



CHARTER TOWNSHIP OF WASHINGTON **PURCHASING & BID POLICY**

The Charter Township of Washington Board of Trustees has adopted this administrative policy to standardize and control purchasing, bid and proposal procedures. Standardization of these processes and cooperation by all employees, Departments, Committees and the Township Board ensures that the Township is receiving the best value for the money being expended. It is the policy of Washington Township to competitively price goods and services prior to purchase.

It is every Washington Township's Employees' fiduciary responsibility to follow this policy and associated procedures in serving our residents.

1.0 Authority and Responsibility

1.1 Purchasing Agent

The Board of Trustees designates the Township Clerk as the Purchasing Agent for the Township of Washington. The Purchasing Agent is responsible and authorized to ensure all purchases follow this policy and all applicable procedures. The Purchasing Agent is authorized to:

- 1.1.1 Review, approve and/or deny all budgeted and unbudgeted purchase requests up to \$5,000.00;
- 1.1.2 Request Washington Township Board approval for any proposed purchase when deemed advisable and in the best interest in the residents of Washington Township;
- 1.1.3 Present Purchase Requests and Blanket Purchase Orders to the Township Board for their review and approval when required or deemed appropriate by the Purchasing Agent;
- 1.1.4 Designates employees with the authority to use and maintain the credit card(s);
- 1.1.5 Review and present to the Board for their approval, purchase requests greater than \$10,000;
- 1.1.6 Review and present to the Finance and Bid/Proposal Review Committee for their review and approval, purchase requests between \$5,000 and \$10,000;
- 1.1.7 Administer the Bid and Proposal process according to approved procedures;
- 1.1.8 Assure that budgets are appropriately amended when unbudgeted items are approved for purchase;

- 1.1.9 Maintain a list of approved vendors;
- 1.1.10 Prepare purchase orders and purchasing documents and obtain approval as needed;
- 1.1.11 Maintain a list of capital assets and inventory items;
- 1.1.12 Dispose of capital assets and inventory items when obsolete or damaged if total value of asset/item is less than \$2,500.00;
- 1.1.11 Maintain a list of all petty cash funds and authorized amounts;
- 1.1.12 Issue a tax-exempt certificate to businesses, as needed;
- 1.1.13 Declare an emergency and approve emergency purchases in the absence of the Supervisor, subject to subsequent Board approval;
- 1.1.14 Approve maintenance or service agreements for approved purchases;
- 1.1.15 Report to the Board of Trustees on Township purchases on a scheduled basis; and
- 1.1.16 Serve as a member of the Finance and Bid/Proposal Review Committees.

1.2 Washington Township Board of Trustees

The Board of Trustees is responsible for reviewing and approving this policy. The Board is also responsible for:

- 1.2.1 Approving Township credit cards;
- 1.2.2 Approving Blanket Purchase Orders;
- 1.2.3 Final Approval of Unbudgeted Purchases, Emergency Purchases and amendments to budgets;
- 1.2.4 Approving Petty Cash Funds;
- 1.2.5 Awarding contracts from solicited bids or proposals for recurring services or contracted labor including professional services;
- 1.2.6 Approving purchases and contracts greater than \$10,000.

1.3 Supervisor

In addition to the Board of Trustees' responsibilities and authority, the Supervisor is responsible for ensuring that this policy and all applicable procedures are properly enforced. The Supervisor has the authority to

- 1.3.1 Declare an Emergency and approve Emergency Purchases subject to subsequent Board approval;

1.3.2 Serve as a member of the Finance and Bid/Proposal Review Committees.

1.4 Treasurer

In addition to the Board of Trustees' responsibilities and authority, the Treasurer is responsible for ensuring that this policy and all applicable procedures are properly enforced. The Treasurer has the authority to:

1.4.1 Declare an Emergency and approve Emergency Purchases, (in the absence of the Supervisor), subject to subsequent Board approval.

1.4.2. Serve as a member of the Finance and Bid/Proposal Review Committees.

1.5 Bid Proposal Review Committee

1.5.1 As officers of the Township, the Supervisor, Clerk and Treasurer comprise the Bid/Proposal Review Committee. There must be at least two officers present at a committee meeting and a Trustee may serve as an alternate due to the absence of one officer.

