order contains an original with four copies. The disposition of the purchase order is as follows:

<table>
<thead>
<tr>
<th>Copy</th>
<th>Disposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>Vendor</td>
</tr>
<tr>
<td>Blue</td>
<td>Purchasing Department</td>
</tr>
</tbody>
</table>
Yellow Storeroom
Pink Requesting Department
Green Financial Office

For major movable equipment purchases, a tissue copy is added to the standard purchase order to supply Property Control with a copy. Thus, Property Control is alerted as to what major movable items have been purchased so that the item can be tagged upon arrival at the Hospital.

Presently, Purchasing maintains at least eight separate files pertaining to orders. The following list depicts the current filing practices of all documents within the Purchasing Department.

<table>
<thead>
<tr>
<th>File</th>
<th>Copy</th>
<th>How Filed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Requisition</td>
<td>Original</td>
<td>Requesting Department</td>
</tr>
<tr>
<td>EEO</td>
<td>Yellow</td>
<td>Numerically</td>
</tr>
<tr>
<td>Request for Purchase Order</td>
<td>Original</td>
<td>Requesting Department</td>
</tr>
<tr>
<td>&quot;Open File&quot;</td>
<td>Blue Copy (of P.O.)</td>
<td>Vendor</td>
</tr>
<tr>
<td>&quot;Completed File&quot;</td>
<td>Blue P.O., Yellow P.O., Bill of Lading</td>
<td>Vendor</td>
</tr>
<tr>
<td>Invoice</td>
<td>Duplicate</td>
<td>Vendor</td>
</tr>
<tr>
<td>Statements (Monthly)</td>
<td>Original</td>
<td>Accumulated in Desk</td>
</tr>
<tr>
<td>Receiving Tickets</td>
<td>Original</td>
<td>Date</td>
</tr>
</tbody>
</table>

In addition to the files mentioned above, all yellow copies of "Special Project and Capital Expense Forms" (Form #190) are filed by Special Project number.

**RECEIVING AND BILLING**

Deliveries that are received at the Storeroom are logged on a receiving ticket in the Storeroom. This log is forwarded to the Purchasing Office along with Bills of Lading and packing slips. Currently, deliveries are
also received at other areas in the Hospital. Areas such as Windy Brae, offices, and the Library and others are receiving deliveries of books, periodicals and office machines without any definite procedure for reporting the receipt of merchandise or service to Purchasing. Purchasing then reconciles all known deliveries with the blue copy of the purchase order that is located in the "open file."

When invoices are received in the Purchasing Office, the receiving ticket or Bill of Lading must be found to verify that delivery has been made, that there exists a purchase order, and the types of discounts and terms that are applicable. This matching process could result in a search of at least two files (the "open file" and "Receive Ticket" file). Those invoices that cannot be matched with a receive ticket are usually hand-carried to the requesting department for verification that delivery was made.

After calculation of terms and discounts, all invoices are forwarded to the Purchasing Agent for approval, and those invoices that reflect a bill over $100 in cost are then forwarded to the Administrative Officer for his approval.

Finally, these invoices are totaled and forwarded to the Financial Office for payment.

Upon receipt of the invoices, the Financial Office groups these invoices into "routine" and "special check request" batches and establishes a control figure for each batch. Any invoices not satisfactorily processed are returned to Purchasing with a "Check List of Common Errors" form for corrective action. A copy of the check list is kept until original and corrected invoice is returned.

All invoices that are satisfactorily processed are paid (usually on the tenth of the month unless a time discount is allowed), and these
invoices with any supporting documents and a copy of the check voucher are filed alphabetically according to vendors.

Some of the disadvantages of the present receiving and billing system are:

1.) Some invoices are not directly received by the Purchasing Department. There are instances when these invoices are sent directly to the requesting department, thus there exists a danger of an invoice not being processed on time or not being processed at all.

2.) There is a tendency to accumulate invoices that are categorized as routine and expedite those that are categorized as "special check requests." Purchasing reconciles all known deliveries with the purchase orders that are located in the "open file."

When invoices are received in the Purchasing Office, the terms and discounts are stated on the invoice, the dollar amounts are calculated, and forwarded to the Administrative Assistant. Although a priority of invoice processing is needed, unnecessary accumulation of these "routine" invoices results in processing at the end of the month and into the next month and thus throws a peak work load of payment processing on the Financial Office at this time.

3.) There is no apparent control to insure the prompt return, if any, of those invoices forwarded for signature approval. In addition, if approval is needed for any invoice, it should be accompanied by at least the purchase order to provide sufficient information for approval. Otherwise, the approval policy is purely mechanical since the invoice alone is often too vague and does not supply adequate information to make a proper judgment.
Sheppard Pratt Hosp-Purchasing Dept.
Store Items-Existing Procedure
Flow Analysis

FMU Requisition made up
Dept Head approves FMU

Dept Head sends approved FMU to Purchasing Ass't

Purchasing Ass't:
@ checks cost code G
@ approves FMU

Purchasing Ass't:
@ sends FMU req. to stockroom

Stockroom determines:
@ item available to:

@ no

YES

Stockroom:
@ fills requisition
@ posts amount to FMU under 'Rem'd'

Stockroom:
@ sends FMU
@ supply of
@ item to Purch. Ass't

Returns FMU to Purchasing Ass't

Install item in matching "non-stock" purchase req.
FLOW ANALYSIS (cont.)

PURCHASING
ASSIST PROCESS
FILE
1) APPLY COST
PER ITEM
2) EXTEND COST
(C/ITEM X #)

SEND MONTHLY
COST SUMMARY
/DEPT COST CODE
# TO
FINANCIAL OFFICE

MAKE REDUCTION
FROM THIS
FILE INTO CAO
FILE 6-240

FINANCIAL
OFFICE
SUBMIT COST/HR
SUMMARY TO DEPT

SEND TOTAL PA
COST/REQUISITION
TO MONTHLY
SUMMARY NOT/DEPT COST

RECEIPT ASST:
FILE IN
REQUISITION(FM)
FILE (Hold for
1YR/FY)
GENERAL POLICY

Purpose

The purpose of the Purchasing Department is to provide a centralized, systematic and progressive purchasing service to the various departments of the Hospital for the procurement of necessary supplies, material, equipment and services. The Purchasing Department is responsible for all sales, leasing and construction contracts. Centralized purchasing eliminates costly duplication of effort, inordinately high stock levels and loss of quantity discounts.

With the exception of food, ordered by the Food Service Director, only the Assistant Administrator and Administrative Officer are authorized to obligate funds to provide quality patient care. The Purchasing Department will continue to maintain the following objectives:

1. To always buy seeking the maximum value for dollars spent consistent with the highest standards of patient care, keeping in mind at all times, quality, service and price. This includes participation in such things as group cooperative purchasing, direct source purchasing, use of evaluation techniques such as value analysis and solicitation of competitive bids on all items of a substantial nature.

2. Local sources shall be given preference when other criteria are equivalent to secure needed material, equipment and services within the time they are needed and to assure that adequate stocks of frequently used materials are maintained.

3. To assure proper authorization for purchases and issues.

4. To furnish information to and assist the Administration and department heads concerning choice of products, prices, market conditions, sources, etc.

5. To purchase only items to be utilized in patient care at Sheppard
Pratt. No authority exists to purchase items for individuals or personal consumption, unless such goods are job related; such as upholstery material for the upholsterer to use both on hospital and private jobs. This does not preclude the Purchasing Department from suggesting sources of supply to individuals; however, it will not use its influence to obtain favorable prices.

