Cochise Regional Hospital

CENTRAL SUPPLY POLICIES

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Receiving of Goods and Equipment

POLICY

It is the policy of Cochise Regional Hospital to verify and document all deliveries of various goods and services made to and for the hospital by Central Supply personnel.

PROCEDURE

Central Supply personnel are required to verify and document all deliveries of various goods and services made to and for the hospital. This activity provides information for the payment of invoices and the updating of inventory control and purchasing files. A copy of the purchase order is used as the receiving report. All supplies and equipment are to be received by appropriate Central Supply personnel only unless otherwise authorized by Administration or the Central Supply Manager. Occasionally departments will order and receive goods, at this time the department manager is responsible for verifying shipment is correct and then must notify Central Supply that order has been receipted and provide proper documentations for payment of invoice.

All supplies and equipment must be delivered to the hospital receiving areas which are adjacent to the Central Supply Department for proper verification. There may be occasions when the delivery of supplies and equipment will take place in another area of the hospital because of the bulkiness and/or weight of the supplies and equipment. This decision will be made by the Central Supply Personnel only.

This hospital will not be responsible for any supplies and equipment not receipted for by the authorized receiving persons. The Nursing Supervisor should receive and log emergency deliveries in the Central Supply Department after normal working hours.

Any merchandise that is delivered COD without advance notice will have to be held by the shipper until the next working day in order to obtain a check for payment from Accounts Payable.
All supplies and equipment must be checked for damage or shortage before signing the bill of lading and reported to the Central Supply Manager. The truck driver must sign the bill of lading to verify this information. Receiving personnel are then to verify the items received against the packing list. Any discrepancy should be indicated on the packing list. The packing list should then be dated, signed and turned over to the Central Supply Manager for processing. The receipts are then recorded on the purchase order and a receiving copy is sent to the accounts payable clerk as authorization for payment of the invoice. The packing list is maintained with the purchase order as verification of receipt of the items.
Supplies within Each Department

POLICY

It is the policy of Cochise Regional Hospital to maintain Patient chargeable items required at each Nursing Station (Medical/Surgical and Emergency Room) at a level dictated by the usage factor and coordination between Nursing Supervisor and Central Supply personnel. Daily inventory is taken Monday through Friday to maintain par levels.

PROCEDURE

Patient chargeable items required at each Nursing Station (Medical/Surgical and Emergency Room) are set up and maintained at a level dictated by the usage factor and coordination between the Nursing Supervisor and Central Supply personnel. Daily inventory is taken using a minimum/maximum par level system and supplies are replenished daily Monday through Friday.

All other supplies (forms, office supplies, tape, syringes, needles, etc.) are ordered from Central Supply on a computer printout. Each Department has a designated ordering date for ordering supplies (see Page 2). Central Supply will attempt to deliver the requested supplies the same day.

Requisitions will not be accepted by Central Supply unless the requisition has been properly completed and signed or countersigned by the department head or designated representative.

Supplies delivered to the department will be cost to the department by means of the order entry system, with a "Month End Report" to be distributed by Central Supply personnel when received from Computer Services at month end.

The computer printout is not to be used to request capital equipment or non-stock items.

All items for surgery and anesthesia except capital equipment will be requisitioned by use of the computer printout. Surgery and anesthesia are responsible for the proper charging of patient chargeable items.
National Purchasing Program

POLICY

It is the policy of Cochise Regional Hospital to participate in group purchasing agreements.

PROCEDURE

Cochise Regional Hospital participates in a group purchasing agreement with PHS (Professional hospital supply) GPO-med assets, Quorum, purchasing through HPG for both disposable medical supplies and capital equipment.

All medical and other supplies will be purchased whenever possible utilizing the group purchasing organizations.

It is recognized that in some areas, vendors may be able to price items more competitively or strong physician preference may exist and this will certainly be taken into consideration when purchasing supplies and equipment. The intent of the program is to secure the lowest possible prices consistent with quality and service.

Group purchasing combines the purchasing power of all the hospitals within the organization for the benefit of all regardless of the size.
Purchase Order Procedure

POLICY

It is the policy of Cochise Regional Hospital for department managers to obtain a purchase order prior to contacting suppliers for purchase of goods.

PROCEDURE

This procedure is developed around the standardized corporate purchase order. A properly authorized pre-numbered purchase order must be issued to all vendors for purchases of supplies or equipment, services, preventive maintenance agreements, equipment or supplies being sent to the facility for evaluation, rentals, leases, and even for free goods to assure they are processed properly and delivered to the correct department.

All purchase orders issued must be recorded in a numerical log. This serves as a numerical reference and identifies to whom all purchase orders were issued.

Each purchase order must contain suitable identification of the vendor, the date, a purchase order number (pre-printed on the form), any special instructions, terms, F.O.B. point, quantity, unit, catalog or stock number, a suitable description of the items, the proper chart of accounts department code, price signature approval for any non-stock item being purchased or appropriate justifications for capital expenditures according to procedure.

All purchase orders must be filled out in full to include pricing information and appropriate approval signatures.

DISTRIBUTION

When the merchandise is received, receiving must pull the packing list and verify that the amount received matches what is on the packing list. Any discrepancies must be noted on the packing list and the packing list should be dated and initialed by the person doing the receiving. The packing list is then used to record the receipts of the appropriate purchase order.
A copy of the purchase order will be made and the supplies received, recorded, and sent to Accounts Payable with the original copy of the packing slip attached. A copy of the packing slip will be attached to the original purchase order which is maintained in the Central Supply files.

