



Procurement Policy

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Document Owner:
Dwayne Harrigan,
Director of Finance

I. PROCUREMENT POLICY AND SCOPE

This Policy shall be known as the Ypsilanti Community Utilities Authority's ("YCUA" or the "Authority") Procurement Policy. The purpose of this Policy is to define the parameters for procurement of, and contracting for, goods and services. This Policy outlines who is authorized to commit the Authority to contracts for the acquisition of covered goods and/or services and establishes specific rules and obligations. This Policy also provides for sound internal controls to protect institutional assets and promote effectiveness and efficiency.

This Policy shall govern all Authority procurement activities and encompass all phases of the procurement process. If there are additional procurement requirements for federal and/or state-funded projects or initiatives, then those additional provisions shall also apply. This Policy applies to all current vendors, potential vendors, and any subcontractors.

II. ADMINISTRATION RESPONSIBILITIES

The Executive Director is responsible for guaranteeing the effective implementation of this Policy. The Director of Finance is responsible for establishing procedures in accordance with this Policy and assisting the Executive Director in ensuring compliance. The Director of Finance is also responsible for completing the Annual Purchasing Review as specified in Section VII of this Policy.

III. PURCHASING THRESHOLDS AND COMPETITIVE BIDDING

A. Micro-Purchases

Micro-Purchases are defined under this Policy as any purchase less than \$10,000. A purchase is defined as all goods and services entered on a purchase requisition or contained within the scope of work of a contract. Goods and services being purchased from the same vendor shall be grouped together when appropriate (e.g., same project, items needed at the same time, etc.). Requisitions shall not be split to avoid exceeding a threshold.

Approval: Any purchase made under the Micro Purchase threshold requires written and documented approval from the Department Director responsible for that functional area. Documentation of the approval shall accompany the final Purchase Order submitted to Accounts Payable unless the purchase was made with a credit card. Credit card purchases shall follow the procedures outlined in Section XI.

Procurement Method: Micro Purchases below \$5,000 do not require solicitation of competitive pricing, however, the individuals involved in the purchasing decision should be careful to solicit pricing that is reasonable based on research, experience, and purchase history. Micro Purchases of \$5,000 or more shall at minimum follow informal procurement methods. Under informal procurement methods (as specified in Section IV), three (3) quotes must be solicited and at least two (2) must be received. Documentation of the quotes and completion of a Procurement Form (see Exhibit A) must be attached to the final Purchase Order submitted to Accounts Payable. If the purchaser is unable to obtain two quotes in writing after multiple attempts, the Executive Director has the authority to waive this requirement provided adequate documentation of the solicitations can be provided.

If the cumulative total of purchases from a vendor is expected to exceed \$10,000 on an annual basis, where feasible, competitive quotes shall be obtained at a minimum on an annual basis for a



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reasonable list of commonly procured items or services. The cumulative total of such purchases is exempted from the macro purchase threshold.

B. Standard Purchases

Standard Purchases are defined under this Policy as any purchase below \$50,000 and above the Micro Purchase threshold. A purchase is defined as all goods and services entered on a purchase requisition or contained within the scope of work of a contract. Goods and services being purchased from the same vendor shall be grouped together when appropriate (e.g., same project, items needed at the same time, etc.). Requisitions shall not be split to avoid exceeding a threshold.

Approval: Any purchase made under the Standard Purchase threshold requires written and documented approval from the Executive Director. Documentation of the approval and completion of a Procurement Form (see Exhibit A) shall accompany the final Purchase Order submitted to Accounts Payable.

Procurement Method: Standard Purchases shall at minimum follow informal procurement methods. Under informal procurement methods (as specified in Section IV), three (3) quotes must be solicited and at least two (2) must be received. Documentation of the quotes must be attached to the final Purchase Order submitted to Accounts Payable. If the purchaser is unable to obtain two quotes in writing after multiple attempts, the Executive Director has the authority to waive this requirement provided adequate documentation of the solicitations can be provided.

C. Macro-Purchases

Macro Purchases are defined under this Policy as any purchase of \$50,000 or more. A purchase is defined as all goods and services entered on a purchase requisition or contained within the scope of work of a contract. Goods and services being purchased from the same vendor shall be grouped together when appropriate (e.g., same project, items needed at the same time, etc.).

Approval: Any purchase made within the Macro Purchase threshold requires approval by the Authority's Board of Commissioners.