6. No gifts of any kind will be accepted by any hospital employee from any vendor.

7. To assure that all aspects of the purchasing function at Sheppard Pratt are in accordance with the highest standards of business ethics and that the institution will be respected by all with whom it deals.

Responsibilities

1. The Assistant Administrator (Purchasing Officer) will procure all materials, equipment, supplies and services. It is also his responsibility to administer the purchasing program in such a manner as to insure the adherence and promotion of this policy. He is responsible for the confidential nature of all vendor contracts. The selection of a vendor is the responsibility of the Purchasing Department, which welcomes advice from the requesting department as to the reliability of any source being contemplated. While quality, quantity and type of material are the responsibility of the department head, the Purchasing Officer may question those instances where he feels the best interests of the hospital are not served.

2. The department heads have the ultimate decision as to which product is purchased and in what quantity it should be procured to meet patient needs. On stock items, the responsible department head is the Assistant Administrator. It is recognized that the Purchasing Department should advise department heads both regarding quality and quantity.
Department heads must authorize all requisitions (stock or non-stock) for their departments and will insure compliance with the policy. Department heads may delegate this authority in writing and should inform the Purchasing Department. A master authorized signature list will be maintained by the Purchasing Department. Department heads may not place orders with vendors or otherwise commit Hospital funds including requests for service or repairs and are responsible for assuring that sufficient funds exist in their operating budget before authorizing requests for purchase.

3. The Medical Director and Administrator will approve all capital expenditures over $100.00 not in the original budget. Only the Director may approve use of the Hospital's name in endorsing commercial products. The Administrative Officer will resolve differences of opinion between department head and Assistant Administrator, as to vendor.

4. The Comptroller will assure adequate cash balances and payment procedures to pay vendors promptly upon presentation of an approved invoice from that vendor. The Comptroller will also assure budgetary compliance in the purchase of capital items by departments by checking and approving the request for purchase with the budget and/or approved EEO before the request is forwarded to the Purchasing Department.

5. The Purchasing Committee will be composed of the Administrative Officer, Assistant Administrator, Purchasing Assistant, Materials Manager and a representative of the Financial Department. This Committee will meet monthly to discuss and consider any matters of policy, and at least three members of it will annually review all items being stocked and determine whether slow-moving items should be disposed of or their use encouraged. An item may be added to stock at any time upon the written request of the department head and approval by the Committee.
ORGANIZATION

Page 15 contains the proposed organization chart. The following job "profiles" are given for clarification of the chart. Not all positions are covered, as some are self-explanatory.

1. **Assistant Administrator** - responsible for overall supervision of miscellaneous, non-clinical, service departments such as Security, Communications, Non-Clinical Secretarial Pool, Mail Room and Print Shop. At such time as the Messenger Service might be centralized, this would also be included. He is assisted by a Special Services Coordinator in these areas. The Assistant Administrator is also the Purchasing Officer and is expected to devote roughly 50 percent of his time or more to this area. He is solely responsible for investigating areas wherein the hospital may accrue greater value from its purchasing expenditures. It is expected that he be personally involved in all purchases of a significant nature. He is directly assisted by a Secretary-Clerk, a Purchasing Assistant, and a Materials Manager, over whose areas he is required to maintain supervision.

2. **Special Services Coordinator** - directly supervises Security, Mail Room, Communications, Non-Clinical Secretarial Pool and Print Shop, and is responsible for day-to-day operation of these personnel. It is anticipated that the Special Services Coordinator will be available for delegation of projects by the Assistant Administrator relevant to purchases within his area of supervision.

3. **Purchasing Assistant** - responsible for all administrative procedures regarding the charging of Storeroom issues to departments, posting to inventory cards, stock replenishment and checking and procurement of
requests for non-stock items, following-up of open orders, accounting for received orders, invoice certification, etc. A detailed knowledge of the Chart of Accounts is mandatory. It is expected that the Purchasing Assistant will delegate as much of the routine job functions (such as typing purchase orders) to the Secretary and Purchasing Clerk as possible and will indoctrinate them in all policies and procedures so as to assure adequate coverage when on vacation or sick. The Purchasing Assistant is assisted by the Purchasing Clerk whose job includes such functions as posting issues to inventory cards and the Expense Notebook, matching invoices and accumulating charges concerning fuel oil, gasoline, tires, etc. The Purchasing Assistant will occasionally interview vendors on a limited, scheduled basis in areas not requiring the detailed investigation expected of the Assistant Administrator. The Purchasing Assistant will, however, frequently deal with vendors regarding book orders, shipping terms, delivery terms, invoices and other areas wherein the Assistant Administrator requests her efforts. Once the Assistant Administrator has placed an order, the Purchasing Assistant is responsible for knowledge of its status and control through the time of invoice approval and forwarding to the Financial Office.

4. Secretary - screens all telephone calls and assures proper routing if she can not answer the question. Routine requests from department heads regarding stocked items, status of orders, etc., should be answered by the Secretary. The Secretary also makes all appointments and handles all correspondence and files for the Assistant Administrator.

5. Materials Manager - solely responsible for all issues and distribution from main Storeroom and all receiving. Supervises Property Control operation and Mechanical Storeroom.

6. Food Service Director - responsible for supervision of Dietary
Stores, Snack Bar and Sundry Shop. In that the present system includes Dietary Stores under his responsibility already, an additional management fee (5 percent of sales) would be requested by Hospital Food Management for the increased area of supervision. This additional cost is more than justified by the experienced supervision which would be obtained. In that the Dietary Department already prepares sandwiches for the vending machines and purchases foodstuffs quite similar to that used in these operations, a more logical area of responsibility is created. It must be emphasized that this administrative change in no way affects the financial organization, so that Sheppard Pratt would still accrue reimbursement from the machines in the same manner. It might be added that this income should be substantially increased with the more experienced and efficient supervision available. Any volunteers who might work in the area would be under the supervision of the Food Service Director or his representative.
PROPOSED ORGANIZATION CHART
PURCHASING DEPARTMENT
SHEPPARD-PRATT HOSPITAL

ADMINISTRATIVE OFFICER

PURCHASING SECRETARY

ASSISTANT ADMINISTRATOR

PURCHASING COMMITTEE

FOOD SERVICE DIRECTOR

SPECIAL SERVICES COORDINATOR

SECURITY (2)

COMMUNICATIONS (5)

MAIL (1)

NON-SURGICAL SECRETARY POOL (2)

SOMETHING STICKY & IVY NOOK (2)

PROPERTY CONTROL (3)

MECHANICAL STORES (1)

DINING STORES (1)

COMMISSARY (GOURMET BAKERY) (4)

SOMETHING STICKY SHOP (1)

PRINT SHOP (1)

SAFETY COMMITTEE

TO BE COMPLETED
DAILY ROUTINE - PURCHASING CLERK

8:30 - 10:30 A.M.  Post issues to inventory cards and Expense Discount Ledger. Initiate form 44B's for reordering stock.

10:30 A.M. - 12:30 P.M.  Type purchase orders.

1:15 - 3:30 P.M.  File purchase orders, receiving reports. Investigate unmatched invoices returned by Financial Office with information in the files. Post stock receipts to cardex.

3:30 - 5:00 P.M.  Assist Purchasing Assistant, accumulate miscellaneous charges such as gasoline, oil, pharmaceuticals, tires, etc.
OPERATING POLICIES

1. The purchase of all capital items, or any purchase over $100.00, including service, unless approved in the current year's budget, must be approved by the Administrative Officer. This request for approval will always be submitted on Extraordinary Expense Order, Form 130 (Exhibit "A"). In those instances where an emergency such as the loss of utility service precludes waiting for Budget Committee approval, the EEO will be personally or verbally submitted to the Administrative Officer or in his absence the Assistant Administrator who will take such steps in verbal approval by Committee members and the Board as he deems appropriate. The Financial Office, using their copy of the purchase order, will insure compliance in those instances overlooked by the Purchasing Department.