When all items have been received on the purchase order, it will be placed in the "Paid Out File" by vendor and a close out entry will be made in the "Purchase Order Log".
<table>
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<th>Vendor</th>
<th>Date Issued</th>
<th>No. Items</th>
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Miscellaneous Purchase Orders

POLICY

Maintenance Contracts and Services

It is the policy of Cochise Regional Hospital for department managers to obtain purchase orders for all preventive maintenance contracts, local maintenance agreements, and individual service calls for non-contact agreement problems.

PROCEDURE

Preventative maintenance contracts, local maintenance agreements and individual service calls for non-contact agreement problems should have a purchase order issued to assure proper handling and payment. PM contracts and other maintenance agreements should have a purchase order issued for each visit according to the P.O. procedure.

Evaluations

A purchase order should be issued for any item that has been authorized to be shipped to the facility for evaluation. The purchase order should clearly explain the conditions of the evaluation, the department to receive the goods, and all terms of the evaluation to include duration, quantity involved, cost if any (i.e., freight, whether or not you will pay for the goods or whether they will be free, rental etc.) authorized approval to proceed with the evaluation and disposition of goods after the evaluation. This purchase order should be handled as any purchase order except it should be kept in a special file for evaluations. This will provide a proper audit trail to assure proper handling and payment.

Free Goods

A purchase order should be issued for free goods just as they would be for any item. This assures a proper audit trail exists for proper receiving and handling and that Accounts Payable clearly understands that the goods are to be free. Processing of the purchase order should be the same as for any item.

The "bottom line" is: **DO NOT ORDER ANYTHING WITHOUT A PURCHASE ORDE**
Use of Standing Purchase Orders - Procedure

POLICY

It is the policy of Cochise Regional Hospital that standing purchase orders are established when a specific quantity of specific items is needed at a set interval of time throughout a six month or year period.

PROCEDURE

A standing purchase order may be used whenever it has been established that a specific quantity of a specific item is needed at a set interval of time throughout six months or yearly period. To eliminate the issuance of repetitive purchase orders and to assure a good flow of services or goods, a standing order is issued.

A standing order authorizes a vendor to issue goods or perform services at set intervals for a period not to exceed six months. All of these goods or services are charged against this one purchase order number for the duration of the purchase order not to exceed six months from the date of issue.

The purchase order must contain all information required under the purchase order procedure, all shipping schedule information, and the duration of the agreement. Several items may be included on a single purchase order if the shipping schedule for each item is the same. If shipping schedules vary, then separate purchase orders must be issued.

If at any time during the duration of the purchase order, any item on the purchase order is altered to include quantities, price, shipping schedules, additions or deletions, then the old purchase order must be cancelled and a new purchase order with corrected information must be issued.

Standing purchase orders should be maintained in a special file for all standing purchase orders and must always be renewed or cancelled at the end of six months. The old purchase order should be cancelled and a new purchase order issued if the agreement is to continue.
Patient Rentable Equipment

POLICY

It is the policy of Cochise Regional Hospital, to further enhance the infection control procedures within the hospital to provide disposable patient chargeable items for use during a patient's stay, upon discharge patient disposable items will be disposed of in the proper manner.

PROCEDURE

In order to further enhance the infection control procedures within the Hospital, all vinyl air mattresses used in the Hospital will be of a disposable type and will be disposed of after use by each individual patient.

Each disposable air mattress will have a patient charge label placed on the package just as any other patient chargeable item. These will be removed and put on the patient's chart when first issued for the patient.

Duro-Therm Pads

Duro-Therm Pads are the small pads that either hot or cold water can be circulated through. These pads are disposable and will have a patient charge label placed on the package. These will be removed and put on the patient's chart as each pad is issued to the patient.

Agua K Pumps

Sterile water should be used in the Agua K Pumps in as much as tap water quickly corrodes the pump's mechanism and it becomes inoperative.

When the air pumps and Agua K Pumps are no longer being used by a patient they should be returned to Central Supply in order that they may be checked and consolidated for issue where needed.
Capital Equipment Requests

POLICY

It is the policy of Cochise Regional Hospital that each department manager determines their departments' capital equipment needs. Once the determination has been made, the department manager will complete a non-stock form or capital equipment request form and obtain proper Administrative signatures before forwarding to Central Supply for purchasing.

PROCEDURE

Order of new capital equipment, whether the equipment is a replacement or an addition which a Department has not had before, are to be processed as follows:

- Capital equipment is defined as any piece of equipment fixed or portable that exceeds the price of $1000.00 or any set that has several individual components required to make a complete set where the price for the set would exceed $1000.00.
- Prior to submitting a "non-stock requisition form" to Central Supply, the requesting Department will complete a capital equipment request form (CER). Central Supply will assist in obtaining current prices and model numbers.
- Completed CER with full justification will be submitted to the Chief Executive Officer for necessary approval or the Douglas Community Hospital, Inc. Board of Directors.
- After necessary approval has been granted, the requesting Department will submit a non-stock requisition to Central Supply.
- Central Supply will verify the non-stock requisition and coordinate with Maintenance before submitting the purchase order to the vendor.
- Central Supply will furnish copies of the purchase order to the following:
  - Vendor
  - Central Supply
  - Accounts Payable
  - Requesting Department
  - Chief Executive Officer
- Upon arrival of equipment Central Supply will notify:
  - Requesting Department
  - Maintenance
Chief Executive Officer

- If the capital equipment item requested will require extensive set up requirements or renovation for installation, the Maintenance Department Head must be consulted to ensure that available room exist for new equipment and his estimate included on the capital equipment request form prior to submission for approval.
Charges for Supplies and Equipment

POLICY
It is the policy of Cochise Regional Hospital that all supplies and equipment (including non-chargeable items) being sold through the Purchasing department be defined as a Patient Chargeable item or Department Chargeable item, and charged properly.