Procurement Method: Macro Purchases shall follow a documented formal procurement method as stated in Section IV of this Policy unless an alternate method is approved by the Authority's Board of Commissioners. The Executive Director or his/her designee will be responsible for ensuring the usage of the appropriate procurement method. The Department initiating the purchase request is responsible for following the requirements outlined in Section IV and maintaining appropriate documentation to confirm adherence to these requirements.

Contracts: Any contract for which the initial term (including any possible renewal periods) will exceed three (3) years must be approved in writing by the Executive Director. The total value of a construction contract approved under this Policy will be the total value of the contract regardless of the term. The total value of non-construction contracts approved under this Policy will be the annual value of the contract regardless of the term. The value of the contract will dictate the appropriate procurement method.

D. Exempt Purchases

The Authority has established a list of commodities and services that may be procured that do not require a Purchase Order, Board approval, and/or any type of competitive bid. These



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commodities and services are typically awarded for factors other than price. Exempt items include commodities and services related to the following: payroll, utilities, taxes, insurance, healthcare, worker's compensation, postal services, membership dues, bond payments, and various local, county, and federal fees. Exempt purchases made under the Micro Purchase threshold require written and documented approval from the Department Director responsible for that functional area. Exempt purchases above the Micro Purchase threshold require written and documented approval from the Executive Director.

E. Prohibited Purchases

Municipal organizations in Michigan are only allowed to incur expenditures for a valid public purpose. The Authority is a steward of public resources and cannot utilize funds for a private purpose. The Michigan Supreme Court has defined Public Purpose as having "for its objective the promotion of public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants or residents within the municipal corporation, the sovereign powers of which are used to promote such public purpose."

As a guide, the following list of expenditures are prohibited by the Authority:

- Donations to any community organization or non-profit
- Flowers for the sick or departed
- Office picnics or retirement functions
- Office refreshments unless also available to the public

The following list are examples of acceptable expenditures:

- Membership dues to governmental associations and similar organizations that advise, inform, and educate officials and employees.
- Registration fees, lodging, travel, and meals while in attendance at useful public informational or educational workshops and seminars.

IV. COMPETITIVE PROCUREMENT METHODS

A. Informal Procurement Methods

Informal procurement methods are only allowable for Micro or Standard Purchases. Informal procurement methods are encouraged for Micro Purchases below \$5,000 and at minimum required for purchases above this amount and for all Standard Purchases. Informal procurement should NOT be used for Macro Purchases unless approved by the Authority's Board of Commissioners. Macro Purchases should follow the Formal Procurement Methods outlined below.

Under informal procurement methods, the authorizing department should solicit competitive quotes from no less than three (3) independent vendors. In order to promote competitive procurement, quotes should be solicited until responses are received from at least (2) vendors. If the purchaser is unable to obtain two quotes in writing after multiple attempts, the Executive Director has the authority to waive this requirement provided adequate documentation of the solicitations can be provided. When evaluating responses, care should be given to review the scope of work and services provided to ensure that both cost and level of service are considered



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when determining the most cost-effective option. The Authority is NOT required to accept quotes based solely on price.

B. Formal Procurement Methods

Competitive Proposals and the Request for Proposal (“RFP”) Process: the RFP process is primarily designed to procure services for a variable or undetermined scope of work. Generally speaking, an RFP is a solicitation in which the terms, conditions, and specifications are subject to negotiation. When procuring goods or services through an RFP, the Authority shall adhere to the following procedures:

Submit Specifications: The Authority department that intends to procure goods or services will outline and issue detailed specifications, performance standards, and/or scope of work for the goods or services needed. These items should be generic in nature to allow for sufficient competition in meeting them; at times the Authority may determine that certain items and/or equipment need to be written to a particular brand or model to maintain consistent maintenance and operations.

Solicit Proposals: The Authority department that intends to procure goods or services will develop and issue an RFP to solicit responses from suppliers. Each supplier shall receive the same directions, information, terms, and conditions. The Authority will only consider valid submissions from suppliers that meet the bid requirements and are submitted to the Authority by the specified deadline. The Department Director will review and approve all RFPs issued by their department before they are sent to suppliers and/or vendors. For RFPs that solicit non-construction goods or services, it is recommended that at a minimum, the following mediums be utilized:

- The Michigan Intergovernmental Trade Network website (www.mitn.info).
- The Authority’s website.

