

VERSION [DRAFT]

PURCHASING POLICY



ADOPTED ON:



PURCHASING POLICY

INTENT

The intent of this Policy is to maximize the purchasing power and value of public funds while maintaining a system of quality that promotes efficiency, effectiveness, consistency, and equity in purchasing. The goal is to ensure accountability and transparency in the Township's purchases and payments.

SCOPE

The Purchasing Policy adopted by the Township Board of Trustees ("Board") applies to all purchases for supplies, goods, services, construction, equipment purchases, rentals, or leases made on behalf of the Township.

PURCHASING

All Directors or Department Heads (collectively referred to as Directors) along with the elected administrators with supervisory authority over departments shall be the purchasing agents for the Township. Generally, purchasing agents shall consider price, quality, availability, reliability, and any technical requirements.

PREFERRED PURCHASING

The following guidelines shall be considered when making purchases but shall not be construed as requiring the purchase of products or services that do not perform adequately or are not available at a reasonable price.

- Local Purchasing: Purchases of goods and services should be made locally within the Township or Washtenaw County whenever financially feasible.
- Cooperative Purchasing: The Township may join in a cooperative purchasing arrangement with other governmental units if it is determined to be cost effective and in the best interest of the Township.
- Environmental Purchasing: The Township shall endeavor to purchase products whereby environmental impacts have been considered and found to be less damaging to the environment and human health when compared to competing products.

PURCHASING AUTHORIZATION

The purchasing authorizations herein shall apply to all purchases for goods and services.

0 to \$3,000

All Directors can authorize purchases up to \$3,000. All Departments will use their best judgment as to source of supply and number of quotations needed. Quotes may be verbal, written, or electronic.

\$3,001 to \$5,000

All purchases for goods and services between \$3,001 and \$5,000 shall be authorized by the elected administrator with supervisory authority over the department. Competitive pricing or three verbal or written quotes are required except when it is determined that no advantage to the Township would result from such a procedure or when the purchase is for the acquisition of professional services.

\$5,001 and up

~~The Board of Trustees shall approve all purchases~~ Purchases that exceed in the amount of \$5,001 or more shall be approved by the Board of Trustees⁰. All purchases shall be based on competitive pricing in the form of three written quotes except when it is determined that no advantage to the Township would result from such a procedure or when the purchase is for the acquisition of professional services.

PROHIBITION

No purchases may be divided for the purposes of circumventing the Purchasing Authorizations. However, a series of purchases from one vendor which individually are within the above limits, but collectively exceed those limits, shall not be considered one purchase if such a series of purchases could not reasonably have been made at one time.

PURCHASING BY CONTRACT

All contracts must be reviewed by the Township attorney and approved by the Board. Whenever possible, the contract shall be reviewed by the Township attorney prior to submitting the contract to the Board. Approved contracts with a sum certain amount and a limited term, shall be signed by the Supervisor and shall be paid in accordance with the contract terms and the stated amount.

Contracts that do not provide a sum certain dollar amount shall be subject to the Purchasing Authorization listed above. Contracts approved by the Board that do not state a specific term but have a firm and continuing annual payment shall be brought before the Board every (3) three years for reauthorization.

Administration of a contract is assigned to the Director that requests the purchase. Administration includes, but is not limited to, ensuring that the contract contains all of the required terms, obtaining the Township Attorney's approval, obtaining the required signatures on the contract, and if required, obtaining a signed contract addendum. All signed contracts and signed addendums shall be filed with

the Clerk. Each Director shall maintain records that are pertinent to the performance of the contract, and keep such records in accordance with the Records Management Policy.

PURCHASING OF PROFESSIONAL SERVICES

Professional services which involve extended analysis, exercise of discretion, and independent judgment, specialized type of knowledge, and expertise or training customarily acquired either by a prolonged course of study or equivalent experience in the field shall be selected by the elected administrator with supervisory authority over the department obtaining the service.

Selection of a service provider shall be based on the following:

- The expertise of the service provider.
- The costs for the services are comparable to other professionals in the same industry.
- Past performance of the service provider, if applicable.
- The historical knowledge of the service provider as it relates to the Township.
- The adequacy of insurance appropriate for the service.