2. The department head is expected to complete the information such as complete specifications, color, model, etc. required on the Purchase Request, Form 44A (Exhibit "B"). In addition, an expense account number, location and special project number, if applicable, are extremely important. The original and two copies (yellow and blue) are sent to the Purchasing Department and a pink copy is kept by the department. The Purchase Order number is annotated on all copies and the blue confirming copy is sent back to the department. The yellow copy is sent to the storeroom along with the yellow copy of the Purchase Order. The original request is kept by the Purchasing Department and is attached to the applicable Purchase Order, which may consolidate several requests. Form 190, Special Project and Capital Expense Form (Exhibit "C") should accompany (or precede) any request wherein compilation
of expenses on project basis is recommended by department head, Financial Office, or Administrative Officer.

3. By referring to the stock Requisition for Merchandise, (Exhibit "D"), the department head can ascertain if an item required is carried in stock. If so, an original and two copies, blue and yellow, of the form are completed and sent directly to the Storeroom. Requisitions received in the Storeroom by Tuesday morning will be delivered to the Halls on Wednesday morning. Any stock item needed within a shorter time-frame may be "walked through" the Storeroom on any morning, Monday through Friday. The item must be picked up at the Storeroom by the department representative, however, and will not be delivered. The form itself will have a different page for each expense account as long as there are no more than four expense accounts carried in the Storeroom. All other accounts carried will be placed on a miscellaneous page.

The Storeroom fills the requisition and delivers it with all three copies of the form to the location indicated on the requisition, obtains a receipt signature and leaves the blue copy for the department records. The original is forwarded to the Purchasing Office for posting to the inventory records and the Expense Account Notebook and filed by department, while the yellow copy is retained by the Storeroom and is also filed by department.

4. Standard costs will be assigned to all Storeroom items once each year at time of inventory based on the last receipt price invoiced prior to the inventory.
ISSUES

A. In accordance with the operating policies, all requisitions received by Tuesday morning will be filled and delivered Wednesday morning. In other cases, the department representative must "walk through" the requisition and pick up the item at the Storeroom.

B. An original and two copies (blue, yellow) will be prepared. The following information will be on all copies of the requisition before being sent to the Purchasing Department:
   a. Three digit department expense account number from blue Chart of Accounts book.
   b. Date
   c. Requestor's signature
   d. Quantity needed
   e. Department head's signature (if another department's expense account number appears, that department head's signature is also required.)
   f. Location where needed (building, floor, room)

C. The requisition, whether carried by hand or sent to the Storeroom under the normal procedure, will be filled by the Storeroom, which will annotate "Quantity Received", the unit cost times quantity received or total cost for each item, the total price of the requisition and the issuing Storekeeper's signature beside "Filled By." The department representative will sign as having received the items. If the items are delivered the "Delivered By" space will be initialed.
If the normal procedure is being followed, the Storekeeper attaches all copies of the requisition to the items, delivers them on Wednesday morning, obtains a receipt signature on the original (the NCR "carbon" copy of his signature will appear on the blue and yellow copies), and forwards the original to the Purchasing Assistant. The first copy (blue) is for the use of the requestor to compare the delivered quantities with those originally ordered and to note the total price of the requisition. This copy can also be used to keep track of expenditures under department expense accounts. The Storekeeper retains the yellow copy as "proof of issue" and files it by department.

When the direct, or walk through procedure is followed, the department representative signs when the goods are received at the Storeroom and takes the blue copy back with him to the department secretary responsible for maintenance of the budget. The signed original is forwarded to the Purchasing Department and the yellow is retained by the Storekeeper.

The signed, extended original of the requisition is posted by the Purchasing Clerk to the Expense Account Notebook and the quantity is deducted from the running inventory. If the order point is reached by inventory deduction, she initiates procurement action by filling out a Form 44A.

D. Issues will be made only in the units listed on Exhibit D. For example, pencils may be requisitioned only by the dozen.

E. Exhibit D can be reproduced each year by overlaying a price change sheet on top of the basic stock list, which will have relatively fewer changes in nomenclature and unit of issue, etc.
F. Issues of forms will be obtained directly from the Print Shop which will keep track of department charges and report directly to the Financial Office. Similarly, all forms will be requisitioned from the Print Shop on a separate page.
DEPARTMENT
Original and two copies are prepared and signed by department head.

STOREROOM
Storeroom fills requisition. Annotates quantity received. Extends price x quantity. Fills in total price and initials.

DEPARTMENT
Delivering storekeeper initials if delivered. Department representative initials "received by."

Original is sent to Purchasing to post inventory and expense accounts.

Blue is kept by department. Yellow is kept by Storeroom.
PROCUREMENT

A. Procurement may be initiated by either a department head, using Form 44A, or the Purchasing Assistant, upon recognizing that the order point of a stock item has been reached. In the case of stock items, the Purchasing Clerk uses Form 44A to notify the Purchasing Assistant. Unless otherwise noted, the procedure for procurement of services is the same as that for "hard goods."

B. As stated in the "Operating Policy," the department head is responsible for determining whether the item is properly chargeable to the operating or capital budget and if sufficient funds are available. If not budgeted, an EEO (Form 130) must be submitted and approved before forwarding to Purchasing Department. If applicable, a Special Project Form 190 should also be submitted.

The purchase request should contain the following before being sent to Purchasing. An original and three copies are prepared. The pink copy is retained by the department.

a. Date and purchase request number.

b. Person, department, building, floor and room number to which item is to be delivered.

c. Date items required.

d. Explanation

e. Item number

f. Amount requested, including unit (e.g., 1 ea., 1 dz., 1 lb., etc.)

g. Complete description, including model, brand, color, size, catalogue number, manufacturer, suggested source, etc.
h. Price per billing unit (at least an approximate cost must be ascertained. If price is not known but an accurate description is available, "please advise" may be annotated. Items or services on bid can be stated "time and material not to exceed $50.00"). This price should be stated in terms of any discount privileges, F.O.B. point and minimum shipping quantities.

i. Requestor

j. Expense account number

k. Capital budget number (if applicable)

l. Special project number (if applicable)

m. Department head's signature

Any incomplete or incorrect request will be returned to the department with the Check-Off List - Form 212A (Exhibit "E"). A different request should be used for each item requiring a different expense account. All capital equipment (MME) will be approved by the Engineering Department and the Financial Department. All equipment requiring electricity, steam or otherwise affecting the physical plant will be approved by the Engineering Department. In addition to assuring Board approval of capital items, the Financial Department will assign the MME number to the request from the Financial Office MME Control Log (Exhibit "K").

C. After receipt of a properly prepared and approved request, or upon ordering stock items, an original and four color coded NCR "carbons" of the Purchase Order - Form 53A (Exhibit"F") are prepared. Significant clerical savings can be realized by consolidating various purchase requests within a single Purchase Order. Their original distribution is as follows:
original ---Vendor
blue--------Purchasing Department open file by vendor
green--------Financial Office, filed in Purchase Order sequence
by vendor
pink--------Materials Manager, filed in Purchase Order sequence
by vendor (3 each)
yellow--------Materials Manager, filed in purchase order sequence
by vendor (after notifying Property Control Officer
for all major movables) (2 each)

By receiving a copy of the Purchase Order, the Property Control
Officer will log the assigned MME tag number into his Property Register
(Exhibit "L") and the article description, vendor and Purchase Order
number. When the goods are received they are checked off and the red
tag is immediately put on. All Purchase Orders should be very specific
as to order quantity. For example, "5 boxes of carbon paper (100 ea. to
box) at $7.00 per box."