Evaluate Proposals: The Authority will assess each response based on the standards set forth in Section V to determine which proposal represents the best value to the Authority. Nothing in this Policy shall modify or constrain the Authority’s power to reject any or all bids and to accept any proposal it considers to be in its best interest.

Negotiate and Award Contracts: All contracts procured under this process shall be approved by the Executive Director and final awards will be made to the vendor/supplier determined to provide the best value to the Authority as determined during the evaluation of proposals. Contracts for goods or services that exceed the Major Purchase threshold shall be approved by the Board of Commissioners.

Sealed Bidding and the Request for Bid (“RFB”) Process: the Sealed Bidding and RFB process is primarily designed to procure goods and/or services for which the scope of work is well defined (i.e., specifically known items: equipment, roof replacement, chemicals, etc). When procuring goods or services through an RFB, the Authority shall adhere to the following procedures:

Submit Specifications: The Authority department that intends to contract for goods or services through the RFB process will outline and issue detailed specifications, performance standards, and/or scope of work of the goods or services needed. These items should be generic in nature to allow for sufficient competition in meeting them; at times the Authority may determine that



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certain items and/or equipment need to be written to a particular brand or model to maintain consistent maintenance and operations.

Provide Public Notice: 'Public Notice' of the RFP or RFB is recommended in at least two (2) advertising / informational mediums. The initiating Department Director is responsible for placing the Notice(s) and for ensuring that the bid process is a Sealed Bid. A minimum of 10 business days is required from the date the Notice is published to the date of the opening of Sealed Bids. For Construction Projects, it is recommended that at least the two following mediums be utilized:

- The Michigan Intergovernmental Trade Network website.
- The Authority's website

Submission of Bids: A copy of the bidder's business license must be included with their Sealed Bid, establishing the location of their business address. A post office box will not be acceptable, for these purposes, as a 'business address'.

Evaluation of Bids: The Authority will assess each response based on the standards set forth in Section V to assess which Bid represents the best value to the Authority. Nothing in this Policy shall modify or constrain the Authority's power to reject any or all bids and to accept any proposal it considers to be in its best interest. Negotiate and Award Contracts: All contracts procured under this process shall be approved by the Executive Director and final awards will be made to the vendor/supplier determined to provide the best value to the Authority as determined during the evaluation of proposals. Contracts for goods or services that exceed the Macro Purchase threshold shall be approved by the Board of Commissioners.

Extendable and Cooperative Contracts: contracts that have been competitively priced by other entities and extended to the Authority are exempt from other Section III requirements on competitive procurement. Approval from the Authority's Board of Commissioners is required if the value of the contract is \$50,000 or more. For example, MiDEAL is the State of Michigan's extended purchasing program that allows eligible organizations to buy goods and services from state contracts. The program is authorized by Michigan Legislation and has been in existence since 1984. Members benefit directly from the reduced cost of goods and services and indirectly by eliminating the time needed to process bids.

C. Non-Competitive Procurement

Sole-Source: in situations where competition is not available or the required goods/services are ONLY available from a single source, the Authority may engage in use of non-competitive procurement. Sole source purchases may result because of the compatibility with existing equipment or systems, the product or service is patented, copyrighted, or has other proprietary information or trade secrets retained by the owner. The Authority follows federal regulations under 2 CFR 200.320[c] for sole-source procurement. Sole-source procurement can only be awarded if one or more of the following circumstances apply:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the Micro-Purchase threshold;
- The item is available only from a single source;



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- Federal contracts, the Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
- After solicitation of a number of sources, competition is determined inadequate.
- Departments who wish to utilize a sole source shall provide justification on the Authority's Procurement Form (see Exhibit A). The Sole Source request must be submitted and approved by the Executive Director prior to authorization of any purchase under this method of procurement.

Professional Services: the Authority may engage in the use of non-competitive procurement for professional services. These types of services by nature are recurrent and long-term relationships that benefit the Authority to continue. Vendor selection and pricing shall be reviewed by the Executive Director to maintain adequate and reasonable competition. The Executive Director and Director of Finance will collectively determine what is considered a professional service. Examples include but are not limited to, insurance services, skilled trade services, employee benefits, legal services, engineering services, auditing services, medical services, IT services, and software maintenance fees. Professional services require approval by the Board of Commissioners via documented board action if an individual project cost, proposal, and/or contract is \$50,000 or more. For professional services that will be charged to a federal grant project, the Authority will follow the RFP requirements in Section IV, Part B to ensure compliance with the requirements of 2 CFR 200 (Uniform Guidance).