PROCEDURE

All supplies and equipment that leave Central Supply must be charged against one of the five listed categories:
- Patient Chargeable (patient charged directly)
- Department Charge (requesting department charged - consolidated monthly)

Central Supply will be responsible to see that all patient chargeable items have a peel off label affixed to it. Nursing Department is responsible for placing the label on the patient’s charge sheet when the item is used by the patient. Charge sheets will be collected daily except weekends by Central Supply personnel except for Emergency Room and Surgery.

Emergency Room sheets will be processed by Admitting and Surgery/Anesthesia charges will be submitted by Surgery.

Central Supply is responsible for consolidating on a monthly basis the charges assessed each department for the supplies ordered and delivered via a store requisition form. These charges will be forwarded to the Fiscal Department by the third working day of each month. Supplies and/or equipment purchased for one department only as a result of an approved non-stock requisition will be charged directly to that department by submitting the Purchase Order to Accounts Payable (Stockless Purchasing).

Central Supply is also responsible for furnishing the Fiscal Department a monthly total of patient chargeable supplies used by patients during the month. This will be accomplished by the report generated by the Fiscal Department during the processing of the patient chargeable sheets. This information will be reported on the "Month End Report" to the Fiscal Department.
Handling of Expired Items

POLICY
It is the policy of Cochise Regional Hospital to monitor expiration dates on a regular basis and use whenever possible those items nearing the expiration date first, if it is impossible to use prior to expiration then Central Supply will make arrangements to return or dispose of expired items.

PROCEDURE

An integral part of maintaining a closed inventory control is the process of monitoring expired supply items. An important aspect of inventory control is to return goods that are not being used. Expiration dates must be monitored on a regular basis so that items nearing an expiration date can be identified and used promptly if possible. If it is impossible to use the item before the expiration date, the vendor should be notified promptly so that credit can be obtained for the item. If credit cannot be obtained and the item cannot be used, the vendor representative should be contacted to determine how to handle disposal of the item. The item should be disposed of promptly. Under any circumstances, any item which has reached an expiration date must be promptly removed from stock and placed where it cannot be accidentally used. Any similar stock items held elsewhere in the hospital should be found and removed from stock. Expired stock is not to be used under any circumstances.

Expired stock is a very common deficiency noted by JCAHO; therefore, special attention must be given to expiration.

Central Supply personnel will assist any department in disposing of expired stock or stock about to expire. However, if it is held beyond the expiration date and cannot be returned to the vendor, the department will be charged for the item or items.
Equipment/Material Recall Procedure

POLICY

It is the policy of Cochise Regional Hospital to comply with all manufacturers recall for one or more of their products.

PROCEDURE

From time to time a manufacturer through its own initiative or by request of the Food and Drug Administration will issue a recall for one or more of their products. Notice to the hospital is generally a registered letter or telegram directed to Administration, Purchasing Agent or Pharmacist, although other means of notification may be used.

Upon receipt of any recall notification the following procedures should be initiated:

1. The responsible person (Central Supply Manager and/or Hospital Safety Officer) shall enter the date, time of receipt and their name.
2. Determine the severity of the problem referenced in the notification, i.e., preferred recall life endangering recall, disclaimer of responsibility, etc.
3. Determine if recall is total or if specific lots and method of identifying the product.
4. Check purchasing records to determine if any have been purchased and the intended using department.
5. Check inventory stock (physically) to determine if any are on hand.
6. Contact all possible using departments (personally), advise them of the situation and request they check their supplies. Written negative reports are required.
7. In addition to notifying the necessary department heads, it is also necessary to notify Administration and the Director of Nursing.
8. If the item is of bio-medical, electrical or general machinery, provide a copy of the recall for the Maintenance Department Head.
9. Collect and segregate all materials to be returned.
10. Determine if a substitute is available and make immediate arrangements to procure replacements. (At the recall vendors expense if possible.)
11. Advise the Administrator and the Director of Nursing of progress with the situation.
12. Retain recall notices and copies of all action taken in the permanent safety officer file.
Courier Service, After Hours

POLICY
It is the policy of Cochise Regional Hospital to contact the contracted courier service for after hour usage when necessary. Arrangements for deliveries should be made during business hours whenever possible.

PROCEDURE

Cochise Regional Hospital has negotiated with David Chapa, Cochise Courier Service, to provide "on-call" courier services.

The PM or "Graveyard" Nursing Supervisor will be the coordinating point for this service except for trips to Tucson. Tucson trips must be approved by the "Administrator on Call".

The person or department utilizing this service must provide specific instructions to the courier to include:

- Address or hospital name.
- Specific department within the hospital where delivery is to be made or picked up.
- Name of person in the hospital that should be contacted.
- Urgency.
- Department or location within Southeast Arizona Medical Center where items can be picked up or should be delivered to.

Failure to provide the above can result in unnecessary delays and the possibility of not being able to accomplish the request.

The point of contact is: David Chapa, Cochise Courier Service,
- Telephone: 805-9767
- Pager: 459-9638
- Cell phone: 227-5099
Reconciliation of Patient Charge to Usage

POLICY
It is the policy of Cochise Regional Hospital that each ancillary department reconcile their departments patient charge usage and supply Central Supply with any necessary documentation needed to charge for these items.

PROCEDURE

This procedure is applicable to the following departments: Med/Surg, Emergency Room, Surgery, Radiology, Physical Therapy, Laboratory, and Respiratory Therapy.

Usage Verification
All automatic replenishment systems utilize a complement or par stock list. Usage is determined daily by counting the quantity of supplies on the unit or exchange cart. This quantity inventoried is entered into the computer in Central Supply, which compares the inventories count to the established par level. A shortage list is printed and from this list the cart or unit is restocked. The computer automatically keeps track of stock out or Central Supply shortages for each cart or unit.

