



PURCHASING POLICY

Policy Statement

The purpose of this policy is to establish the basic guidelines of the Purchasing Function for Macomb Township in coordination with established governmental best practices. The policy shall ensure the best overall value for the Township, while encouraging competition among suppliers.

Procedure

1. Formalization of the Purchasing Function:

1.1 Definitions:

Purchasing Agent: A Purchasing Agent is the person(s) authorized to implement policy governing the procurement, management, control, and disposal of all supplies, services, and construction obtained on behalf of an entity.

Designee: A designee is a duly authorized representative of a person(s) holding a superior position.

Quote: An informal bid or offer from a vendor for goods or services.

Sealed Bid: A firm and unconditional offer in response to an invitation for bids. A bid which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission and opening of all bids.

Professional Services: Individuals who provide your company with specialized service, including but not restricted to lawyers, accountants and management consultants.

- 1.2. **Purchasing Agent Designation:** The Macomb Township Board of Trustees (Board) shall act as the Purchasing Agent of Macomb Township. ***The Board may designate another officer or employee of the Township as the Purchasing Agent to assist in the performance of such duties.*** Any such designation shall be by resolution on file with the Township Clerk. The Clerk's Office shall adopt any necessary rules and procedures respecting requisitions, purchasing orders, claim vouchers, and any other purchasing or accounting process.

2. Purchases Less Than \$1,000.00:

- 2.1** Purchases less than \$1,000.00 may be made by the requesting department with approval of the Department Head. A requisition and resulting purchase order will not be required for such purchases.
- 2.2 Parks and Recreation (P&R) Petty Cash:** The P&R departmental staff may make purchases through petty cash for items that are less than \$100.00 with the approval of the P&R Director. A requisition and resulting purchase order will not be required for such purchases.
- 2.3 Purchases of Contract Items:** Contract purchases must follow procedures established for the individual contract (i.e., office supplies). An example of the effect of this rule would be the non-reimbursement of a petty cash purchase for office supplies.

3. Purchases or Contracts between \$1,000.00 and \$4,999.99:

- 3.1** Purchases less than \$5,000.00 may be made by the requesting department with approval of the Department Head and Purchasing Agent. A requisition and resulting purchase order will be required for such purchases.
- 3.4 Purchases of Contract Items:** Contract purchases must follow procedures established for the individual contract (i.e., office supplies). An example of the effect of this rule would be the non-reimbursement of a petty cash purchase for office supplies.

4. Purchases or Contracts between \$5,000.00 and \$9,999.99:

Any expenditure or contract obligating the Township for an amount between **\$5,000.00 and \$9,999.99** shall be approved/awarded by the Township Board of Trustees and shall be governed by the provisions of this Policy as set forth below:

- 4.1. Purchases of Contract Items:** Contract purchases must follow procedures established for the individual contract (i.e., office supplies). An example of the effect of this rule would be the non-reimbursement of a petty cash purchase for office supplies.
- 4.2. Quotations:** Purchases between **\$5,000.00** and **\$9,999.00** will be based on comparative price quotations, except when the Purchasing Agent shall determine that no advantage to the Township would result from such a procedure, or when the purchase is for the acquisition of professional services.
- 4.3. Methods Described:** When comparative price quotations are submitted, such a purchase shall be made from the supplier whom the Township Board believes is competent and who quotes the lowest price meeting specifications. The Township Board reserves the right to accept or reject any and/or all quotes, to award the contract to other than the low quote, to accept any or all alternates, to waive irregularities and/or informalities, and in general to make the award in any manner deemed by it, in its sole discretion, to be in the best interest of the

Township. The Purchasing Agent may solicit price quotations from prospective suppliers in person, by telephone, by written communication, or through an e-procurement system.

- 4.4. Award Timeframe and Quote Inspection:** The quotes shall be carefully examined, tabulated, and reported to the Township Board with the recommendation of the Purchasing Agent within sixty (60) days after the quotes have been received. After award, all quotes may be inspected by the competing bidders.
- 4.5. Award and Rejection of Quotes:** When such quotes are submitted to the Township Board, if the Board shall find any of the quotes to be satisfactory, it shall award the contract to the lowest competent bidder meeting specifications, unless the Board shall determine that the public interest will be better served by accepting a higher quote. Such award shall be by Board approval. The Township Board reserves the right to accept or reject any and/or all quotes, to award the contract to other than the low bidder, to accept any or all alternates, to waive irregularities and/or informalities, and in general to make the award in any manner deemed by it, in its sole discretion, to be in the best interest of the Township.
- 4.6. Records:** At a minimum, all records shall be kept in compliance with the State of Michigan's written retention schedule. If purchases are not based on comparative price quotations, a statement (giving the reason why that procedure was not used) must be electronically attached to the Purchase Order. Such records and statements will be made available for public inspection in compliance with the Michigan Freedom of Information Act.