V. SELECTION OF VENDORS

A. Vendor Review

During the vendor selection process, contracts and purchase orders shall be awarded to the "most qualified, responsive, and responsible vendor." In determining the most responsive and responsible vendor, price shall be considered including, but not limited to, the following factors:

- The ability, capacity and skill of the bidder to provide the good and/or to perform the services required;
- Whether the bidder can perform within the time specified;
- The character, integrity, reputation, judgment, experience, and efficiency of the bidder, based upon objective verifiable information;
- The bidder's history of compliance with applicable laws and ordinances relating to the contract performance desired;
- The quality of performance previously displayed by the bidder;
- The adequacy of the bidder's financial resources;
- The quality, availability and adaptability of the vendor or services proposed by the bidder for the particular use required;
- The ability of the bidder to provide future maintenance or service relating to the subject of the contract;
- The number and scope of conditions attached to the bid;



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- Whether the bidder is presently in default to the Authority for any reason;
- The bidder meets the standard as an Independent Contractor. An Independent Contractor is one that exhibits true independence from the Authority's direction and control and has done similar work for other entities. The employees, servants, and agents of the contractor shall in no way be deemed to be and shall not hold themselves out as employees, and shall not be entitled to any fringe benefits including health/accident/life insurance, paid vacation or sick leave, or longevity.

While consideration of cost is always an important factor in purchasing decisions, when making such decisions the Authority will select the most "qualified, responsive, and responsible" vendor in order to ensure the funding entrusted to the Authority is spent in a responsible fashion and meets the Authority's mission.

B. Prevailing Wage

All contractors and subcontractors performing construction work for the Authority shall be required to pay not less than prevailing wages and fringe benefits to all employees, as determined by the Davis-Bacon Act Division of the United States Department of Labor for the Washtenaw County area, in accordance with Chapter 2, Article VI, Section 2-298 of the Ypsilanti City Code, or Chapter 18, Article I, Section 18-6 of the Ypsilanti Charter Township Code, and/or any additional provisions contained therein.

C. Local Preference Provision

The Authority, believing there is a benefit to expending purchasing dollars within the local community, will give additional consideration to bids from local firms with a regular place of businesses within the Authority's Service Area.

VI. PURCHASE ORDERS

A. Contracts and Board-Approved Projects

Contracts and YCUA Board Approved Projects – certain large-scale, capital construction projects are currently exempt from the nominal Purchase Order process, but may be included under the umbrella of 'Blanket Purchase Orders'. If no Purchase Order is generated, verification of an approved contract from a Department Director or the Executive Director will be provided to the Accounting Department prior to any payment to the vendor.

B. Blanket Purchase Orders

Items that are purchased in bulk on a continuing basis (the same specific item; not various items from the same vendor). A Blanket Purchase Order may be issued at the beginning of the fiscal year to cover the entire year's estimated usage cost and will be drawn against as the year proceeds. Each department shall determine the annual estimated usage, and create line items of equal amounts (i.e., one per month), totaling the annual expense requirements. If the activity exceeds the original Purchase Order amount, a new Purchase Order will need to be approved. Examples of Blanket Purchase Orders may include office and copier supplies; chemicals and hardware; refuse and recycling services. The Director of Finance will review all requests for the use of Blanket Purchase Orders in order to coordinate organization-wide purchases of similar items.



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VII. ANNUAL PURCHASING REVIEW

The Finance Department shall be responsible for the completion of an Annual Purchasing Review which will be presented to the Board along with any final budget amendments. The Annual Purchasing Review will consist of the following procedures which will be executed by the Finance Department:

- 1) The Finance Department will produce a listing of all vendors paid by the Authority during the year including the total amount paid to each vendor.
- 2) The Finance Department will document the procurement method used for each vendor paid in excess of \$5,000 during the year including change orders.
- 3) If the cumulative total of purchases from a vendor has exceeded \$10,000 in the current or previous fiscal year and there is no record of formal or informal procurement, the vendor will be flagged and reported to the Executive Director. The Executive Director will work with the applicable departments to require where feasible that subsequent purchases from such vendors follow informal procurement methods. If feasible, competitive quotes shall be obtained from such vendors at a minimum on an annual basis for a reasonable list of commonly procured materials. The cumulative total of such purchases is exempted from the macro purchase threshold.
- 4) The Finance Department will provide a copy of the Annual Purchasing Review to the Executive Director.
- 5) The Executive Director and the Director of Finance will present the Annual Purchasing Review to the Board for review.