Charge Verification
Charges are verified by comparing departmental consumption of products to patient charge receipts. The patient charge receipts (peel off labels) are picked up daily at the same time the carts are exchanged and processed in the computer in Central Supply. The patient charge recovery program provides an accurate report of unreconciled charges for each department; therefore, if you borrow items from another department, it is essential that you leave a properly filled out borrow slip.

Lost Charge Notifications
All "Lost Charge Reports" are reviewed daily by the Central Supply Manager and a decision is made as to whether or not it is economically feasible to follow-up on the lost charges. If feasible, a printed sheet will be sent to the concerned department for follow-up action. If the "lost charges" are located, they should be reported immediately to Central Supply for processing.

Final Reconciliation of Charges
At the end or close out of each month, a final report is printed showing the accumulated lost charges and any recovery action. The lost or negative balance is then charged to the department.
POLICY
It is the policy of Cochise Regional Hospital to assure that each patient chargeable item has a peel and stick sticker, and that each exchange chart be provided with a Kardex with enough pockets to accommodate every patient.

PROCEDURE

A pre-coded charged sticker will be attached to all patient chargeable items by store-room personnel. (See attached)

Each department cart will be provided with a Kardex that has enough pockets to accommodate a patient charge card for each patient in the unit.

Each nursing unit or department will be responsible for stamping a patient charge card (attached) for each patient once every twenty-four hours.

Whenever a patient chargeable item is used, the pre-coded sticker is to be removed and stuck to the appropriate patient charge card.

If a pre-coded sticker cannot be found on the item, a brief description of the item should be written on the card.

If an item is used for personal use, in-service, or is contaminated or rendered unusable for any reason, the sticker should be pulled and placed on a separate card for such items. Under no circumstances should the patient be charged for an item that was not used for the care of the patient.

All the cards will be picked up each morning as the supplies are restocked.

The patient cards will be used in reconciling charges as per reconciliation of charges to usage procedure.
Physical Inventory of Hospital Supplies

POLICY

It is the policy of Cochise Regional Hospital that a yearly physical inventory be conducted at fiscal yearend (March 31st).

PROCEDURE

Cochise Regional Hospital will conduct an annual physical inventory at the end of the fiscal year (March 31st) of all hospital supplies on actual hand except capital assets.

Forms Utilized

- Inventory Counting Sheet
- List of Departments to be inventoried
- Summary Sheet: The summary sheet is to be completed by the Central Supply Manager and sent to the Controller upon completion of the physical inventory.

Instructions

The purpose of the annual inventory is to accurately balance the books relating to the expenditure and revenue activity over that period of time. In this way, clarification can be made of the asset value of the items in inventory. Information from inventory can be used as a tool in determining such things as inventory turn-over, days' supply on hands, etc. It is important to remember, however, that control of inventory is not an annual proposition. Instructions as to the approach on the physical count should be addressed. One should begin recording all material methodically from one area to the next. This will help in the location of the material after the physical count.

The inventory sheets utilized for the count will be distributed and a full explanation provided to the counter and writer teams. The sheets are pre-numbered and the Central Supply Manager is responsible for maintaining control over the sheets issued.

Counter and writer teams should be used to record the information on the face of the inventory sheets. This information should include the hospital stock number where applicable or the manufacturer's stock number. An adequate description of the item should be included. The unit of measures as decided by Central Supply should be included along with the quantity. If the condition of stock appears damaged or unusable due to being outdated, etc., this condition should be brought to the attention of Central Supply. On each sheet, the name of the person taking the count and the name of the writer should be indicated.
A general description of what is to be counted by department is included, and this should be covered adequately for the individuals making the count in that department. Be sure to include all designated areas where inventory is held. For example, closets that contains forms of office supplies that may not be held within the general store's area.

Inventory counts will be spot checked by designated personnel. The actual physical count must be started and completed the same day. Organization prior to beginning the count can be extremely time-saving. As little distribution as possible should take place the day of the count. Department heads will have been made aware of the inventory date and should anticipate their needs prior to that day. Emergency issues should be separately accounted for. Approximately 34 weeks before counting, you should begin analysis of your credit returns to vendors.

**Areas to Be Inventoried**

**CENTRAL STORES (General Stores)**

These areas in general should be maintained in an orderly fashion, set into categories of supply using shelf-tag labels for description purposes. Whether an automated inventory or a manual system is employed, current pricing for the in-stock products should be available. Most recent acquisition cost should be used in valuing the inventory. Since we have an automated inventory management system in our hospital, it is more important than previously in manual systems to come up with exact counts. Previously, it was possible to estimate large case quantities in bulk stores to come up with estimated inventory. This is no longer acceptable and we must obtain more exact counts for the stock we have on hand.

All items that are patient chargeable should be counted by their patient charge component. For example, IV solution (each or bag) should be counted as such. Disposable kits, trays, and catheters should be counted down to their exact patient charge component. Non-patient charge items, due to maintaining integrity of our overall system, should also be counted as accurately as possible. We realize that in cases where stock is up on a unit and a box is open and in use that this might be an exception. We will try to explain this on a unit-by-unit basis. Where boxes containing difficult-to-count items such as packets for salt and pepper or jelly or medicine cups, pins, paper, disposable thermometer covers, open boxes of under pads, surgical masks, bedside bags, disposable caps, tongue depressors, etc. that are kept in stock should be estimated by tenths. Counting by tenths is the most acceptable method employed by professional inventory-taking companies in that it provides consistency as opposed to using 1/3, 1/4, or 1/2 and makes for an easy valuation of the total component cost of the item. For example 2/10 of an item that cost $20.00 can be easily extended to $4.00.
In summary of the general store's count, all patient chargeables will be counted by their patient charge component, and non-chargeables should be counted where possible, but where impractical, as the previous examples indicate, estimation by tenths should occur.