5. Purchases or Contracts \$10,000.00 and over:

Any expenditure or contract obligating the Township for an amount **\$10,000.00** or more shall be approved/awarded by the Township Board of Trustees and shall be governed by the provisions of this Policy as set forth below:

- 5.1 Contract Form:** Any such expenditure shall be made the subject of a written agreement. A purchase order shall be sufficient.
- 5.2 Bid Distribution and Posting:** The Purchasing Agent shall solicit competitive bids from a reasonable number of known qualified prospective bidders by ensuring that notices are distributed electronically or in written form, and bid documents are accessible to bidders. A bid notice shall be posted in the Township Hall. Bids shall also be solicited by newspaper advertisements when directed by the Township Board.
- 5.3 Bid Deposits and Bonds:** Unless prescribed by the Township Board, the Township Clerk shall prescribe the amount of any security to be deposited with any bid. The deposit shall be in the form of cash, certified or cashier's check, or if authorized by the Township Clerk, a bond written by a surety company authorized to do business in the State of Michigan. Unless fixed by the Township Board, the Township Clerk shall fix the amount of the performance

bond, and in the case of construction contracts, the amount of the labor and materials bond, to be required of the successful bidder.

- 5.4 Bid Openings:** Bids shall be opened in public at the time and place designated in the notice requesting bids. The Purchasing Agent, the Township Clerk, and a representative of the using department shall be in attendance.
- 5.5 Award Timeframe and Bid Inspection:** The bids shall be carefully examined, tabulated, and reported to the Township Board with the recommendation of the Purchasing Agent within sixty (60) days after the bid opening. After award, all bids may be inspected by the competing bidders.
- 5.6 Award and Rejection of Bids:** When such bids are submitted to the Township Board, if the Board shall find any of the bids to be satisfactory, it shall award the contract to the lowest competent bidder meeting specifications, unless the Board shall determine that the public interest will be better served by accepting a higher bid. Such award shall be by Board approval. The Township Board reserves the right to accept or reject any and/or all bids, to award the contract to other than the low bidder, to accept any or all alternates, to waive irregularities and/or informalities, and in general to make the award in any manner deemed by it, in its sole discretion, to be in the best interest of the Township.
- 5.7 Bonds and Insurance:** A contractor shall file with the Township a bond to the Township executed by a surety company authorized to do business in the State of Michigan, conditioned to pay all laborers, mechanics, sub-contractors and material suppliers, as well as all just debts, dues, and demands incurred in the performance of the work, and shall file a performance bond when one is required. All bonds shall be submitted to the Purchasing Office within five (5) days of the notice of award being posted on the e-procurement system currently being used. The contractor shall also file evidence of public liability insurance in an amount satisfactory to the Finance Director, and agree to hold the Township harmless from loss or damage caused to any person or property by reason of the contractor's negligence.
- 5.8 Failure to Execute a Contract:** All bids and security deposits may be retained until the contract is awarded and signed. If any successful bidder fails or refuses to enter into the proposed contract within five (5) Macomb Township work days after it has been awarded, or to file any bond required within the same time, the deposit accompanying the bid shall be forfeited to the Township, and the Board may, in its discretion, award the contract to the next lowest competent bidder meeting specifications, or to another competent bidder meeting specifications, if the Board shall determine that the public interest will be better served by accepting such other bid, or the bid may be re-posted.

6. Exceptions to Competitive Bidding:

Competitive bidding shall not be required in the following cases:

- 6.1** Pursuant to Section 4.2.of this Policy.

- 6.2 When the Board shall determine that the public interest will be best served by purchase from or joint purchase with, another unit of government.
- 6.3 When the Township elects to undertake the work itself.
- 6.4 When an emergency exists as defined by Section 11 of this Policy.
- 6.5 When the Board determines that the public interest will be best served without obtaining bids.
- 6.6 In the acquisition of professional services.