D. All Purchase Orders will be logged in the Purchase Order Journal
(Exhibit "G"). The Journal is an invaluable aid in expediting open orders
and in summarizing the status of all purchase orders. After logging
the order, the Purchasing Assistant annotates the applicable Purchase
Order number on the Purchase Request (Form 44A) and returns the blue
confirming copy to the department head. The yellow copy goes to the
Storeroom and the original is attached to the blue Purchase Order in the file.

E. Whenever possible orders should be placed with the most direct
source. For example, a local distributor or wholesaler such as Whitaker
Paper Products for stationery, and Paul M. Adams for office furnishings,
is preferable over Lucas Brothers, a retail outlet. Similarly, the vendor
listed on the Purchase Order should be the billing corporation from whom the invoice will come, even if the Purchase Order is mailed to the local representative. A Purchase Order of this nature might read:

Wire Iron Products Company
Detroit, Michigan
% Yarrington & Johns
2525 Keswick Road
Baltimore, Maryland

F. Purchase Orders for services require careful attention. Accurate estimates of the cost are often difficult to obtain; nevertheless, an estimated price should always be established. Such phrases as "time and materials not to exceed______", etc., may be used. All service contracts of a significant nature should specify the Hospital Bureau as material supplier to accure the savings of group purchasing unavailable to the small contractor if he does not work through the hospital. The rubber stamp "Please notify Purchasing Department when these services are received" should be added to all blue confirming copies of requests for purchase for services before they are returned to departments.

G. No Purchase Orders will be issued for any items intended for the personal use of hospital employees.

H. Procurement of small cost items such as hardware needed by the Maintenance Department may be purchased by the individuals within that department with the verbal approval of the department head. The receipt for the item with the proper expense code and department head (or representative) signature annotated, should then be presented to the cashier for petty cash reimbursement. Items over $10.00 in value may not be purchased in this manner unless they are of an emergency nature.

I. Dishes, silverware, and other Dietary items should be procured from ARA in order to obtain the quantity discount available.
J. Exhibit "H", Corrections to Purchase Orders, should be used for small corrections to outstanding Purchase Orders. The distribution of the original and four copies is the same as that for the Purchase Order.

K. All items ordered against special project numbers should be posted to the special project form which accompanies or precedes the Purchase Request.

L. Request for Quotation (Exhibit "M") will be frequently used when verbal quotations and catalog prices are not available.

M. The Purchase Order Journal should be reviewed weekly for open Purchase Orders. Tracers (Exhibit "I") may be added where appropriate. Other actions might be cancellation or alteration of the order (Exhibit "H"). Partially filled orders should be similarly treated.

N. Procurement of items from the Upholstery Shop follows basically the same form as other types of procurement. First, anytime an item is desired which has a value over $100.00, it should be included in the capital budget, or approved on an EEO. A purchase request is then submitted through the Engineering Department and the Financial Office, just as with the other capital requests. The Engineering Department will annotate whether the Upholstery Shop can do the job and what its backlog is. Finally, the Purchasing Department will obtain a comparison with the cost to buy the item. A determination will then be made based on backlog of work and price comparison as to whether or not to do the work at Sheppard. If by chance the cost of the materials were to be less than $100.00, then an EEO would be generated deleting the capital item from the budget and
and requesting an addition to the operating budget for the amount of the materials. A Work Order Request is then made up if the Upholstery Shop is "low bidder." A Maintenance Material Requisition (Exhibit "N") is filled out by the Upholstery Shop and a copy sent to the Maintenance Department. The Upholstery Shop summarizes the requisitions by department once each month and forwards the summary sheet with the attached requisitions to the Financial Office.

0. All requests for service will be submitted to the Purchasing Department. No department head may obligate funds for any purpose, including contracting of services or repairs.

P. Should it be decided to return an item for credit after receiving procedures are complete, a Purchase Request will be generated, one copy only. The copy will accompany the item to the Storeroom, where a UARCO Form will be made up in four parts, one each for the department, Storeroom, Purchasing and Financial Office.
RECEIVING

A. All goods must be delivered through the Receiving area so that proper controls may be exercised. If at all possible, the vendor's delivery vehicle will be used for large items. For example, a desk bought for the Financial Office would first be received by the Materials Manager, who would find the yellow copy of the Purchase Request and the yellow and green copies of the Purchase Order. He would then inform the Property Control Officer of the Purchase Order number, location and MME number and request him to accompany the vendor's delivery truck to Chapman Building. The Property Control Officer and his men would come by Receiving, pick up the Purchase Order and Purchase Request and would assist in uncrating the desk, locate it in its correct location, affix the MME tag, obtain the department representative's signature and return the forms to the Material Manager.

B. The distribution of the forms is as follows:

   Yellow copy of Purchase Request (signed by receiver) retained in vendor file by Storeroom.

   Yellow copies of Purchase Order - (if partial) one each to Purchasing and Financial Office. (if complete) discard.

   Pink copies of Purchase Order (only if final shipment) one each to Purchasing and Finance Office, one retained, filed with Purchase Request.

   If more than one partial shipment is sent, Xerox copies of the Purchase Order can be made. By color coding, Purchasing and Finance will always know whether the shipment is complete or partial.

C. All Purchase Orders for services will be signed by department representatives receiving the service. The vendor performing the service
**PROCUREMENT FLOW CHART**

**DEPARTMENT**
Original and three copies are prepared and signed by department head.

**MAINTENANCE**
Must approve all MME and other equipment affecting utilities.

**FINANCE**
Must approve all MME. Assigns MME# from Control Log (exhibit K).

**PURCHASING**
Uses Requested Purchase to prepare purchase order and Log in Journal (exhibit B), combining several requests into one vendor P. O. if possible.

**VENDOR**
Original P. O. is sent to vendor.

**PURCHASING**
Original Request for Purchase is attached to blue copy of P. O. and filed in purchase order sequence by vendor.

**DEPARTMENT**
Department head receives blue copy of Request for Purchase with P. O. number and dated order annotated.

**FINANCE**
Finance Office files green copy by vendor while awaiting receipt.

**STOREROOM**
Yellow copy of Request for Purchase plus pink and yellow Storeroom copies of P. O. are filed by vendor.
STOREROOM
Request for purchase pertaining to item received annotated and returned to file.

Purchase Orders (pink) annotated and returned to file.

PURCHASING
Yellow P. O. is filed in vendor file.

FINANCE
Yellow P. O. is filed in vendor file with green P. O. while awaiting invoice.

STOREROOM
Request for purchase annotated and returned to file with one copy of pink P. O.

Purchase Order annotated and retained.

PURCHASING
Pink P. O. is filed in vendor file.

FINANCE
Pink P. O. is filed in vendor file with green P. O. while awaiting invoice.

FINANCE
If quantity and price on invoice match P. O.'s held by Purchasing, Invoice is stapled to P. O.'s and batched by vendor to end of month (or paid if discount).

FINANCE
If quantity and price on invoice do not match P. O.'s held by Purchasing by Finance, Invoice is clipped to yellow or pink P. O. and sent to Purchasing with check list. List of P. O. numbers sent is kept.

PURCHASING: Adjudicates discrepancy and annotates
is responsible for notifying the Purchasing Department when that service is complete so that the Purchase Order may be taken to the department for a receipt signature.
INVENTORY

A. Each item in the Storeroom is identified by a six digit stock number. The first three digits denote its expense account code. For example, the first three digits of #2 pencils are 302, whereas paper towels are 303 and 10 quart buckets are 312. The second three digits are merely the sequence in the Storeroom in which the items are stored. Thus, we have a capacity for 999 items to be stored within each expense category.