FORMS

Multi-part forms such as fiscal, admission, ER, etc. should be counted. Unopened and full cases should be calculated along with an estimation of value on hand in open cases. "Flat" or single sheet forms in Central Stores should be counted in their unit of distribution, which are most commonly 100. There are however, some forms which should not be distributed in this fashion, and it is assumed that especially in the case where forms are manufactured on the premise, a minimal supply be maintained in stock. For example, there is no need to keep 20 packs of morgue sheets on hand. It is the Central Supply Manager's responsibility to see that forms kept on the units are maintained in a minimal quantity and, consequently, would not need to be counted. However, if a unit uses a form exclusively and a substantial amount of that form is kept on stock in that unit, it should be counted. An example of this would be in the business office or fiscal department where large case quantities of these products might be held.

STATIONARY SUPPLIES (Administration in General)

It is assumed that a limited quantity of stationary supplies is held in the general stores area. In most cases, storeroom supplies are acquired through a local company where acquisition time is at a minimum.

PHARMACY

Pharmacy does its own inventory.

LABORATORY

Laboratory does its own inventory.

RADIOLOGY

Radiology does its own inventory.

NURSING UNITS

Exchange carts are no longer used in the nursing units, supplies are now stored in cabinets in each unit.
FISCAL AND BUSINESS OFFICE

Generally, supplies held in this are at a minimum and need not be counted. However, if the volume of supplies or computer forms is maintained in this area, these should be included.

MEDICAL RECORDS

Generally, supplies held in this are at a minimum and need not be counted. However, if volume of supplies or computer forms is maintained in this area, these should be included.

DIETARY

Dietary must submit an annual inventory to Central Supply for the purpose of audit.

HOUSEKEEPING

New items which are maintained in stock such as mops, buffing pads, wax, polish, brushes, poly bags, etc. should be counted. Open cases of this material should be estimated if the value of a single container exceeds $25.00. For example, a 55 gallon drum of soap that cost $200.00 that is half full would be estimated at $100.00. In the case of 4 gallons of soap, each at $25.00, if three were full and one was open, only three would be counted. Items which are in use in the housekeeping closets should be kept at a minimum and, consequently, not be counted. However, if inadequate storeroom space in housekeeping requires storage in certain closets in the units, this should be included.

LINENS/LAUNDRY

Circulating linen should not be counted as inventory. Generally, linen is a commodity which is available in a relatively short period of time, therefore requiring little on-hand stock. However, linen that is not marked with the hospital identification and is in full case quantities should be counted. Any of these items that are opened and have value in excess of $25.00 or more should be counted and estimated by tenths as to contents.

SURGERY/ EMERGENCY ROOM

Patient chargeable items within these areas should be counted by their patient charge components. Sutures should be counted as an individual suture, as they represent significant dollars. Auto sutures should be counted as an individual suture. The best method for supply distribution within Surgery is via the case cart. This approach is recommended as it minimizes
Supply kept within the Surgery suite. However, if a case cart is not in place, certain items such as suture, or ortho-hard goods would have the main supply kept within Surgery but monitored by Central Supply personnel. It is important to limit this stock to as few locations as possible so as to increase control and lower stock levels. Orthopedic supplies as well as other implant components should be counted. Orthopedic supplies as well as other implant components should be counted. Orthopedic soft-goods should be separated from hard-goods. Pacemakers should be counted.

Check the dates on these items. If low turnover is evident, check to see if they can be returned so as to avoid obsolescence. It is recommended that these type items be required on consignment, and such being the case, they would not be included in the dollar total of inventory. However, for control purposes, since you are ultimately responsible for these dollars, we do suggest you list the consignment items on the inventory. Non-patient chargeable should be estimated as described in the nursing stations.

**Physical Therapy**

Patient chargeable such as orthopedics soft-goods should be counted. Items for patient rental such as walkers and crutches should be counted if they are new and have never been issued from general stores. These items, once issued, are treated as reusables so they should not be included as inventory. Items that are relaundered and used in physical therapy such as restraints, belts, etc. should not be treated as inventory.

**Maintenance**

Quantities of fuel oil should not be counted as inventory. Examples of items that should be counted as inventory are: light bulbs, electrical receptacles, repair kits (for example: for sterilizer or laundry equipment) and all new spare parts. Full boxes of air filters, ceiling tiles, and full spools of wire should be counted. Small parts such as screws, nuts and bolts should be counted by estimation. This would include bio-engineering parts which may not be worth the time in individual counting. Items in these areas can be estimated by lot such as “Quantity of Nuts, Bolts, Screws, Shelf Number Two” estimated value $30.00 New amounts of lumber and full cans of paint should be counted. Generally items counted should be in their unopened or full containers so that return for credit possible. Items such as open bags of lawn food, grass seed and ice melt should not be counted.
Nuclear Medicine

All unopened supplies should be counted. Isotopes should be counted.

INVENTORY COUNT

Count in inventory is kept by kind of issue. If the unit of issue from an automated system on computer is each, the inventory would be counted accordingly. If that particular commodity were distributed by the pack, then the inventory count would be by pack. Examples of such items would be needles and syringes which would be counted by the box as opposed to each. Other examples of some more expensive items such as sutures and reagents would also be issued by the each or bottle and, consequently, counted as such. Certain points must be considered in that the time of counting may not be worth the value of the item. Two such examples would be counting partial boxes of poly bag liners or open cases of CSR wrap. These would be samples where estimations should occur.
Product Standardization

POLICY

It is the policy of Cochise Regional Hospital that any product or piece of equipment, which is proposed for use within the hospital, must first undergo evaluation and approval by the Improving Organizational Performance (IOP) Committee.

PROCEDURE

All products or pieces of equipment, which are proposed for use within the hospital, must first undergo evaluation and approval by the Improving Organizational Performance (IOP) Committee.