7. Contract or Agreement Documents:

- 7.1 Any contract or agreement obligating the Township for an amount of **\$1,000.00** or more, made on a form or with terms other than the standard Township purchase order form, shall, before execution, be submitted to the designated Township legal counsel, and his/her opinion obtained with respect to its form and legality, excluding office equipment maintenance agreements. A copy of all contracts and agreements requiring such opinion shall be filed in the Purchasing Section.
- 7.2 Before any contract, agreement, or purchase order obligating the Township to pay an amount of **\$1,000.00** or more, the Finance Director, or Finance Director's designee, shall first certify that sufficient funds will be available for the payment of the contract, agreement, or purchase order. In the case of a contract or agreement obligating the Township for periodic payments in future fiscal years for the furnishing of a continuing service or the leasing of property, such certification need not cover those payments which will be due in future fiscal years. This exception shall not apply to a contract for purchase of construction being financed by an installment contract.

8. Inspection of Materials:

- 8.1 The responsibility for the inspection and acceptance of all materials, supplies, and equipment shall rest with the ordering department.

9. Recreation Service Agreements:

- 9.1 Contracts for services or instruction of a recreational nature, to be provided to members of the public, the entire cost of which is to be reimbursed to the Township by the members of the public who receive the services or instruction, shall be exempt from the requirements of Section 3 and 4 of this policy.
- 9.2 **Payments:** Such contracts shall be phrased so that no payment is made to the contractor by the Township until after the Township has received payment from members of the public receiving the services or instruction.

10. Sale of Property:

- 10.1 Offering for Sale:** Whenever any Township property, real or personal, is no longer needed for township or public purposes, the property may be offered for sale in accordance with this provision, except where the property is restricted by law.
- 10.2 Procedure:** Personal property not exceeding **\$1,000.00** in value, may be sold for cash by the Purchasing Agent after receiving quotations, competitive bids, or using auction services, and receiving the best price obtainable. Property with a value in excess of **\$1,000.00** may be sold in the same manner but after approval of the sale has been given by the Township Board. The Board may require the property to be advertised at their discretion.
- 10.3 Unsold Items:** If property remains unsold after reasonable attempts to obtain cash for the item, it may be donated to another public or recognized charitable entity or discarded. Records as to the disposition of the item are to be on file in Purchasing.

11. Emergency Purchases:


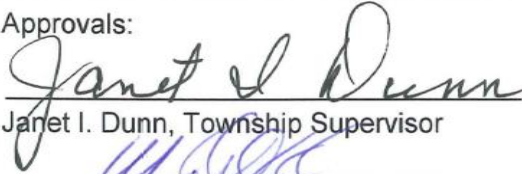

- 11.1.** In case of an emergency, whether or not officially declared, when an event occurs that is determined by the Supervisor to be a threat to: public health, maintenance of an essential Township service, welfare of persons or public property, or the security of the Township or its interests, the Supervisor is permitted to authorize purchases without sealed bids, prior to Board approval and in excess of the limitations of this Policy.
- 11.2. All emergency purchases in excess of the limitations provided in this policy, shall be reported to the Board at the next regularly scheduled meeting.**

12. Exclusions:

The quote and bidding process described in this policy does not apply to procurement of the following goods and services:

- 12.1.** Training and education expenses, including travel expenses (meals, accommodations, transportation costs), conference or convention registration fees, course or seminar or workshop tuition or registration fees, membership fees and subscriptions;
- 12.2.** Professional and special services (excluding all contracted services) including committee fees, legal fees, and other professional services related to litigation or legal matters, witness fee, audit fees, collection agency fees, ongoing software support renewal;

- 12.3. Utilities, telecommunications, advertising, licenses, certificates;
- 12.4. Goods or services provided by government agencies;
- 12.5. Any goods or services identified as excluded elsewhere in this policy or excluded by approval of the Township Board.

Effective Date:	04/01/2010	Policy Number:	PU-01
Issue Date:	01/19/2010	Approval Date:	01/13/2016
Last Revision Date:	11/02/2015		
Subject:	Purchasing Policy and Procedures		
	Approvals:		
	 Janet I. Dunn, Township Supervisor  Michael D. Koehs, Township Clerk		



PURCHASING GUIDELINES CHART

		<u>Approval:</u> Department Head	<u>Approval:</u> Township Supervisor	<u>Approval:</u> Board of Trustees	<u>Approval:</u> Board of Trustees
	<\$100 – P&R PETTY CASH ONLY	<\$1,000	\$1,000 TO \$4,999.99	\$5,000 TO \$9,999.99	>\$10,000
Board Approval To Get Quotes/Bids	No	No	No	No	No
Requisition / PO required	No	No	Yes	Yes	Yes
Quotes required	No	No	No	Yes	No
Sealed Bids required	No	No	No	No	Yes
Board Approval of Award	No	No	No	Yes	Yes