B. Semi-annual inventories will be taken of the General Storeroom and Mechanical Storeroom. Inventory adjustments will be made on all inventory cards. These inventory adjustments will be priced out, summarized and forwarded to the Financial Department for entry on the general books. All standard prices will be revised upon taking the November inventory, based on last receipt price invoiced. In this case, the inventory adjustment reported to the Financial Office will be a function of both quantity discrepancies and price changes. The May inventory will simply report a quantity reconciliation.

C. The Inventory Cards will be maintained in the Purchasing Office by the Purchasing Clerk, who will post each issue to the cards, which are housed in a standard cardex system. Each card will have the reorder point indicated thereon and procurement action will be initiated upon reaching that point. Standard order quantities will also be indicated on the card to facilitate reordering.
A. All vendors will be instructed on the Purchase Orders to mail all invoices to Box 6815, Sheppard and Enoch Pratt Hospital, Towson, Maryland, 21204. The invoices will be picked up by the Accounting Office, which in most cases will be able to match the invoice with their annotated yellow or pink receiving copy of the Purchase Order. When the invoice matches this receiving report, it is stapled to the Purchase Order and filed by vendor just as with the present system. Should a discount of greater than 50 cents be available, a check is made up just for that invoice plus any others which might arrive in that day's mail from the same vendor. Because of the cost to process a special check request, discounts from any vendor less than 50 cents will not be taken.

All invoices which do not match the quantity on the receiving report, nor the price on the Financial Office's copy of the Purchase Orders (as amended by any corrections to Purchase Order forms) should be forwarded to the Purchasing Department for adjudication (the "Check List," Form 212A Exhibit "E") can be used to indicate the reason). The Financial Department's copy of the receiving report will be attached to the invoice when it is forwarded so that appropriate comments can be appended. A list of the number of each Purchase Order sent should be maintained to assure its eventual return. Of course, this is not possible when the frequently occurring discrepancy arises whereby an invoice precedes the material. In order to allow for the instances wherein the vendor ships by a slow common carrier and mails his invoice the same day, all unmatched invoices will be held three working days before being returned to the Purchasing Department.
Once paid, all Purchase Orders held by the Financial Department should be filed in the "Closed File." Once each month, the "Open File" should be reviewed for those Purchase Orders for which shipment is complete but an invoice has not yet been received. If the receiving date is over 60 days, a letter should be sent to the vendor requesting an invoice.

B. Invoices from GBMC for pharmaceuticals bought by employees require careful processing. The requests for pharmaceuticals should be retained until matched with the invoice. They are then attached thereto and forwarded to the Financial Office for the appropriate pay roll deductions. No charge tickets need to be made up.

C. Travel advances and purchase of airline tickets do not require a Purchase Order. Utilization of a travel agency for the purchase of all tickets results in a monthly accounting summary of tickets purchased. This invoice, which details the name of each ticket user, can be used directly as a source document for posting departmental budgets and payment by the Financial Office.

D. As stated in item k of the Procurement section, a running total of Purchase Orders and their costs are posted to the special project form. These totals should be appended when invoices appear with a different price. Once each month, a Xerox copy can be made of the special project form and forwarded to the department head.

E. Purchasing information sources such as catalogues, inventory cards, etc., should be updated to reflect the latest terms available as stated on the invoice.
DISPOSAL

A. It is imperative that all disposal of hospital equipment be conducted with the same care that was used originally to procure that equipment. Any department having surplus items, whether of a capital nature or not, should inform the Purchasing Office of that fact by forwarding a Purchase Request containing item description, location, MME tag number (if applicable,) date, requestor of disposal action and department head's signature. The Purchasing Department will then decide whether or not to keep the item for possible use by another department or to dispose of it. For most items this decision can be made by the Materials Manager and the Property Control Officer. Occasionally, however, the Assistant Administrator's decision will be necessary.

B. If disposal action is indicated, the Materials Manager, assisted by the Property Control Officer, will investigate sources such as advertising in "Notes and Quotes, auction at the employees' picnic, trade-in on new equipment from same type of vendor, a gift to charitable organizations, sale to outside sources, or quite possibly, discarding in the trash. The Materials Manager will annotate the Purchase Request with his decision as well as recommended source of disposal and submit it to the Assistant Administrator for approval. Sale of surplus equipment to outside concerns is a significant source of supplemental income for the hospital.

C. The actual disposal or sale of all items will be written upon a Purchase Order, Form 53A. Frequently, an item which has a net worth "on the books" will be given free of charge to an outside organization.
In these cases, a Purchase Order will still be initiated for record purposes. Inclusion of the MME tag number or description will facilitate the Financial Office taking correct action to adjust inventory and depreciation accounts.

D. The routing of the Purchase Order for disposal of equipment is as follows:

Original—recipient of goods

Blue-------Purchasing Department Disposal file by recipient

Green------Financial Office (check attached)

Pink-------Materials Manager - serves as a "delivery ticket" and authorization to dispose of, returned to Purchasing Office when transaction is completed.

Yellow-----Property Control Office for use in amending 3 x 5 cards.

It is important that surplus equipment be disposed of in an expeditious but economical manner. Similarly, the Property Control Officer must be aware of all changes in capital equipment status.
PROPERTY CONTROL

A. Whenever capital equipment is transferred within the hospital, even if only to change location within a department, the Property Control Officer must be notified on a Purchase Request, Form 44B. He can then amend his 3 x 5 card file and Property Control Register. The Purchase Request is then sent to the Financial Office for adjustment to departmental accounts.

B. Furniture made in the Upholstery Shop for Property Control stock will be documented by a Purchase Request showing Property Control as the requesting department. The Property Control Officer will call up the Financial Department to get an MME tag number, tag the furniture, enter it in the Property Control Register and show the Storeroom location. The Purchase Request original goes directly to the Financial Office so that the Property Control inventory account can be credited.

Similarly, when a department wants furniture, they submit a Purchase Request to the Purchasing Department. The original and blue copies are then sent to the Financial Office and the yellow copy to Property Control. The blue copy is priced by the Financial Office and returned to the department.

C. MME Tags are to be affixed in the following standard locations:

- desks - on side of knee hole, near front edge of drawer or where chair is usually located.
- chairs - upholstered - on or near side of right front leg, typists, executive and straight - underside of seat, at back.
- beds - underneath foot board, near right leg.
- tables - underneath one corner, near leg.
- file cabinets - upper right side, near back.
- writing tables and powder tables - on upper back.
- bookcases - upper right side, near back.
T.V. sets; radios; phonographs - on back, as close as possible to serial number.
clocks - as close to right hand side of each as possible.
typewriters - under cover for keys, as close to serial number as possible, if same is located there.
machines (portable) such as: Adding machines; dictaphones; tape recorders; transcribers - on bottom, as close to serial number as possible.
machines (large non-portable) - underneath edge or near back, close to serial number.
carpets - underneath corner nearest to room entrance. If carpet is tacked down, tag underneath nearest loose part to room entrance. **NOTE:** Wall to wall carpets are not to be tagged.
miscellaneous - any item not covered above should be tagged as close as possible to underneath, or near rear side, in an inconspicuous place.
VENDOR POLICY

This pamphlet is designed to aid companies and salesmen serving Sheppard Pratt Hospital. The procedures set forth must be followed by all vendors.

**Mutual Understanding:**

A representative of a responsible firm selling reliable products will receive prompt and courteous attention in the Purchasing Office.