Exception: If the product is requested on an emergency basis, by a physician, it can be purchased. However, this item and action will be reviewed at the next committee meeting.

DEFINITION

The Improving Organizational Performance Committee is a multi-disciplinary committee.

OBJECTIVES

- Provide the mechanism to ensure an improved level of patient care through product evaluation with emphasis on the quality of care and containment of costs.
- Evaluate the continuous flow of new and/or improved products.
- Reduce the expense of educating and training personnel to various products through standardization.
- Keep administration and department heads informed of changes in equipment and products.
- Assist department heads in understanding mutual problems in reference to supplies and products.
- Minimize quantities of inventory by reducing the variety of products.

COMMITTEE MEMBERSHIP
Standing

Central Supply
Nursing
Administration
Medical Staff
Board
Fiscal

The Chairman shall be appointed by the Administrator.

Committee members are encouraged to remain as long as possible.

The committee will endeavor to obtain cooperation of the medical staff in implementing new policies.

Final committee decisions will be approved by the Administrator.

DUTIES

Chairman: The Chairman, with the help of the secretary, will prepare an agenda which will be forwarded to each committee member.

Secretary: The Secretary will record the minutes and send copies to each member.

Central Supply Manager: The Central Supply Manager will maintain a catalog of each item selected.

PROCEDURAL DOCUMENTATION

All potential products will be introduced to Central Supply by using a Request for Product Standardization Review Form submitted by physicians, hospital personnel, patients, etc.

Central Supply will screen all items before submitting them to the Improving Organizational Performance Committee.

The Central Supply Manager will contact the appropriate department for comments before the item is brought to the committee.
A Product Standardization Profile is prepared for each item to be reviewed by the Committee. The profile will be distributed to the members.

An agenda will be distributed prior to the next meeting.

The committee will meet on an as-needed basis.

If the requesting department is not part of the committee, it may elect to have a representative present the item.

Possible committee actions are:

- Acceptance
- Non-Acceptance
- 30, 60, 90 Day Evaluations

Products to be evaluated should be paid for by the supplier when possible.

Should the committee be undecided as to product usefulness, it will ask that an evaluation be performed at the expense of the supplier. A Product and Equipment Evaluation Form will be used. (This evaluation will not be conducted unless the item has first been submitted for review by the committee.)

Once this item has been rejected by the committee, it will not be reconsidered for at least one year, unless there is favorable and appreciable price and product change.

When an item is approved, the appropriate department is responsible for submitting a product orientation procedure to the committee for review before the product is actually purchased.

At the time the committee reviews a proposed item, it will determine whether the item should be a patient charge or not.

After an item has been brought to the committee and accepted for review, results will be noted on a Record of Standardization Review Form.

Minutes of all committee meetings will be sent to the Administrator. The Administrator's rejection or recommendations will be relayed to the committee for appropriate action.
REQUEST FOR PRODUCT STANDARDIZATION REVIEW FORM

Product:
Use:

Manufacturer/Supplier:
Reason for Request:

Will this item replace presently used standardized item? □ Yes □ No

If yes, please comment:

Will the requested product:

☐ Be an urgently needed item
☐ Be a necessity
☐ Be considered nice but not necessary
☐ Be a patient charge item
☐ Promote better patient care
☐ Promote cost containment/avoidance
☐ Other - Briefly comment:

Should an evaluation be conducted? □ Yes □ No

Are you willing to participate in the evaluation? □ Yes □ No

Should the medical staff be aware of this request before action or an evaluation is conducted? □ Yes □ No

Requested by:

Department:

Date: __________
# PRODUCT STANDARDIZATION PROFILE

Standardization I.D. Number: __________________________

Date: 

Requested Product: _________________________________________
Manufacturer: _________________________________________ Supplied By: __________________________
Requested By: __________________________
Requested Item Will: 
☐ Be an additional item  ☐ Reduce Use of Item __________________________
☐ Replace __________________________
☐ Other

## PRODUCT COMPARISON

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>PRESENT ITEM</th>
<th>REQUESTED ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer</td>
<td></td>
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<tr>
<td>Supplier</td>
<td></td>
<td></td>
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<tr>
<td>Annual Use</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient Charge</td>
<td></td>
<td></td>
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<tr>
<td>Packaging Data</td>
<td></td>
<td></td>
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<tr>
<td>Hospital Stock Item</td>
<td></td>
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<tr>
<td>Minimum Order Quantity</td>
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<tr>
<td>Quantity on Hand</td>
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<tr>
<td>Cost per Unit</td>
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<tr>
<td>Net Savings (Loss)</td>
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<tr>
<td>Other</td>
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</table>

Improving Organizational Performance Committee Action:
☐ Accepted  ☐ Approved 60 Day Evaluation
☐ Not Accepted  ☐ Approved 90 Day Evaluation
☐ Approved 30 Day Evaluation  ☐ Tabled
☐ Other

Comments:
The product, ____________________________________________ which you requested be reviewed, was considered by the Improving Organizational Performance Committee on ____________

The committee recommended, and subsequently approved by Administration, that the product be:

- [ ] C7 Approved as a Standard Item
- [ ] Not Approved
- [ ] Evaluated for 30 Days
- [ ] Evaluated for 90 Days
- [ ] Other: ____________________________

The committee requests the following additional information:

- [ ] Patient Charge Data
- [ ] Product Use Procedure
- [ ] Product Orientation Schedule
- [ ] Other Information: ____________________________

- [ ] No Further Data is Required

The committee extends its appreciation to you for your consideration, participation, and cooperation in this very important hospital program.

