

DHMH POLICY

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BUDGET / - FISCAL SERVICES ADMINISTRATION

DHMH Policy 02.02.07
Effective Date: August 24, 2012

PURCHASING POLICY: PROMOTIONAL AND EVENT ITEMS, STAFF APPRECIATION, FOOD / BEVERAGES, AND GIFT CARDS

I. EXECUTIVE SUMMARY

The purpose of this policy is to provide guidelines regarding the purchase of:

- A. Educational materials;
- B. Promotional and event items;
- C. Food and beverages; and
- D. Gift cards.

In order to outline the circumstances under which certain items may be purchased and the responsibilities of those parties involved in purchasing these items, the following policy is established.

NOTE: THIS POLICY DOES NOT APPLY IN INSTANCES WHEREBY AN APPROVED GRANT (FEDERAL OR PRIVATE) SPECIFICALLY OUTLINES ELIGIBLE EXPENSES THAT MAY OR MAY NOT BE CONSISTENT WITH THIS POLICY.

LOCAL HEALTH DEPARTMENTS, PER STATE FINANCE AND PROCUREMENT ARTICLE, §12-109, ANNOTATED CODE OF MARYLAND, ARE NOT REQUIRED TO FOLLOW THIS POLICY AND MAY USE THE PROCUREMENT SYSTEM OF THE COUNTY IN WHICH THE LOCAL HEALTH DEPARTMENT IS LOCATED, PROVIDED THAT THE COUNTY HAS PASSED A LOCAL ORDINANCE AUTHORIZING THE USE OF THE COUNTY'S PROCUREMENT SYSTEM BY THE LOCAL HEALTH DEPARTMENT.

ENTITIES WITH ESTABLISHED SPENDING AUTHORITY FOR PURCHASES UP TO \$25,000 (HOSPITALS, RELATED FACILITIES, AND DHMH CENTRAL OFFICE / ADMINISTRATIVE UNITS) ARE REQUIRED TO SUBMIT AN ANNUAL BUDGET FOR ITEMS RELATED TO "STAFF APPRECIATION/PROMOTIONAL ITEMS." SAID BUDGET WILL INCLUDE A GENERAL DESCRIPTION OF INTENDED EXPENDITURES (I.E. NOT AN ITEMIZED LIST), AND THE SPECIFIC BUDGET LOCATIONS FROM WHICH BUDGET APPROPRIATION WILL BE MOVED TO CREATE A NEW BUDGET LINE ITEM FOR "STAFF APPRECIATION/PROMOTIONAL ITEMS."

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AUTHORIZATION TO SPEND RESOURCES UTILIZING THIS BUDGET LINE MAY TAKE PLACE **ONLY AFTER APPROVAL FROM THE APPROVAL OFFICER**. ENTITIES UNDER THIS DESIGNATION WILL BE REQUIRED TO SUBMIT AN END-OF-YEAR REPORT ITEMIZING ALL EXPENDITURES WITHIN THIS NEW LINE ITEM.

II. BACKGROUND

The DHMH Secretary has the authority to promulgate policies (guidelines and procedures) under Health-General Article, §2-102, Annotated Code of Maryland. The Department's goal is to improve the health status of every Maryland resident and ensure access to quality health care; therefore, we must be responsible stewards of funds at all times. This policy seeks to clarify those circumstances whereby the purchase of educational materials, promotional event items, food, beverages, and gift cards may be authorized.

III. POLICY STATEMENTS

A. DEFINITIONS

For the purposes of this policy, the terms listed have the following meanings:

1. **"Approval Officer"** means the Secretary's Chief Administrative Officer. This position is designated by the Secretary to approve purchases of promotional or event items or food and beverages in accordance with this policy.
2. **"Department"** means the Department of Health and Mental Hygiene (DHMH).
3. **"Director"** means the principal head of an Entity.
4. **"Educational materials"** mean items that convey significant information about Departmental programs or information regarding healthcare or the laws and policies governing a program. They include but are not limited to pamphlets, books, reports, and educational posters.
5. **"Entity"** means any administration, division, office, or program within the Department.
6. **"Event items"** mean items associated with the promotion of a specific event hosted or attended by the Department including programs, poster boards, or direct mailings purchased through an outside vendor. These do not include food and beverages.
7. **"Food and beverages"** means food and beverages purchased for Departmental events.
8. **"Gift cards"** mean cash-like instruments used in lieu of cash or check.
9. **"Promotional items"** mean items that are typically mass produced and have a logo, design, slogan, or name on them to promote a place, program, event, or idea.

10. **"Secretary"** means the Secretary of the Department of Health and Mental Hygiene.

B. EDUCATIONAL MATERIALS

Purchases of educational materials:

1. Must not create or increase a budget deficit for the Entity; and
2. May be made at the discretion of the Entity's Director.