1. Procurement will be made from any reliable vendor but preference will be given to local vendors in the placement of orders, if all other considerations are equal.

2. All salesmen coming to Sheppard Pratt Hospital must clear through the Purchasing Department for permission to see department heads, except when the salesmen have been specifically requested to come by the department heads.

3. If a sample is accepted, evaluation will be conducted as promptly as possible and the results communicated to the vendor or his agent.

4. When an item is to be submitted as a sample for the user's review and approval, the company requests its return or purchase, the request must be made by means of a purchase order, clearly stating the terms under which the product is being sent by the vendor and received by the Hospital.

5. The Sheppard and Enoch Pratt Hospital will treat its vendors with integrity and honesty. In return, the Hospital expects all vendors to reciprocate. For example:

   a. Sheppard Pratt Hospital will not take advantage of a clerical error by a vendor in the submission of a bid or invoice.

   b. Sheppard Pratt Hospital hopes to give vendors knowledge in advance of decisions to change products, in order that vendors who stock items for the Hospital will not be penalized with inventories of obsolete items.
c. It is a common practice, particularly at the holiday season, for vendors to distribute gifts. Please be aware that no gift other than a greeting card is to be given to any employee of this Hospital. We want to assure you of our wholehearted cooperation and will appreciate your suggestions at any time.

Appointments:
Only the Purchasing Office will arrange appointments for interviews. Salesmen are not to call directly on personnel or in patient areas without explicit prior approval of the Purchasing Office. In your own interest and to eliminate delays, you will find it advantageous to have your name in our appointment schedule list.

Interviews by appointment only:

Contact Purchasing Office - 823-8200, Extension 334
Appointments available Monday through Friday 9:00 A. M. to 3:30 P. M.

Parking:
For the convenience of salesmen, parking is available in the visitors' area around the circle in the front of the building. All salesmen are requested to use the front entrance and request directions to the Purchasing Office from the Receptionist.

Quotations:
You will be asked to submit verbal or, when necessary, written quotations.

Purchase Orders:
A purchase order signed by the Purchasing Agent or his assistant will serve as the only recognized authorization to ship, deliver or have picked up merchandise, or begin repairs or perform services. In no instance may a verbal order be accepted without a purchase order number. This order
number must appear on all packages, bills of lading, packing slips, invoices and statements.

**Deliveries:**

The Storeroom Manager or his designated agent are the only hospital employees authorized to accept shipments. Unless the purchase order states otherwise, as in the case of fuel oil, etc., deliveries may be made from 8:00 A.M. to 4:00 P.M., Monday through Friday, at the Hospital's main Storeroom. We cannot be responsible for merchandise left at the Hospital outside of normal delivery hours. The loading dock and service entrance are located at the south end of the Service Building (west side) next to Central Stores and walk-in refrigerators.

All delivery trucks are requested to use the Osler Drive entrance and follow the route outlined on the map, which is on the following page. Signs are located on the premises to assist your driver.

**Shipments and Terms:**

All shipments must be F.O.B. Sheppard Pratt Hospital, P.O. Box 6815, Towson, Maryland 21204, on a prepaid basis. Any freight or handling rendered will be deducted from the invoice price, unless specified on the purchase order, after all discounts have been taken. Time discounts are computed from date of receipt of merchandise or original invoice, which ever is later.

**Invoices:**

Payment is made only upon receipt of an original invoice. The Hospital will issue payments by the tenth of the month following receipt of final shipment of merchandise or of bill, which ever is later, unless the Hospital receives a substantial additional discount for early payment. No payment will be rendered on partial shipments unless a statement accompanies the
shipment indicating that the balance of the order will not be shipped for 60 days.
SUMMARY OF RECOMMENDATIONS - PHASE I

As mentioned in the Introduction section, this report encompasses the organization and procedures of the Purchasing Department, including those changes in Storeroom operation necessitated by the proposed system. Phase II of this study will include such areas as Storeroom location and layout, economic order quantities, location and layout of Property Control and Purchasing Office, and integration of Central Supply. Some of the proposed recommendations include:

1. Reorganization of the Purchasing Department to reallocate certain job functions and emphasize more effort in the areas of competitive bidding, standard contracts, materials research, etc.

2. Establishment of formal general and operating policies.

3. New procedures for issuing from stock including a pre-printed form to eliminate errors in nomenclature, expense accounts, order quantities and pricing.

4. New procedures for procurement to enhance control of receipts, invoices and purchase orders, eliminate duplication of work and speed up payments to vendors.

5. Formal procedures for inventory, disposal and property control.

6. A vendor guide to assist our vendors in understanding hospital policies.

Some miscellaneous recommendations which are not included in the report are mainly areas which were investigated and found not to be recommendable. Thus, a data phone system and the "Kaiser" system of combining check and purchase orders are not considered practical.
It is recommended that a Forms Control Committee be established. Forms can be issued directly from the Print Shop.
The Sheppard and Enoch Pratt Hospital
EXTRAORDINARY EXPENSE ORDER
(Request for Budget Adjustment)

1. Department:
2. Department number:
3. Special Project number if previously assigned by Purchasing:
4. Purpose and justification of adjustment:

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<th>Acc't. No.</th>
<th>Amount</th>
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<td>(six digits)</td>
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<td>a. Operating budget</td>
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<td>b. Capital budget</td>
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5. Previously approved for purpose (omit account numbers):

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6. Requested budget adjustment (show adjustments by account numbers. Reductions should be followed by an asterisk, e.g., $5.00*).

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<td>a. Operating budget:</td>
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<tr>
<td>b. Capital budget:</td>
<td>Land improvements</td>
<td>130 - 710</td>
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<td></td>
<td>Buildings</td>
<td>130 - 720</td>
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<tr>
<td></td>
<td>Building improvements</td>
<td>130 - 725</td>
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<td>Fixed equipment</td>
<td>130 - 740</td>
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<td>Major movable equipment</td>
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Total (6. a. + b.) 

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7. Approved:

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Department Head: ____________________________ Date / / 
Budget Committee: ____________________________ (authorized signature) Date / / 
President of the Board: ____________________________ Date / / 
Board of Trustees: ____________________________ (authorizing committee) Date / / 

Financial Office - White
The Sheppard and Enoch Pratt Hospital
EXTRAORDINARY EXPENSE ORDER
(Request for Budget Adjustment)

1. Department:

2. Department number:

3. Special Project number if previously assigned by Purchasing:

4. Purpose and justification of adjustment:

5. Previously approved for purpose (omit account numbers):  
   a. Operating budget  
   b. Capital budget  

   Acc't. No.  
   (six digits)  
   $__________

6. Requested budget adjustment (show adjustments by account numbers. Reductions should be followed by an asterisk, e.g., $5.00*).  
   a. Operating budget:  

   $__________

   b. Capital budget:  
   Land improvements  
   Buildings  
   Building improvements  
   Fixed equipment  
   Major movable equipment  

   $__________

   Total (6. a. + b.)  

