

Delta Township Compiled Policy Manual

Title:	Purchasing Policy
Adoption Date:	March 16, 2009
Revision Date:	December 21, 2009

General Purpose: The purpose of this purchasing policy is to ensure the efficient procurement of appropriate goods and services at appropriate prices. In addition, our residents expect this policy to ensure accountability, transparency, and ethical behavior.

Summary Statement of Policy: The policy is designed to serve as a guide for all purchases by Township employees and elected officials on behalf of Delta Township.

Actual Policy as Written:

The Township shall attempt to purchase the highest quality goods and services at the lowest price. In this process, the Township shall serve as an equal opportunity purchaser, favoring local vendors only when all other factors are equal.

All purchases are ultimately the responsibility of the Township Manager, per the manager's contract. Department Directors shall be responsible for purchasing goods and services for their departments, except for certain standard supplies and services. All purchases must be budgeted for, and properly documented, in accordance with this policy. Directors shall not consider appropriations contained in the budget as a mandate to expend funds, nor does the budget constitute authorization to commit the Township to purchases, as such authorization originates from the provisions in this policy. This purchasing policy is based on dollar thresholds. The practice of separating the work of vendors into separate invoices is a violation of the policy.

Contracts should be awarded to the lowest responsible bidder. However, consideration can be given to: quality of goods/services; conformity with specifications; suitability to the requirements of the township; delivery of goods; and past performance of vendor.

Authorization to Purchase

Petty Cash: Miscellaneous purchases under \$50 may be made using the petty cash fund. Petty cash is maintained by the Accounting Department. Original receipts must be signed by the department director prior to submittal for reimbursement. If a receipt is not available, the director must complete and sign a petty cash requisition form. The Finance Director will review petty cash disbursements prior to replenishing the fund. Annually, the Finance Director will provide the Township Board with a summary of petty cash disbursements and indicate any lapses in proper control.

Purchasing Cards: Township purchasing cards may be used to make purchases from vendors where credit terms are not available (such as travel) as well as for one time non routine items. Purchases made on purchasing cards are subject to transaction and credit limits established for each individual card. Annually, the Finance Director will provide the Township Board with a summary of purchase card activity, and identify any misuse or lapse in proper control.

Purchases up to \$5,000: Department Directors are authorized to purchase budgeted goods and services up to \$5,000 if funds are available within their departmental budget. Directors are encouraged to obtain multiple quotes prior to making a purchase. Authorization will be established by signing and coding the original invoice received from the vendor. If a purchase of this nature is not budgeted, authorization from the Township Manager is required. A Department Director may designate, in writing to the Township Manager, an individual to authorize purchases for their department while away on leave.

Purchases from \$5,000 to \$25,000: Purchases in excess of \$5,000 shall be pre-approved by the Township Manager. The Director requesting the purchase must complete a purchase requisition form and obtain the signature of the Township Manager prior to procuring the goods or services. Directors are required to obtain a minimum of three quotes prior to submitting the purchase requisition for approval. Quotes must be in writing. All quotes received should be attached to the purchase requisition when submitted to the Township Manager for approval. In the absence of the Manager, the Finance Director is authorized to carry out the purchasing authorization duties of the Township Manager.

Purchases over \$25,000: Purchases in this category are required to be formally bid. It is the practice of Charter Township of Delta to provide vendors fair and equal opportunities to compete in the formal bidding process. Publication or communication of proper notice of the need for bids shall be arranged for in the manner which will bring the information to the attention of the greatest number of appropriate professionals, contractors, or vendors. All bids will be advertised at a minimum in the local newspaper or professional trade publication, no less than two weeks prior to bid opening. Additionally, bid specifications may be published on the township web site, posted at the township hall, and sent to specific approved vendors. All bids must be received by the Township Clerk not later than the time indicated by the bid advertisement. All bids received by the Clerk's Office will be time/date stamped when received. All bids must be sealed when received. No unsealed bids will be accepted. Bids will be opened by the Township Clerk or personnel from the Clerk's Office at the place and time described in the bid advertisement and shall be open to the public. Once the bid opening process is complete, the department director will prepare a recommendation for the Township Board. Once awarded by the Township Board, the department director will inform the winning bidder. The Township Board reserves the right to reject any and all bids.

Electronic Bidding: In lieu of a formal bidding process, the Township Manager may choose to use an electronic bidding process for any purchases over \$25,000.

Contracts: All contracts over \$5,000 must be signed by the Township Manager. All contracts over \$25,000 must be approved by the Township Board.

Education and Training: The Township Manager shall approve all requests for continuing education, conferences, and training, prior to registration.

Competitive Negotiation for Legal and Professional Services: The Township Manager may use a competitive negotiation process to retain professional services such as, but not limited to, legal services, architectural services, engineering services, accounting services, and other consulting services. The negotiation process is the responsibility of the Township Manager, who will involve Department Heads and Committee Members as deemed appropriate.

Cooperative Government Contracts: Should the Township be able to secure quality products at favorable prices by joining with other local units of government, or participating in a State of Michigan or federal government purchasing program, the Township Manager may waive the formal bidding process.

Sole Source Purchasing: In recognition that certain products and services are clearly superior and/or compatible with township operations, the Township Manager may determine that a specific product or vendor be the sole source of purchasing for the Township. In doing so, the items will be purchased without a formal bidding process.

Emergency Purchases: Emergency purchases can be authorized only when life, property, or equipment are endangered through unexpected circumstances, or when normal operations of the Township would be severely hampered by a long delay. Normal purchasing procedures outlined in this policy may be suspended when such circumstances exist. In the case of an emergency situation, the Township Supervisor, Manager, Treasurer, or Finance Director can authorize the immediate purchase of any materials, supplies, equipment, or services needed to resolve the emergency situation.

Change Orders: Department Directors are expected to document all change orders in excess of 10% of the original price. In addition, all change orders over \$5,000 require approval of the Township Manager.

Tax Exempt Status: Section 4 of the General Sales Tax Act, MCL 205.54(5); MSA 7.524(5) and Michigan Sales and Use Tax Rule, 1979 AC, R205.79, provide that sales to the United States Government, the State of Michigan and their political subdivisions, departments and institutions are not taxable when ordered and paid for by warrant on government funds. In the alternative, the government may claim exemption at the time of purchase by providing the seller with a signed statement to the effect that the purchaser is a governmental entity. Statement is available upon request.

Forms: Every Township vendor is required to complete an IRS W-9 form or have this form on record prior to the release of payment for goods and services.

Documentation

Once approved, all invoices for goods and services shall be returned to the Accounting Department for processing. If a purchase requisition is required, the requisition shall be submitted to the accounting department once approved. All supporting documentation should be attached to the requisition. (bids, board resolution, etc.)