Issues Identified: If during the Annual Purchasing Review procurement issues are identified the Finance Department will work with the Executive Director to remedy those procurement issues by:

- Remediating poor procurement documentation in which proper audit or review evidence of the procurement method to be used has not been maintained.
- Notifying the department of the improper procurement process and ensuring that the correct procurement process is utilized on future transactions with those vendors as soon as is practical.
- If the Authority has violated procurement procedures for an existing vendor that cannot be remedied prospectively (by correction of procurement action moving forward), the Executive Director should notify the Board, consider terminating the vendor relationship, and consider the need to discuss with external auditors.

VIII. SUSPENSION AND DEBARMENT

A. Federal Suspension and Debarment

The Authority will require all vendors entering into contracts of \$25,000 or more to certify that they are not suspended or debarred by the Federal Government prior to entering into a contract with the Authority. All vendors who intend to contract with the Authority must include the following language in submitted contracts under "Contractor and/or Vendor Certifications" and/or will be required to complete a Debarment Form (see Exhibit B):



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“As required by Executive Order 12549, Debarment and Suspension, and implemented at 34 CFR Part 85, Sections 85.105 and 85.110 – the Applicant certifies that it and its principals are (a) not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency, (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated; and (d) Have not within a three-year period preceding this application had one or more public transaction (Federal, State, or local) terminated for cause or default.

The Authority will make no contract with any vendor who is suspended or debarred by the federal government. Vendors are immediately prohibited from participating in any Authority procurement activity upon discovery of suspension and/or debarment by the federal government.

B. Suspension or Debarment by the Authority

The Authority shall solicit responses from, award Contracts to, and consent to the use of Subcontractor (the Authority does not enter into agreements with subcontractors, but contracts with vendors can include language requiring approval of subcontractors to be engaged by the vendor) who are responsible vendors and comply with this Policy. The Authority may suspend or debar Vendors, at its discretion, for purposes related to the good of the public interest; maintaining the integrity of the bidding, contracting, and procurement processes; and protecting public trust and confidence in the Authority’s operations. Suspensions and debarments will not be arbitrarily imposed. The Authority may suspend or debar a vendor based on a finding that the vendor is not a responsible vendor and shall report said finding to the Board of Commissioners and the Authority’s Legal Counsel in writing. The Executive Director has the authority to suspend or debar a vendor, with suspension being the first step to debarment. Causes that may result in a finding that a vendor is not a responsible vendor include:

- An indictment or conviction of the vendor under any Federal, State, or local law for any offense indicating a lack of business integrity, dishonesty, theft, bribery, extortion, bid rigging, contract or purchase order rigging, money laundering, or fraudulent conduct;
- An indictment or conviction of the vendor under any Federal, State, or local law for any serious criminal offense that affects their responsibility as a vendor;
- Judgment of civil liability entered against the Vendor in any Federal, State, or local proceeding based upon facts indicating a lack of business integrity, dishonesty, theft, bribery, extortion, bid rigging, contract or purchase order rigging, money laundering, or fraudulent conduct;

Vendors are immediately prohibited from participating in any procurement activity with the Authority pending the completion of an investigation initiated by the Executive Director that



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determines the vendor is not a responsible vendor. Such prohibition shall be provided to the vendor in writing.

If it is determined that there was a violation, a suspension shall be imposed for no less than thirty (30) days and not more than twelve (12) months from the date of said determination.

For any other reason, not listed in the preceding paragraph, the debarment period shall be for no less than one (1) year and no more than five (5) years. During this time, a vendor is not eligible to participate in any procurement activity with the Authority.

A vendor who has been suspended or debarred may file a written notice of protest with the Executive Director within ten (10) business days after the date of the suspension or debarment. The written notice of protest shall reference the notice and the basis for the protest.

The protest shall be reviewed by a third-party hearing officer selected by the Executive Director in an expeditious manner. The decision of the third-party hearing officer shall be final.