   $__________

7. Approved:  
   Department Head: ________________________________ Date __/__/  
   Budget Committee: ________________________________ Date __/__/  
   (authorized signature)  
   President of the Board: ____________________________ Date __/__/  
   Board of Trustees: ________________________________ Date __/__/  
   (authorizing committee)  

   Purchasing Department - Yellow
The Sheppard and Enoch Pratt Hospital
EXTRAORDINARY EXPENSE ORDER
(Request for Budget Adjustment)

1. Department: 

2. Department number: 

3. Special Project number if previously assigned by Purchasing: 

4. Purpose and justification of adjustment: 

5. Previously approved for purpose (omit account numbers):
   a. Operating budget
   b. Capital budget

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6. Requested budget adjustment (show adjustments by account numbers. Reductions should be followed by an asterisk, e.g., $5.00*).
   a. Operating budget:
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   ---
   $----

   b. Capital budget: Land improvements
   "Buildings"
   "Building improvements"
   "Fixed equipment"
   "Major movable equipment"

   | 130 - 710 |
   | 130 - 720 |
   | 130 - 725 |
   | 130 - 740 |
   | 130 - 750 |
   | 130 -    |

   Total (6. a.+b.)
   $----

7. Approved:
   Department Head: ___________________________ Date /  /
   Budget Committee: __________________________ Date /  /
   (authorized signature)
   President of the Board: ______________________ Date /  /
   Board of Trustees: __________________________ Date /  /
   (authorizing committee)

Requesting Department - Print
SUBJECT: EEO Definition and Approval Procedures

DEFINITION

An Extraordinary Expense Order (EEO) is required for authorization of any budget adjustment whether a request for additional funds or a request to transfer previously budgeted funds to new accounts.

PROCEDURES

1. The EEO Form is initiated by the department head requesting the budget adjustment. The form is to be made out in triplicate supplying all applicable information under items one through seven. Item four should include a statement of estimated total annual costs needed for the purpose in future years, if any. Item five is used to indicate funds previously allotted for a specific purpose when additional funds are requested under item six. Item six should include only the budget adjustment required to complete the current fiscal year. When a transfer of funds between accounts only is requested, and shown under item six, leave item five blank. Account numbers and amounts must be shown both for accounts to be reduced (followed by an *) and for those to be increased. Amounts should be in even dollars.

2. When completed, forward all three copies of the form to the Medical Director or Administrative Officer for approval processing.

3. EEO's require the following approval in addition to that of the Department Head:
   a. For a transfer of previously budgeted funds between accounts: the Budget Committee.
   b. For an addition to budgeted funds involving an annual or initial expense less than $1,500, provided a budget deficit will not occur: the Budget Committee and President of the Board.
   c. For an addition to budgeted funds involving an annual or initial expense in excess of $1,500 and/or if a new employee position is requested and/or if the addition will throw the budget into a deficit position: the Budget Committee, President of the Board, and the Board of Trustees. The Executive Committee or full Board will pass on requests in excess of $5,000.

4. A meeting of the Budget Committee will be held during the week preceding the third Friday in the month. EEO's must be submitted to the Medical Director or Administrative Officer prior to this week.

5. EEO's will be consecutively numbered by the Budget Committee, beginning each new fiscal year with the number "1" preceded by the year. Thus, for fiscal 1967-68, the first EEO in the series would be "68-1".

6. The three copies of approved EEO's will be distributed as follows:
   (1) Requesting Department  (2) Financial Office  (3) Purchasing Department, except when a new employee position is created, in which case to Personnel.

7. Approved totals of adjustments to operating budget accounts will be spread out evenly over the remaining months in a fiscal year beginning with the month of approval. For example, a $600 total increase in supplies approved in January would result in the department's supplies budget account being increased $100 for each of the six months remaining in the fiscal year. Approved capital additions will be added to the itemized list of authorized capital purchases for the department.

8. Disapproved EEO's will be marked "Disapproved" and returned to the department head with an explanation of the disapproval.
SHEPPARD AND ENOCH PRATT HOSPITAL - PURCHASE REQUEST

PURCHASE REQUEST NO.  

DELIVER TO ATTENTION OF ________________________________________  DEPT. __________________
BUILDING ______________ FLOOR ___________ ROOM NO. ____________

DATE ITEMS REQUIRED __________________________

EXPLANATION FOR REQUEST __________________________________________

PLEASE TYPE OR PRINT WITH BALL PEN

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>AMOUNT REQUESTED</th>
<th>(PLEASE SPECIFY COMPLETELY)</th>
<th>PRICE &amp; TERMS</th>
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<td>(CATALOG #, SIZE, ETC.)</td>
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FOR PURCHASING DEPARTMENT USE ONLY

AMT. REC.  DATE  SIGNATURE

PH. ___ MAIL ___ REP ___

1ST SHIPMENT

Requested By: ____________________________
Expense Account: _______________________
Capital Budget No. ______________________
Special Project No. _____________________

APPROVALS

Department Head: _______________________
Financial Department: ___________________
Engineering Approval: ___________________
Purchasing: ___________________________
INSTRUCTIONS FOR USE

1. As stated in "Operating Policy" of the Purchasing Department manual, the department head is responsible for determining whether the item is properly chargeable to the operating or capital budget and if sufficient funds are available. If not budgeted, an EEO (Form 130) must be submitted and approved before forwarding to Purchasing Department. If applicable, a Special Project Form 190 should also be submitted.

The purchase request should contain the following before being sent to Purchasing. An original and three copies are prepared. The pink is retained by the department.

a. Date and purchase request number.

b. Person, department, building, floor and room number to which item is to be delivered.

c. Date items required.

d. Explanation

e. Item number

f. Amount requested, including unit (e.g., 1 ea., 1 dz., 1 lb., etc.)

g. Complete description, including model, brand, color, size, catalogue number, manufacturer, suggested source, etc.

h. Price per billing unit (at least an approximate cost must be ascertained. If price is not known but an accurate description is available, "please advise" may be annotated. Items or services on bid can be stated "time and material not to exceed $50.00"). This price should be stated in terms of any discount privileges, F.O.B. point and minimum
shipping quantities.

i. Requestor
j. Expense account number
k. Capital budget number (if applicable)
l. Special project number (if applicable)
m. Department head's signature

Any incomplete or incorrect request will be returned to the department with the Check-Off List - Form 212A (Exhibit "E"). A different request should be used for each item requiring a different expense account.
1. Department:

2. Department number:

3. Description of expense:

4. Total authorized:
   Operating budget: $ 
   Capital budget: $ 

5. Total expended:
   Date of Purchase ______________________ Description ______________________ Location __________ Bldg. Fl. Rm. __________ Acct. No. ________ (six digits) Amount $ ________ __________ Total ________ __________

6. Noted:
   Admin. Officer ______________________
   Med. Director ______________________
   Pres. of Board ______________________

Completed Total $ ______________________
1. Department:
2. Department number:
3. Description of expense:

4. Total authorized:
   Operating budget: $__________
   Capital budget: $__________

5. Total expended:
   Date of Purchase Description Location Acct. No. Bldg. Fl. Rm. (six digits) Amount $__________
   $__________

6. Noted:
   Admin. Officer ____________________________
   Med. Director ____________________________
   Pres. of Board ____________________________

   Completed Total $__________

Yellow
The Sheppard and Enoch Pratt Hospital
SPECIAL PROJECT AND CAPITAL EXPENSE FORM

1. Department:

2. Department number:

3. Description of expense:

4. Total authorized:
   Operating budget:
   Capital budget:
   Amount
   $_______

5. Total expended:
   Date of Purchase Description Location Bldg. Fl. Rm. (six digits) Acct. No. Amount Total

6. Noted:
   Admin. Officer ____________________________
   Med. Director ____________________________
   Pres. of Board ____________________________

Completed Total $________
SUBJECT: Special Project and Capital Expense Form

1. This form is used to accumulate the cost of any capital expense authorized under the capital budget when more than one purchase order is required for completion of the expense. When requested by a department head, it is, also, used to accumulate the cost of any special project not of a capital nature. A capital project shall be charged with the cost of all materials and services specially purchased for it based on properly coded requisitions. It will not include the labor expense of regular staff members nor of routine supplies withdrawn from inventory. Special projects initiated by an EEO should note the EEO number under "Description".