Multiple quotes for these services are required only when determined by the elected administrator with supervisory authority over the department or upon authority of the Board. Purchasing Authorization and Purchasing by Contract shall also apply where applicable with respect to purchasing for professional services.

BLANKET PURCHASING ORDERS

A request for a blanket purchase order that has been approved by the Board shall expire at the end of the fiscal year. A blanket purchase order with a stated amount “not to exceed” shall be approved by the Board if the amount “not to exceed” is more than \$5,001. Individual invoices related to the blanket purchase order shall be authorized by the Director in accordance with approved amounts. Blanket orders that do not have a stated approved amount shall be subject to the Purchasing Authorizations listed above.

EXCEPTIONS TO PURCHASING AUTHORIZATION

- **Emergency Purchasing**
When life, property, or equipment endangered through imminent and unexpected circumstances, or when normal operations of a department would be severely and detrimentally hampered by a long delay, the Director upon authorization by the Supervisor may make a purchase that exceeds the authorization limits and waive the documentation requirements in this Policy. The Director making the purchase under this provision shall notify the Board of Trustees at the next board meeting following the purchase.
- **Sole Source Purchasing**
Multiple quotes will not be required when there is a purchase of a service or product that is only available from a single source or as required for existing equipment/system compatibility. The purchasing authorization dollar limits or purchasing by contract provisions shall apply.

- **Grant Purchasing**

~~All grant applications shall be approved by the Board~~ Grant purchasing shall follow the Purchasing Authorization stated in this Policy. In the event that a provision in this Policy is contrary to a grant requirement, the grant requirement shall control. The Director that monitors and administers the grant shall approve all invoices prior to submittal to the Clerk. ~~Grant funded procurements will follow all grant requirements and guidelines. In the event that a provision in this Policy is contrary to a grant requirement, the grant requirement shall supersede this Policy.~~

- **Routine Operating Costs**

Routine operating costs, including gas, water, electric, fuel, telecommunications, and payroll shall not require multiple quotes and shall be authorized by the Director that monitors that purchase.

- **Escrow/Pass Through/User Fee Accounts**

All payments under an escrow, pass through, or user fee account as identified by the Finance Department shall be authorized by the Director that monitors that account. These items include, but are not limited to, the following accounts:

- Planning Fees
- Streetlighting Fees
- Water, Sewer, and Rubbish Fees and Deposits
- Performance Bonds
- Refunds and Overpayments
- Tax Collections or Collections for other Governmental Agencies or Units

REQUESTS FOR PROPOSALS OR QUALIFICATIONS

Directors shall use Request for Proposal (RFP) or Request for Qualifications (RFQ) for professional services whenever possible or as required by the Board. Each Department shall determine the requirements for the RFP or RFQ.

BIDDING

Competitive sealed bidding is required as determined by a Director or as required by the Board. Directors shall work with staff to determine qualifications for specific bids such as bonds, insurance requirements, and addendum acknowledgements. Each department will work with the Clerk's Office to schedule the public bid opening, and will advertise requests for sealed bids in the appropriate forums. The Clerk shall post notices as required.

SALES TAX EXEMPTION

Each department is responsible for obtaining the sales tax exemption on all purchases whenever it is possible. A Tax Exemption Certificate shall be provided by the Finance Department.

DISPOSAL OF SURPLUS PROPERTY

Surplus property no longer needed by a department may be offered to other departments for official use.

Property not transferred to another department may be disposed of in the following manner:

By Trade-In

Items considered for trade-in, normally vehicles and large equipment, shall be clearly identified and shall indicate the value of the trade-in in the documentation or invoice for the purchase of the new item.

By Sale

Items valued at more than \$5,000 shall be sold except for any specialized items that are required to be destroyed for safety purposes. Directors should seek at least two offers and obtain approval from the elected administrator with supervisory authority over the department whenever possible

Items valued at \$5,000 or less may be sold. The Director shall seek more than one offer when practicable.

Items that have no value because there are no offers to purchase or for which the cost of disposal will exceed the value or sale price of the property may be disposed of by placing in the trash or by allowing another public entity or non-profit to remove it. Directors shall maintain any documentation for the disposal of items having no value, including documentation that the item could not be sold.