1.5.2 The Bid/Proposal Review Committee reviews and approves all formal invitation for bids and/or requests for proposal prior to their publication.

1.5.3 The Bid/Proposal Review Committee ensures that objective analysis criteria are established prior to the review of bids or proposals. Based on the objective analysis, the Bid/Proposal Review Committee recommends a vendor to the Board of Trustees;

1.5.4 Approves Purchase Requests between \$5,000 and \$10,000. There must be at least two officers' approval on such purchases, the purchase must be for budgeted items and reported to the Board at the next Board of Trustee meeting. and a Trustee may serve as an alternate due to the absence of one officer

1.6 Department Heads

Department Heads are responsible for adhering and enforcing this policy and all applicable procedures. Department Heads are responsible for:

1.6.1 Preparing Purchase Requests and assuring that the Purchase Request is accurate and complete prior to submittal to the Purchasing Agent;

1.6.2 Managing credit card purchases in accordance with this policy and applicable procedures;

1.6.3 Planning for purchases to ensure that all Township requirements are met prior to purchasing goods or services;

1.6.4 Preparing Blanket Purchase Order Requests and assuring that departmental budgets support the requests;

- 1.6.5 The inspection and acceptance of all materials, supplies, services, and equipment resulting from their Purchase Requests;
- 1.6.6 Managing their Petty Cash Fund according to Township Policy and procedure, if applicable;
- 1.6.7 Maintaining the accuracy of their Departmental Capital Asset and Inventory Listings;
- 1.6.8 Authorizing purchases less than \$1,000.00 without prior approval of the Purchasing Agent; provided that:
 - funds are available pursuant to the approved Department Budget, and
 - the vendor is on the Approved Vendor List.

1.7 All Employees

All employees of Washington Township are required to avoid all actual or potential conflicts of interest in soliciting bids for goods, recurring services and contract labor. For purposes of policy, the term "conflict of interest" shall mean a financial interest or an interest which would undermine the Township's goal of assuring an independent, impartial and honest bid process. All employees, shall disclose, in writing to the Purchasing Agent, any and all or potential conflicts of interest in connection with the bid process for recurring services or contracted labor.

2.0 General Guidelines

2.1 Materials, services & supplies shall be purchased only when the funds for their cost have been appropriated and included in the annual budget of Washington Township.

2.2 In accordance with federal law requirement, an independent contractor for professional services or labor must have a completed W-9 form on record **prior** to commencement of work and before any payment is released. Also, proper insurance documentation with specific insurance requirements and additional insured language is mandatory prior to the commencement of any service and purchase order issuance.

2.3 Standardized purchase requisitions are to be prepared in advance of a purchase and standardized purchase orders are to be used to authorize purchases.

2.4 All purchase orders and contracts should contain a hold harmless clause for the benefit of the community with the exception of a building contract.

2.5 The Township shall comply with the requirements of P.A. 167 & 168 of 1993 which requires sealed competitive bidding for any contract of \$20,000 or more, with certain exceptions, in order to qualify for State Shared Revenue Payments. Washington Township requires that formal bids be obtained for all purchases in excess of \$20,000.00.

2.6 The Township Federal ID number, used for tax-exempt purchases, shall only be used for purchases paid for by a Township check or charge account in accordance with all applicable Federal and State laws. Section 4 of the General Sales Tax Act, MCL 205.54(5); MSA 7.524(5) and Michigan Sales and Use Tax Rules, 1979 AC, R205.79.

3.0 Budgeted Items

3.1 Purchases must be competitively priced prior to the release of a Purchase Order.

3.2 Purchase Requisitions will be prepared by Department Heads in advance for any purchase greater than \$500.00.. The Purchasing Agent will obtain concurrence of the Supervisor, Treasurer or Board of Trustees, when deemed necessary or required. The approved Purchase Requisition will then be provided to Accounting for issuance of a Purchase Order.

4.0 Unbudgeted Items

Department Heads will submit a Purchase Requisition to the Purchasing Agent for all unbudgeted item(s). The Purchasing Agent will solicit Board of Trustees' approval of the purchase and amendment to the Department's budget.

5.0 Capital Assets and Inventory Items

All capital assets, (i.e. furniture equipment, software, building improvements) purchased in excess of \$500.00 (or collectively over \$1000) shall be considered an inventory item. At the discretion of the Purchasing Agent, certain individual items purchased at a price less than \$500 may be considered inventory item. Purchases over \$5,000.00 shall be identified as a capital asset, as well as inventory.