IX. FEDERAL PURCHASING REQUIREMENTS

It is the intent and purpose of this Policy to ensure that all procurement standards established by the Authority meet the basic requirements of 2 CFR 200.320 for the procurement of goods and services. However, for certain federal grants, there may be specific federal requirements above and beyond the requirements of this Policy (Davis Bacon Compliance, Equipment and Real Property Management, Special Test and Provision requirements from specific federal grants).

For any contract that is entered into specifically related to a federal project, the Authority will adhere to applicable requirements for Federal Awards. In particular, the Authority will ensure that contract terms and provisions include certification of prevailing wage (Davis Bacon) where required, submittal of certified payroll to document compliance, and/or any other grant-specific compliance requirements. These provisions will be required for any vendor applying for a contract that will be charged to a federal grant based on the compliance requirements for that grant agreement and the Office of Management and Budget Compliance Supplement.

X. ETHICS, CONFLICT OF INTEREST, AND RELATED PARTIES

At every phase of procurement, this Policy and Authority management shall ensure public trust by establishing, maintaining, and enforcing business practices that promote fair, ethical, and financially sound procurement practices.

The Authority is particularly diligent before entering into purchasing contracts with its employees, their family members, or any other individual who would be perceived as having a potential conflict of interest. Situations in which a vendor affiliated with an Authority employee is seeking a contract with the Authority to provide the same or similar services that the employee provides in his or her position as an employee require special attention because of the high risk of a conflict. Authority employees should not make purchasing decisions or otherwise influence the Authority's decisions to do business with any vendor affiliated with the Authority employee, a relative of the Authority employee, or any other individual who would be perceived as a potential conflict.

A potential conflict of interest exists whenever personal, professional, commercial, or financial interests or activities outside of the Authority have the possibility (either in actuality or in appearance) of (1) compromising an employee or officer's professional judgment; (2) biasing the



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nature or direction of the Authority's work and/or mission; (3) influencing an employee or officer's decision or behavior with respect to appointments and promotions, uses of Authority resources, or other matters of interest to the Authority; or (4) resulting in a personal or family member's gain or advancement at the expense of the Authority. For purposes of this section, family members include spouses, domestic partners, and dependents.

Authority employees must promptly disclose in writing all actual or potential conflicts to a designated Authority employee as actual or potential conflicts arise or are identified. Actual or potential conflicts of interest should be disclosed in writing to the Executive Director. The Executive Director should disclose any significant actual or potential conflicts to the Board.

Board members who have a conflict of interest or a related party relationship with any vendor, contractor, or organization that has a professional or contractual relationship with the Authority should disclose that conflict in writing and recuse themselves from considering any Board action involving those vendors, contractors, and organizations.

XI. PURCHASING CARD POLICY

The Authority's credit card program has been established to provide a convenient means with which to make allowable purchases. The Executive Director, or his or her representative, is responsible for managing card usage. The Director of Finance is responsible for managing cardholder accounts.

Authorized Card Use: The credit card is limited for uses where a vendor will not establish an account with the Authority, nor easily accepts a check or Purchase Order. The credit card is also available when the use of a credit card to purchase an item will better facilitate a necessary purchase such as an emergency. Examples include online purchases, hotels, airfare, conferences, emergencies, etc. The Executive Director, or his or her representative, will verify that all charges made with the credit card follow the Authority's policies and procedures.

Unauthorized or Inappropriate Card Use: The credit card must never be used to purchase items for personal use or for non-Authority purposes, even if the employee intends to reimburse the Authority. Non-compliance with this provision may result in the deactivation of the credit card and corrective action under the Authority's work rules.

Making Purchases with Authority credit cards:

- The applicable Departmental Director will reconcile their monthly statement and upload receipts within the Purchasing Card System.
- Accounts Payable will reconcile the monthly statement by confirming all purchases have an attached receipt, general ledger number, and approval from the Executive Director and/or Director of Finance.
- All credit card purchases must comply with the current purchasing and approval procedures. Use of the credit card does not eliminate the need to obtain competitive pricing, secure required approvals, and provide appropriate documentation.
- Missing credit cards shall be immediately reported to the Purchasing Card Company along with the Director of Finance and Executive Director.



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Merchandise Returns and Exchanges: the employee making the original purchase is responsible for contacting the merchant when merchandise purchased with the credit card is not acceptable, such as incorrect, damaged, defective, etc., and arranging a return for credit or an exchange.