2. The form is initiated and a special project number (S.P.No.) provided by the Purchasing Department. It is to be made out in triplicate. After items one through four are completed, copies are distributed as follows: (1) Purchasing Department (2) Financial Office, after routing to Administrative Officer, Medical Director and President of the Board, (3) Department requesting the accumulation of the cost of a special project.

3. When a department requests cost accumulation for a special project, it must advise the Purchasing Department of the total amount authorized for it in the department's operating and capital budgets. The Purchasing Department will then provide the department with an assigned special project number. This number must be noted on all requisitions sent in for purchases applicable to the special project. This number should follow the regular account code number. The final requisition on a project must be noted "Final". For example, printing supplies for a General and Administrative department special project to be accumulated on special project form number 18 would be coded "600-301-18: Final", to designate the last requisition on the project.

The series of special project numbers will begin anew each fiscal year with the number "1", which for capital projects, will be followed by the letter "Q".

4. Item five is used by the Purchasing Department to accumulate total costs. For capital assets purchased, the date of purchase, supplier, description of asset purchased, location code, account code, and amount are to be shown.

5. When the form is completed, the total cost will be reported to the requesting department and to the Financial Office.
<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>UNIT</th>
<th>STOCK NO.</th>
<th>DESCRIPTION</th>
<th>ACC'T NO.</th>
<th>PRICE</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLVD.</td>
<td>ORG.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each</td>
<td>4201</td>
<td>Binder - 3 ring</td>
<td>$5.00 x 6.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each</td>
<td>4202</td>
<td>Binder - 3 ring</td>
<td>$5.00 x 11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BX/12</td>
<td>4301</td>
<td>Chalk - white</td>
<td>$5.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box</td>
<td>4155</td>
<td>Disc - 10 minute</td>
<td>$5.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>UNIT</th>
<th>STOCK NO.</th>
<th>DESCRIPTION</th>
<th>ACC'T NO.</th>
<th>PRICE</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>DLVD.</td>
<td>ORG.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each</td>
<td>300</td>
<td>Eraser - Blackboard</td>
<td>$1.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each</td>
<td>220</td>
<td>Eraser - Pencil Red</td>
<td>$1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each</td>
<td>113</td>
<td>Eraser - Typ w/brush</td>
<td>$1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set</td>
<td>223</td>
<td>Guides - Index 3 x 5 A-Z</td>
<td>$5.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set</td>
<td>4224</td>
<td>Guides - Index 4 x 6 A-Z</td>
<td>$5.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each</td>
<td>4273</td>
<td>Machine - Staple</td>
<td>$1.00</td>
<td></td>
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</tr>
</tbody>
</table>

FILLED BY     TOTAL CHARGE     DLVD. BY
EXHIBIT E

Form 212A

THE SHEPPARD AND ENOCH PRATT HOSPITAL

CHECK LIST

To:________________________________________ Date:________

The attached________________________________________ is being returned
to you for reason(s) checked below:

Requisitions

____ No Expense Code
____ No Location Code
____ No Special Project Code
____ Incomplete Description
____ No Price
____ Not In Budget

____ No Source
____ No Capital Expense Number
____ No Date
____ No Department Head Signature
____ FOB?
____ Code In Error

Purchase Orders

____ No Amount
____ No Requisition
____ Discount Not Shown
____ Reason For Late Processing
____ Reason For Duplicate

____ Error In Calculation
____ No Receiving Signature
____ No Signature On Requisition
____ Or Check Request
____

Comments:

____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________

Please return to:

Name ____________________________

Department ______________________

(Person initiating check list should retain a copy)
THE SHEPPARD AND ENOCH PRATT HOSPITAL  
TOWSON, MARYLAND, 21204

Enter order number and requisition number on all bills and packages. Freight charges must be prepaid through to destination on all material or supplies purchased F.O.B. hospital. MAIL BILL IN DUPLICATE TOGETHER WITH BILL OF LADING OR SHIPPING RECEIPT SAME DAY SHIPMENT IS MADE. State terms and Cash discount on invoices. Mail to above address.

IMPORTANT
Please submit an original invoice. Carbons or copies are unacceptable.

This order expires six months from date of issue.

Purchase Order No. 

THE SECTION FOR HOSPITAL USE ONLY

Department
Requisition No(s)


Date

F.O.B.

Terms

If this Hospital's policy to issue payment on the 10th of the month following receipt of the merchandise or bill, whichever is later. Partial payments will not be made for partial shipments prior to expiration of that 10th day. Non-compliance will be returned freight due.

If this purchase order is for the purchase of equipment, service and parts for such equipment must be available within a twenty (20) mile radius of Sheppard & Enoch Pratt Hospital, Towson, Maryland.

Please fill the following order for account of this Hospital and ship not later than

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>UNIT</th>
<th>If order is not accepted at prices and terms stated, please return. All goods are received subject to inspection</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Delivery Hours 8:00 a.m. to 4:00 p.m.
Maryland Sales Tax Exemption Certificate No. 268
<table>
<thead>
<tr>
<th>P.O. No.</th>
<th>Req. No.</th>
<th>Order Date</th>
<th>Description</th>
<th>Dept.</th>
<th>Vendor</th>
<th>Date Required</th>
<th>Date Mat'l Received</th>
</tr>
</thead>
</table>
HOSPITAL OF BALTIMORE, INC.
CORRECTIONS TO PURCHASE ORDERS

Dept.

Please make the following corrections:

<table>
<thead>
<tr>
<th>DATE</th>
<th>VENDOR</th>
<th>P.O. NO.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Change Price To</th>
<th>Per</th>
<th>Other Changes</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Correction Made BY ____________________________  Authorized by Purch. Dept.
06-4
Sheppard & Enoch Pratt Hospital
P. O. Box 6815
Towson, Maryland 21204
823-8200, Ext. 315, 319

TRACER
GIVE IMMEDIATE ATTENTION

Date..........................................................
Our Order Number........................................
Date of Order............................................
Your Number.............................................

With reference to our order as indicated above, please advise fully by return mail, at the bottom of this sheet, on the item checked below.

☐ Have received no notice of delivery
☐ Have received no notice of shipment

Please advise us at once exactly when you expect to make delivery
☐ Have received partial shipment of order.
Please advise fully in regard to balance.
☐ Material has been received but no invoice.
☐ Invoices have been received, but material has not arrived.
Please trace and send BILL OF LADING or SHIPPING RECEIPT.

Yours very truly,

Purchasing Agent

PLEASE REPLY ON THIS SHEET
<table>
<thead>
<tr>
<th>MME TAG NO.</th>
<th>EEO OR CAPITAL BUDGET NO.</th>
<th>DEPT.</th>
<th>ITEM</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>MHE TAG NO.</td>
<td>PURCHASE ORDER NO.</td>
<td>ITEM</td>
<td>LOCATION</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------</td>
<td>------</td>
<td>----------</td>
</tr>
</tbody>
</table>

EXHIBIT L

PROPERTY CONTROL REGISTER
EXHIBIT M

REQUEST FOR QUOTATION

Date:_____________________

Vendor:_____________________

This Information For
Hospital Use Only

Purchase Request No._____

Dept._____________________

Gentlemen:

Please furnish a quotation on the following item(s) delivered FOB
this hospital.
# Maintenance Material Requisition

<table>
<thead>
<tr>
<th>Issued</th>
<th>Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>Tools</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. O. No.</td>
<td>Acc’t No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part No.</th>
<th>Quan.</th>
<th>COST</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Unit</td>
<td>Amount</td>
</tr>
</tbody>
</table>

Requested by