6.0 Bid Policy

6.1 All purchases of goods or services and all contracts for recurring services must be competitively priced unless the purchase falls under the EMERGENCY PURCHASE GUIDELINES.

6.2 Informal bids (quotes) are required for all purchases of goods or services between \$0 and \$20,000.

6.3 Bids or proposals for recurring services or contracted labor, including professional services greater than \$10,000.00, must be solicited with the following requirements:

6.3.1 All contracts must cover a two-year period and include total cost of each fiscal year;

6.3.2 Terms of the contract should be the fiscal year of the Township;

6.3.3 The Township Board reserves to itself the authority to award the bid;

6.3.4 The Township Board will use a roll-call vote when awarding a bid.

6.4 The Township Board is not required to accept the lowest bid. The Board may consider factors such as workmanship and reliability of the bidder. Every effort will be made to award bids to local bidders.

6.5 When possible, the procurement of goods or contractual of services should be township-wide.

6.6 If the Township Board decides that the bid process is not practical in a given situation, they may waive the requirements of this policy on a majority, roll-call vote. A majority shall consist of four or more affirmative votes.

7.0 Emergency Purchases

7.1 Emergency purchases can be authorized **only** when life, property or equipment are endangered through unexpected circumstances, or when normal operation of a department would be severely hampered by a long delay. The normal purchasing procedures need not be followed in these emergency situations. Department Head and the Supervisor determine **if** an Emergency Situation is declared.

7.2. In the case of an emergency, the Township Supervisor or in the Supervisor's absence, the Clerk or Treasurer, with concurrence of the Department Head of the emergency, can authorize the immediate purchase of any materials, supplies or services necessary to end the emergency situation.

7.3 A purchase requisition with a notation that such goods or services were purchased as an emergency action can be issued after the purchase. A written report will be presented by the Supervisor (Clerk or Treasurer – whoever declared the emergency) and the coordinating department head of the emergency, explaining all purchases/services to the Board of Trustees at the next Board of Trustees Meeting subsequent to the emergency. All affected departmental budgets will be amended.

8.0 Sale of Township Property/Goods

8.1 If it is determined that Washington Township property or goods have become obsolete or damaged beyond reasonable repair, the Purchasing Agent will determine the sale of these item(s). If the collective or individual value does not exceed \$1,000, they may be sold for cash by the Purchasing Agent to Washington Township Employees or to the General Public. If the value is greater than \$2,500, Board approval and authorization is required.

8.2 Sale items can be advertised on the Washington Township website. If the Purchasing Agent determines that the property/goods have no real value, it may be disposed of at public refuse facility or donated to a non-profit agency or organization.

9.0 Sale of Employee Property/Goods to the Township

Employee property may be sold to Washington Township. A written proposal must be submitted to the Purchasing Agent for Board of Trustees' approval and award.

10.0 Definitions

Invitation for Bid (IFB) – A competitive request for a “sealed” bid. A sealed bid is required when the estimated value of a product or service is greater than \$20,000. Specifications and description of the requested product or service are well-defined, accurate and completed; and contract is awarded to the lowest bidder. The Purchasing

Agent has the authority to request a sealed bid when the estimated value of a product or service is less than \$20,000.

Request for Quote (RFQ) – A request for quote is used when the purchase of goods or services is less than \$20,000. The Purchasing Agent may negotiate with offerors prior to contract award to obtain the best value.

Request for Proposal or Service (RFP/RFS) – A competitive request for a product or service when the selection of a supplier cannot be made solely on basis of lowest price. An RFP is used to procure the most cost-effective solution based upon evaluation criteria defined in the request for proposal.

ADOPTION

This policy is in effect upon adoption by the Township Board and will remain in effect until rescinded by the Washington Township Board of Trustees. Amendments must be approved by the Township Board of Trustees, and must be recorded, and kept with the original policy by the official Township record keeper, the Township Clerk.

Clerk's Certification: I hereby certify that the above Charter Township of Washington Purchasing & Bid Policy was adopted by the Township Board of Trustees at the Regular Meeting on July 15, 2009.



Kathy Bosheers
Clerk
Charter Township of Washington