If merchandise is returned for credit, the employee is responsible for obtaining a credit receipt from the merchant and uploading it into the Purchasing Card System. Receiving cash or checks to resolve a credit is prohibited.

If merchandise must be exchanged, the employee is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation for the exchange is to be retained with the support documentation for that purchase.

XII. EMERGENCY PROCUREMENT

Certain circumstances arise during the normal course of business where Emergency Procurement may be necessary to protect the public interest. Emergency procurement may only be approved by the Executive Director. The Executive Director's approval may be verbal but should be followed up with a Purchase Order as soon as practicable after the fact. The Authority is not financially, or otherwise responsible, for goods and/or services procured in an emergency, unless authorized by the Executive Director.

In the event of an emergency requiring the use of an Emergency Procurement, the Department authorizing an Emergency Procurement shall, as soon as possible, but no later than 24 hours following that authorization, provide written notice to the Executive Director of the basis for the determination to utilize an Emergency Procurement.

The Executive Director shall notify the Board as soon as possible of emergency procurements that would be considered a Macro purchase. The Executive Director shall then ensure the purchase is presented to the Board for appropriate action at or before the next regularly scheduled meeting.

Temporary Authorization: Emergency procurement is intended to authorize procurement for the duration of the emergency event only. Continuing services related to an emergency event should be procured through the normal purchasing process immediately following the emergency event.

XIII. CONTRACT ADMINISTRATION AND CHANGE ORDERS

The Executive Director has ultimate authority over all contracts entered into by the Authority. The Executive Director may delegate the responsibility to supervise, administer, and oversee Authority contracts to the Department that works directly with that vendor.

Change Orders: during the regular course of business, it may at times become necessary for contractors/vendors to be issued change orders on existing contracts to bill for work performed outside the scope of the existing authorized contract. The Authority's policy on change orders is detailed below:

- **Term Change Orders:** Change orders or amendments that extend the term of a Contract require reauthorization. Change orders that shorten the term of a Contract do not require reauthorization.
- **Monetary Change Orders:** In circumstances where there are increased costs for goods or services under a contract, a change order shall be issued by the Authority prior to



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payment. Unless a Letter of Intent has been issued for an Emergency Procurement, the Authority shall not be responsible for goods or services provided outside of an approved change order. Change orders that increase the initially approved monetary value of a contract may require reauthorization as well as a change in the classification of the purchase as a whole as described in Section III. Change orders or contract amendments that reduce the monetary value or reallocate funds within the monetary value of a contract, including any previously approved change orders and contract amendments, do not require reauthorization from the Board of Commissioners.

XIV. EQUIPMENT DISPOSITION

Equipment, supplies, or other Authority property that have been determined by the applicable Department Director to be obsolete, worn out, or no longer needed, shall be disposed of in the following manner:

Items with an original cost of less than \$5,000: the applicable Departmental Director shall dispose of these items in a manner that encourages competition and/or as appropriate for the situation. A Procurement Form (Exhibit A) shall be completed if the applicable Departmental Director determines that the item should be sold. A record of the sale or method of disposal of the item shall be submitted to the Finance Department by the applicable Departmental Director. Items determined to require disposal may be relinquished to an employee if approved by the applicable Departmental Director and Executive Director. Items shall not be sold to an employee unless already made available through a public auction, public offering, or through a procurement method outlined in Section IV.

Items with an original cost of more than \$5,000: the applicable Departmental Director and Executive Director will collectively determine if the item should be disposed of or sold. The applicable Department Director shall complete a Procurement Form (Exhibit A) which shall be signed and approved by the Director of Finance and Executive Director prior to any formal action. If the equipment, supplies, or other property of the Authority is determined to require disposal, the applicable Departmental Director shall ensure compliance with any applicable rules and regulations. Items to be sold shall be made available through a public auction, public offering, or through a procurement method outlined in Section IV.

Equipment, supplies, or other Authority property disposition covered under a construction contract is exempt from the requirements of this section.

XV. SALES TAX EXEMPTION

The Authority is exempt from sales tax as a Michigan Municipal Corporation. The Finance Department is responsible for providing vendors with a Michigan Sales Tax Exemption Certificate. The Authority may pay de minimus sales tax on such items as employee reimbursements and/or when determined appropriate by the Director of Finance. Sales taxes indirectly incurred as part of a construction contract are exempt from the requirements of this section.