C. PROMOTIONAL, APPRECIATION, AND EVENT ITEMS

1. Entities must comply with the following procedures to request the purchase of promotional, staff appreciation, and event items:
 - a. A purchase request must be submitted to the Approval Officer within a time frame which will allow:
 - i. Approval Officer 7 days to respond; and
 - ii. Items to be procured as prescribed by COMAR Title 21 Procurement Regulations.
 - b. Purchase requests for promotional, staff appreciation, and event items must contain:
 - i. Specific descriptions for each item;
 - ii. The cost of each item;
 - iii. The intended audience;
 - iv. A specific justification for the purchase;
 - v. A copy of the Entity's budget indicating the event or promotional item is included in the budget; and
 - vi. Certification that the purchase will not create or increase a budget deficit for the Entity.
 - c. In making the approval decision, the Approval Officer will take into consideration factors such as cost (both per-item and overall cost), volume, and purpose.
2. Examples of items which might be appropriate for distribution include but are not limited to:

Bookmarks	Lanyards
Bumper Stickers	Magnets
Buttons	Mouse pads
Coffee mugs	Pencils
Drinking glasses	Pens
Key chains	Water bottles

3. All purchases of promotional and event items must:
 - a. Be approved by the Approval Officer;
 - b. Not be capable of being produced within the Department by an existing Entity or staff person;
 - c. Be for the general public and not for Department staff or relatives;
 - d. Be for a specific event and not for the general purposes of the requesting Entity; and
 - e. Be limited to the number of individuals expected to receive the items (within reason), unless the purchase is made to accommodate a bulk purchase rate that result in a lower overall cash outlay.

D. FOOD AND BEVERAGES

Requests for the purchase of food and beverages using public funds for the purpose of DHMH hospitals' / related facilities' staff appreciation must be submitted as outlined under C(1) above. Otherwise, the following applies:

1. The purchase of food and beverages is only permissible under the following circumstances (ALL CONDITIONS MUST BE MET):
 - a. The Department is the primary host of an event;
 - b. The majority of participants are not DHMH employees OR the majority of participants travel greater than 60 miles to attend the event;
 - c. The duration of the event is expected to be greater than 3 hours; and
 - d. The event's participants are assisting in departmental work on a voluntary basis or are in attendance for job-related purposes.
2. Entities shall comply with the following procedures to request the purchase of food and beverages:
 - a. A purchase request must be submitted to the Approval Officer within a time frame which will allow:
 - i. Approval Officer 7 days to respond; and
 - ii. Items to be procured as prescribed by COMAR Title 21 Procurement Regulations.
 - b. Purchase requests for food and beverages must contain:
 - i. A description of the intended audience;
 - ii. A specific justification for the purchase; and

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- iii. A copy of the Entity's budget indicating the food and beverages is included in the budget and the funds are available.
3. Prohibited purchases include but are not limited to:
 - a. Alcoholic beverages; and
 - b. Candy.

E. GIFT CARDS

1. An Entity may purchase gift cards for the general public or target population only after receiving signed authorization from the Deputy Secretary for Operations. Authorization by the Deputy Secretary for Operations is required for EACH INSTANCE whereby a purchase of gift cards is made.
2. The distribution of gift cards to Department or contractual employees and volunteers is strictly prohibited under all circumstances.
3. Entity's Gift Card Policy
 - a. Each Entity planning to purchase and distribute gift cards must submit their written policy to the Deputy Secretary for Operations for approval.
 - b. An Entity's written policy must address the purchase, distribution, security, and tracking of cards, and include:
 - i. Defined instances for the distribution of gift cards/incentive cards under which request for purchase will be acceptable;
 - ii. Responsible Program Director;
 - iii. Purchasing methodology;
 - iv. Process and documentation of the distribution of gift cards, including the identification of the DHMH employees responsible for the handling of all gift cards;
 - v. Security protocols for accounting and storage of gift cards; and
 - vi. Acknowledgement of the fact that the adherence to the protocol is subject to an inspection by the Department's Office of the Inspector General at any time.
4. Adherence of the approved procedures is the responsibility of the identified Program Director. Violations will result in appropriate disciplinary actions, which could include personnel action or referring matters to local enforcement agencies, or both.

F. ENFORCEMENT / PENALTIES FOR NONCOMPLIANCE

1. Enforcement of this policy will occur through:

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- a. The Office of Procurement and Support Services' review of purchase requisitions;
- b. The Designated Reviewer of Corporate Purchasing Card (CPC) cardholder;
- c. The Division of General Accounting's auditing of items purchased through the Corporate Purchasing Card (CPC); and

General review by all DHMH accounting offices of invoices submitted for payment to the Comptroller's General Accounting Division.

Note: Where appropriate, all purchase and payment requests must be accompanied by the approval memorandum (signed by the Approval Officer).

2. Penalties for noncompliance will include, but not be limited to:
 - a. Repayment of inappropriate purchases;
 - b. Disciplinary action as determined by the purchaser's supervisor; and
 - c. In serious cases, referral to the Inspector General's Office and/or law enforcement.

G. EXCEPTIONS

All exceptions to this policy must receive written approval from the Secretary or Deputy Secretary for Operations.

IV. REFERENCES

- Health General Article, §2-102, Annotated Code of Maryland
http://mlis.state.md.us/asp/web_statutes.asp?ghg&2-102
- Code of Maryland - COMAR Title 21, Annotated Code of Maryland
http://www.dsd.state.md.us/comar/subtitle_chapters/21_Chapters.aspx

APPROVED:



Joshua M. Sharfstein, M.D., Secretary

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