

# Quality Improvement Story Board – May 2, 2018

## Fiscal Responsibility in Purchasing

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Putnam County Health Department  
256 Williamstown Rd.  
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15 (full-time and part-time) staff  
Population Served: 35,000



### Step 1 Plan

getting started

The 2015-2017 Putnam County Health Department Strategic Plan includes a strategic priority for “fiscal viability”. During the strategic planning process, it became apparent that a purchasing policy was not in place. One of the objectives in the agency strategic plan is to develop a procedure for expenditures to account for expenses in each health department program, as the agency strives to be fiscally responsible. A QI project to review the existing process and determine the best way to ensure that health department expenses are appropriately tracked was conducted. A team, including members from the Leadership Team, fiscal staff and other staff, gathered to begin the process. The goal, which was a performance management objective, was to establish a policy by June 2015. This goal was not met in that timeframe because of multiple staffing changes and turnover. A full-time health commissioner began in March 2015. The next month, April 2015, the fiscal clerk resigned. It was uncertain if another would be hired, but eventually, in March 2016 a new fiscal clerk was hired. That clerk resigned in August 2016. A new clerk was hired in November 2016, and after providing her time for training and an understanding of the fiscal system, it was determined that the QI project would begin, which resulted in a Purchasing Policy and Procedure.

problem

There is currently no policy or procedure for the purchasing of items for health department use, leaving an opportunity for unnecessary or unapproved purchases to be made. There is no formalized approval process. The lack of policy can also lead to delays in purchasing of needed items to carry out health department programs. It is important for leadership and the fiscal clerk to have a handle on the expenses of programs to ensure that funds are available to pay for the needed items. There are a significant number of “Then and Now’s” (approval by the Board of Health after the purchase) that must be signed so that purchases can be made.

AIM statement

Develop a policy and procedure to be fiscally responsible and to prevent fraud or abuse in the purchasing of supplies/equipment for health department use.

examine current approach

The QI team for this project met to brainstorm how purchases for health department use are currently made. The following was discussed:

- Small purchases have no approval process prior to purchase. Items can be purchased at some local stores and charged, while others are paid by the employee and put on expense report. But there is no tracking or prior approval. This can lead to insufficient funds on purchase orders and delay purchasing and/or payment.
- Clerk makes office supply purchase based on requests by employees, but there is no approval by leadership needed.
- Auditor’s Office want “large” (fixed capital asset) purchases on separate P.O. Should have approval included with the P.O.
- Purchases of \$5000 or more must be pre-approved by the Board of Health.
- An open P.O. is needed for immunizations to allow for quick ordering.
- Receipts should be signed by purchaser and supervisor, but that is not done at this time.
- Need to make sure that funds are available in fund that is being used for purchase. With no approval process, there may be times when a purchase is made with insufficient funds in the account.
- Some grants are deliverable-based, which means funds are not received until after the program is implemented
- All purchases are on a P.Os. If there are purchases made without approval, there may not be enough funds on the P.O and “Then and Now’s” must be completed.

potential solution

A policy and procedure is needed for an approval process for purchasing of items for health department programs. Ensure that the procedure includes that purchases are approved by a member of leadership prior to purchase (if possible). Small purchases may be made if no leadership is available to approve. Larger purchases must receive prior approval. Include an “email trail” of purchase of small items and those that will be on the employee’s expense form at the end of the month.

### Step 2 Do

A Purchasing Policy and Procedure was developed and approved by the Board of Health in July, 2017. The procedure includes the following:

- Group order process – indicating that fiscal must verify that funds are available and leadership approves the order before it is made to the supplier
- Single item/Program purchasing – describes the tracking of purchases through email to fiscal clerk and supervisor.

Implementation of the policy and procedure began immediately. Most staff are following the procedure as written, with only occasional reminders needed. As the procedure becomes standard practice, it is anticipated that all of the staff will follow the procedure as written.

### Step 3 Study

Since the Purchasing Policy and Procedure was developed and adopted in 2017, several have been noted, specifically the number of Then and Now’s that are presented to our Board of Health for approval. “Then and Now’s” are used when purchases exceed the remaining funds that are on Purchase Orders (PO’s) signed by our Board. The new policy and procedure requires to ask their supervisor for approval before making a purchase, as well as the fiscal clerk, who

checks the PO’s for available funds.

In 2016, 28 “Then and Now’s” were brought to the Board of Health for approval. In 2017, the number of “Then and Now’s” decreased to 11. As of April 30, 2018, only 3 “Then and Now’s” were brought to the Board of Health for approval.

Before the QI project, and the resulting policy and procedure, emails or communications did not occur to determine the funds available. Now, with the new process, supervisors and the fiscal clerk receive multiple emails monthly to obtain approval before making purchases.

### Step 4 Act

The Putnam County Health Department has standardized the purchasing of supplies for health department use. The Purchasing Policy was developed and requests for purchases are made by staff in accordance with the policy. This allows for confidence that there are funds available in the proper accounts and on the Purchase Orders.

Next steps: The Purchasing Policy and Procedure will continue to be followed. A review of the policy will take place annually to determine if any changes need to be made in either the policy or procedure.