Thank you,

Chairman
Improving Organizational Performance Committee
Cochise Regional Hospital

PRODUCT/EQUIPMENT EVALUATION SUMMARY FORM

Item: ______________________________________________________
Manufacturer/Supplier: _______________________________________

Description:

Date Evaluated: From: ___________________ To: _______________

Reason for Evaluation:

State Conditions under Which the Product was evaluated:

________________________________________________________________________________________________________

Evaluation Remarks:

________________________________________________________________________________________________________

Your Recommendations:

________________________________________________________________________________________________________

Participants in the Evaluation:

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
</tr>
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<tbody>
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</tbody>
</table>

Evaluation Conducted By: ______________________ Date: ____________
(Signature)

Department:

**Note:** This form must be submitted to the appropriate member of the Improving Organizational Performance Committee ten (10) days before the meeting at which the product is being considered.
General Policies

Policy

It is the policy of Cochise Regional Hospital to hire ethical personnel, to this end the Purchasing Agent must always be mindful of the fact that his/her actions are legally binding.

PROCEDURE

The title of Purchasing Agent (Central Supply Manager) is derived from the Law of Agency and is the relationship that exists when one is authorized to act for another in a transaction with a third party. The Purchasing Agent must always be aware that his/her actions are a legal commitment for the hospital.

The above mentioned employee acting for the hospital owes loyalty to the hospital. All actions should be conducted in a straightforward, honest manner to reflect the good reputation of the hospital.

CODE OF ETHICS

Southeast Arizona Medical Center subscribes to the following Code of Ethics:

1. To consider, first, the interest of the hospital in all transactions and to carry out and believe in the established policies.
2. To buy without prejudice, seeking to obtain the maximum value for each dollar.
3. A cooperation with other departments in establishing supplies standardization and satisfactory inventories.
4. To require that obligations to us and to our hospital be respected, consistent with good business practice.
5. To subscribe to and work for honest truth in buying and selling, and to denounce all forms and manifestations of commercial bribery.
6. To decline personal gifts or gratuities which might in any way influence the purchase of materials.
7. To accord a prompt and courteous reception, so far as conditions will permit, to all who call on a legitimate business mission.
8. To counsel and assist fellow purchasing agents in the performance of their duties, whenever occasion permits.
9. To cooperate with all organizations and individuals engaged in activities designed to enhance the development and standing of purchasing, in conjunction with sound Hospital Administration.
Patient's Needs - Service Departments

POLICY

It is the policy of Cochise Regional Hospital to provide adequate equipment, supplies, etc., for the needs of all patients.

PROCEDURE

It is the policy of Cochise Regional Hospital to provide adequate equipment, supplies, etc., for the needs of all patients. In the event that personnel are unable to obtain food, medications, equipment or linens from regular departments due to shortages, requests are to be made directly to the supervisor in charge of the department for resolution who will then notify the hospital Administrator if the requested item cannot be supplied and the reason why.

Patients should never be deprived of necessary care unless the hospital Administrator states specifically that it is impossible to provide what is needed.
Salesmen

POLICY

It is the policy of Cochise Regional Hospital that all sales representatives be directed to Central Supply department immediately upon arrival at the hospital, so that they can be signed in and receives a sales representative badge.

PROCEDURE

All sales representatives must start their hospital contacts with the Central Supply Department. Sales representatives are requested to send advance notice of expected visit date and approximate time; they will be given a prompt and courteous welcome. Once the sales representative has checked in through Central Supply they shall receive a badge. If a sales representative enters a department without first proceeding to Central Supply for proper check in the department manager will escort the sales representative to Central Supply. Central Supply personnel will then be responsible for returning the sales representative to the proper department manager. Once the sales call is completed the sales representative will be returned for Central Supply to sign out of the facility and return his/her badge.
Schedule of Departmental Ordering from Central Supply

POLICY

It is the policy of Cochise Regional Hospital that each department be given a day during the work week in which to order supplies from Central Supply.

PROCEDURE

Central Supply has established the policy of once a week service for delivering supplies to all departments. (Medical units now being inventoried and serviced with medical/surgical supplies on a daily basis by Central Supply will continue to receive this service.)

Departments that requisition supplies from Central Supply on a "Store Requisition Form" may continue to do so per the schedule on page 2. Purchasing will deliver the day following the order day. Situations that arise that require "STAT" orders will be responded to accordingly.
Cochise Regional Hospital

DEPARTMENTAL REQUISITIONING SCHEDULE

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>WEEKLY ORDER DATE</th>
<th>WEEK DELIVER DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Office</strong></td>
<td>Monday</td>
<td>Same day</td>
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<tr>
<td><strong>Fiscal</strong></td>
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<tr>
<td><strong>Admitting</strong></td>
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<tr>
<td><strong>Personnel</strong></td>
<td>Hospital Administration</td>
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<tr>
<td><strong>Utilization Review</strong></td>
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<tr>
<td><strong>Nursing Administration</strong></td>
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<tr>
<td><strong>In-Service Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Surgery/Recovery</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Physical Therapy</strong></td>
<td>Tuesday</td>
<td>Same day</td>
</tr>
<tr>
<td><strong>Environmental Services</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Social Service</strong></td>
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<tr>
<td><strong>Maintenance</strong></td>
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<tr>
<td><strong>Out Patient Clinics</strong></td>
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<tr>
<td><strong>Med/Surgical</strong></td>
<td>Wednesday</td>
<td>Same day</td>
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<tr>
<td><strong>Emergency</strong></td>
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<tr>
<td><strong>Surgery/Recovery</strong></td>
<td>Thursday</td>
<td>Same day</td>
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<tr>
<td><strong>Anesthesia</strong></td>
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<tr>
<td><strong>Laboratory</strong></td>
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<td><strong>Radiology</strong></td>
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<tr>
<td><strong>Pharmacy</strong></td>
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<tr>
<td><strong>Medical Records</strong></td>
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<tr>
<td><strong>Dietary</strong></td>
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</tbody>
</table>
Supplies and Equipment

POLICY

It is the policy of Cochise Regional Hospital that all non-patient chargeable supplies not kept in stock is requested on a non-stock form.