XVI. DEFINITIONS

Goods - any fixtures, items of furniture, supplies, materials, equipment, other personal property, and other items of a similar nature provided to the Authority.



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Contract - A written arrangement in which the Authority agrees to acquire goods or services from a vendor in exchange for consideration. These written agreements specify each party's obligations in relation to the transaction.

Contractor - one who contracts to perform work or furnish materials in accordance with a legal agreement.

General Ledger Number - the numerical name given to accounts to categorize types of financial transactions.

Procurement - the buying, purchasing, renting, leasing, or otherwise acquiring of any supplies, equipment, services, or construction. It also includes all functions that pertain to the obtaining of any supply, service, or construction including the description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration.

Professional Services - services rendered by members of a recognized profession that involve extended analysis, the exercise of discretion, and independent judgment in their performance, and an advanced, specialized type of knowledge, expertise, or training customarily acquired by a prolonged course of study or equivalent experience in the field, and thus are unique and not subject to price competition in the usual senses.

Purchase Order - a short form of contract indicating types, quantities, payment terms and prices for goods or services.

Requisition - a standard form used to request the procurement of good or services.

Services - work performed to meet a demand. The term services includes installation of manufactured products, as well as repairs and service of products and equipment or any other instances where labor is performed for the Authority.

Subcontractors - a person or business providing supplies, services, or construction items pursuant to a contract with a vendor who has direct business relationship with the Authority.

Vendor - a contractor, supplier, affiliate, subsidiary, parent company or other business entity that provides goods or services.




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XVII. EXHIBIT A – EXAMPLE ONLY

	<h3>Procurement Form</h3>
<p><i>Completion of a Procurement Form is required whenever a purchase requisition is \$5,000 or greater.</i></p>	
A. General Information	
Date: _____	Department: _____
<input type="checkbox"/> Micro Purchase (\$5,000 - \$9,999) <input type="checkbox"/> Standard Purchase (\$10,000 - 49,999) <input type="checkbox"/> Macro Purchase (>= \$50,000)	
Requisition No: _____	Vendor: _____
<input type="checkbox"/> Equipment Sale <input type="checkbox"/> Equipment Disposal (original cost >=\$5,000)	
B. Brief Description of Goods and/or Services	
C. Procurement Criteria	
<i>Approval of Departmental Director Required:</i> <input type="checkbox"/> Three (3) quotes have been solicited and at least two (2) have been received (attach documentation).	
<i>Approval of the Departmental Director, Finance Director, and/or the Executive Director:</i> <input type="checkbox"/> Professional Service (Non-Competitive). <input type="checkbox"/> Equipment Sale/Disposal: provide a description below.	
<i>Approval of the Departmental Director and the Executive Director:</i> <input type="checkbox"/> Unable to obtain two (2) quotes after multiple attempts. <input type="checkbox"/> Macro Purchase: indicate the date of Board approval below. <input type="checkbox"/> Sole Source: provide justification below. <input type="checkbox"/> Emergency Procurement: provide justification below. <input type="checkbox"/> Debarment Form attached – required if <u>entering into</u> a contract of \$25,000 or more. <input type="checkbox"/> Other	
D. Approvals	
Department Director: _____	Date: _____
Finance Director: _____	Date: _____
Executive Director: _____	Date: _____
<small>Procurement Request Form Revised September 10, 2023</small>	



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XVIII. EXHIBIT B – EXAMPLE ONLY

	<h3>Debarment Form</h3>
<p><i>Completion of a Debarment Form by a vendor is required whenever the Authority is entering into a contract of \$25,000 or more unless equivalent confirmation is obtained through a written contract and/or other vendor certification.</i></p>	
A. Applicant Information	
Applicant: _____	
Contract: _____	
B. Certification	
<p>As required by Executive Order 12549, Debarment and Suspension, and implemented at 34 CFR Part 85, Sections 85.105 and 85.110 - the Applicant certifies that it and its principals are (a) not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency, (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated; and (d) Have not within a three-year period preceding this application had one or more public transaction (Federal, State, or local) terminated for cause or default.</p>	
C. Signature	
<p>I understand that a false statement on this certification may be grounds for the rejection of this proposal or termination of the award. In addition, under 18 U.S.C § 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to five years, or both.</p>	
Name and Title of Authorized Representative: _____	
Signature of Authorized Representative: _____	
Date: _____	
Debarment Form	Revised September 12, 2023