All items considered a depreciable asset shall be reported to the Clerk by the Director upon disposal which shall include a description of the item, the method of disposal, and any amounts received for the disposal.

PAYMENT

All payment requests must be made in a reasonably prompt manner, normally within 30 days of receiving the invoice or before the due date, so that the Township will not incur a late charge or a diminished reputation. Occasionally, a payment request cannot be made in a reasonable and prompt manner due to mailing issues, discrepancies on the invoice, lost invoice, etc. When this occurs, an explanation for the late payment shall be ~~made in writing to the Clerk~~noted on the invoice. Repeated payment requests that are late shall be brought to the attention of the elected administrator with supervisory authority over that department to work with the Director to prevent future late payments.

Payments shall be made by the Finance Department on a weekly basis. All independent contractors for professional services or labor must have a completed W-9 form, proof of workers' compensation insurance, and other proof of insurance if applicable, filed with the Township prior to commencement of the work and before any payment is released.

No payments shall be made outside of the weekly run unless it is for an extraordinary circumstance as determined by the Clerk and Finance Director. Failure to submit invoices or improper planning does not constitute an extraordinary circumstance.

CONTROLS

All payment requests shall be initialed by the Director and/or the elected administrator verifying that the charges are authorized and conform with this Policy. All signed requests indicate the following:

- that all goods or services comply with the terms of the purchase,
- contain the general ledger number the funds may be charged to,
- that funds in their departmental budgets support the payment or that arrangements have been made by the department to have unbudgeted items go before the Board to amend the budget as directed by the elected administrator with supervisory authority over that department,
- that invoices are in the name of the Township where applicable, and
- requests for payment is within the Purchasing Authorizations levels listed herein.

Initialed invoices and contracts are authorizations to proceed with payment. When these conditions have been met, the Director shall then forward the required documentation to the Clerk.

The Clerk shall determine that payments are made in accordance with this Policy and sign off on all charges. Exactness and completeness in preparing the authorizations is essential and any incomplete or improperly completed authorizations not in conformity with this Policy shall be returned to the initiator for correction or the Clerk may require the Director to bring said item before the Board. Once a purchase has been initialed by the Clerk, the Clerk shall forward the invoice or contract to the Finance Department for payment.

The Finance Department shall verify that all items have the appropriate initials and general ledger numbers. Purchases shall be charged against the general ledger in the fiscal calendar year for which the goods were delivered or the services were rendered ~~so long as the payment request is received by the Finance Department before January of the following year or before the Finance Department has closed the books for the year except any payment request submitted after the close of financial year will be charged to the next year's budget-~~

All authorized payments shall be reported to the Board on a scheduled basis as determined by the Director of Finance along with reports of revenue and expenditures and any other reports that are required by law or requested by the Board. The Board may request, at any time, the documentation relating to any purchase through the Clerk. Nothing in this Policy shall limit the authority of the Board to require certain payments be approved by the Board in advance of the payment.

RESPONSIBILITY

It is the responsibility of any employee with purchasing authority to comply with the terms of this Policy. Detailed procedures may be written by the Directors of each department in order to enforce the requirements in this Policy. Failure to follow this Policy may result in disciplinary action or revocation of purchasing authority.

ETHICS

It shall be a violation of this Policy for any person to offer, give or agree to give any Township employee, or for any employee to solicit, demand, accept or agree to accept a gratuity, personal benefit, or kickback in connection with any purchasing or contracting decision. To avoid any real or perceived conflict of interest, Township employees are required to avoid all actual or potential conflicts of interest and shall disclose any and all potential conflicts to the Clerk. The Clerk, upon advice from counsel, shall determine if a conflict exists. If a conflict exists, the Clerk shall bring the matter before the Board.

REFERENCE

Resolution #92-417 USE OF LOCAL CONTRACTORS (1992)

Records Management Policy (3/2011)

Interim Procedure for Disposal of Surplus Property

Credit Card Policy (2/2019)

Employee Handbook (12/2020)

REVIEW

The Policy is maintained and reviewed by the Clerk. Any revisions shall be approved by the Board.