PROCEDURE

The following guidelines are to be followed when requesting non-patient chargeable supplies and when requesting non-stock items and/or equipment.

Requests for supplies and equipment will be signed for by the Department Head. All requests for capital equipment items must be accompanied by a CER. Emergency requisitions for supplies and/or equipment must comply with established policies of the Central Supply Department. Verbal requests are discouraged. All requests are to be submitted on proper requisition forms and properly signed. Only properly completed store requisitions will be processed. The following data will deem whether or not the requisition has been filled out properly:

- Requesting party and location
- Date
- Signature (requesting)
- Quantity desired (please indicate by unit, i.e.: case, box, pkg., ea., etc.)
- Full description of supplies/equipment using product reorder numbers, catalog numbers, or other available means of description.
- Requisitions that are not made out completely will be returned to the department or floor for necessary corrections or additions.

All requests for new items of supplies and equipment will be evaluated by the Department Heads and forwarded to Central Supply with their comments and recommendations. All supplies and equipment that are not stocked in Central Supply must be requisitioned on a non-stock requisition form. Instructions for filling out the non-stock requisition form are the same as those listed above. All items that are more than $1000 each and are of a durable nature will be processed as Capital Equipment. Instructions are contained in the Capital Equipment Request Procedure.
Purchasing Procedures

POLICY

It is the policy of Cochise Regional Hospital to provide as expeditiously and economically all supplies and equipment needed by the hospital. The Central Supply department is to obtain at the lowest price the highest quality supplies and equipment.

PROCEDURE

The primary responsibility of Central Supply is to provide as expeditiously and economically as possible the hospital with needed supplies and equipment. The service level must be of the highest degree so that all other departments will operate at their maximum efficiency.

The goal of the Central Supply Department is to obtain, at the lowest price the highest quality supplies and equipment, at the right time so that the best possible patient care is provided. This may include participating with the Improving Organizational Performance Committee within the hospital as part of the continuing program to ensure maximum use and value for dollars spent.

All sales representatives must start their hospital contracts with the Central Supply Department. Sales representatives are requested to send advance notice of expected visit dates and approximate time; they will be given a prompt and courteous welcome. Authorized sales representative's visits will be recorded. Access to all other hospital personnel shall be through the Central Supply Department.

All purchases will be substantiated by assignment of a purchase order number. This purchase order number must appear on all invoices.

All supplies and equipment must be delivered to the hospital receiving area, which is adjacent to the Central Supply Department, for proper verification. The hospital will not be responsible for any supplies and equipment not received for by the authorized persons. The authorized receiving persons are the employees of Central Supply.

Supplies are purchased either to maintain existing inventory stock or as the direct result of a requisition issued by a hospital department and signed by the department head or authorized representative. All capital expenditures will be processed as established by the hospital policy.
Central Supply has the responsibility to maintain an adequate inventory of supplies used at the hospital.

The Central Supply Manager in coordination with the department head shall determine what items will be maintained in inventory. The quantity levels will be determined using proper inventory analysis techniques so as to ensure an adequate level to support the hospital's usage, but also to utilize sound economic policy to consistently obtain maximum value of the hospital's dollars.

Materials held either in a using department or in the hospital stores will be reviewed periodically to determine any excess or obsolete quantities. Items determined to be in excess shall be deleted from inventory by either returning to the vendor for credit, sold to another used, or donated to charity. In this context it is sometimes necessary to pay a vendor a restocking charge, but this is preferable to letting the idle dollars sit in inventory.

It should be the responsibility of the using department to provide documentation to assist Central Supply in taking the most effective corrective action in the handling of excess inventory.

When a department determines that they have materials or equipment to be returned they are to send a memo with the returned items indicating the reason for return, complete description, quantity and vendor, if known.

Central Supply will review the request and determine if the items can be handled as a return to vendor for credit or exchange, transfer to another department or hospital, sell or donate. Recommendations for disposition outside the hospital will be approved by the Administrator before actual disposal.

It is fairly normal for hospitals to borrow and loan equipment and supplies to meet emergency needs.

When equipment is requested to be borrowed or loaned, it is necessary to determine exactly what equipment accessories and quantities are requested and when exactly the transfer is to be made, and when the equipment is to be returned.

The department head having or needing the equipment must be fully involved in the transaction. Central Supply does not approve the loan, but only coordinates the transaction.

The equipment loan contract must fully describe the equipment indicating type, model number, serial number and accessories. The time of transfer and return date must be
recorded. The name and phone number of the requestor must be recorded and the actual person picking up the equipment must sign for the equipment.

Upon return of the equipment, it is important that the equipment is inspected in the presence of the person returning it, and accountability of accessories and condition is made at that time.

A very important function of the Central Supply Department is matching of packing lists, invoices and purchase orders. The most important function is to monitor the pricing. It is unfortunately true that the pricing errors are always to the benefit of the vendor and not to the hospital. It is too easy for the vendor to overlook any special pricing that we might have.
Delivery of Goods

POLICY

It is the policy of Cochise Regional Hospital that all supplies be received in the receiving area of Central Supply during normal business hours.

PROCEDURES

Supplies will be received during normal hours 0700 -1430, Monday through Friday. All supplies and equipment must be delivered to the hospital receiving areas, which is adjacent to the Central Supply Department, for proper verification. The hospital will not be responsible for any supplies and equipment not receipted for by authorized receiving persons. The authorized receiving persons are: Central Supply Manager and Central Supply staff.

In the case of an emergency, supplies may be checked in with the Nursing Supervisor on duty so that they may be adequately secured.