

## **PURCHASING POLICIES AND PROCEDURES**

2 CFR Part 200 has replaced the word "vendor" with the word "contractor". (2 CFR Part 200.23) We use "contractor" in our manual.

### **Overview**

**THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY IGD.**

IGD requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement policies is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes and grant requirements.

The purpose of this Procurement Policy is to ensure that sound business judgment is utilized in all procurement transactions and that supplies, equipment, construction and services are obtained efficiently and economically and in compliance with applicable federal and state requirements and to sure that all procurement transactions will be conducted in a manner that provides full and open competition.

### **Responsibility for Purchasing**

All Managers and/or Program Coordinators shall have the authority to initiate purchases on behalf of their department, within the guidelines described here.

The Accounting Department shall be responsible for processing purchase orders. The Executive Director has approval authority over all purchases and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial. Managers and/or Program Coordinators initiate purchases must insure the purchase is allowable, allocable and reasonable according to the regulations of their grant or award. (2 CFR Part 200 Subpart E).

In order to comply with Code of Conduct in Purchasing (2 CRF Part 200.318 (c) (1)), all staff must always follow the St. Clair County Personnel Code Manual, Section 10 Part M, ETHICS and Part N, GIFT BAN ACT.

### **Competition**

In order to promote open and full competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.

- Not permit contractors who develop specifications, requirements, or proposals to bid on such procurements.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Organization's best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. **(200.319(b))**
- "Name brand or equivalent" description may be used as a means to define the performance or requirements **(200.319(c)(1))**

### **Nondiscrimination Policy**

- All contractors who are the recipients of Organization funds or who propose to perform any work or furnish any goods under agreements with IGD, shall agree to these important principles:
- Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation, or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.
- Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

### **Procurement Procedures**

The following are IGD's procurement procedures:

1. IGD shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. **(2 CFR Part 200.318(d))**
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. **(2 CFR Part 200.318(d))**. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. **(2 CFR Part 200.318(e))**
4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. **(2 CFR Part 200.318(f))**

5. Documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold (\$150,000) shall be retained in the procurement files pertaining to each federal award. (2 CFR Part 200.323)

2 CFR Part 200.323 Contract cost and price, requires non-Federal entities to perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold (\$150,000). As a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. (2 CFR Part 200.319(d))
7. IGD will maintain records sufficient to detail the history of procurement, including: (2 CFR Part 200.318(l))
  - a. Rationale for the method of procurement;
  - b. Selection of contract type;
  - c. Contractor selection or rejection; and
  - d. The basis for the contract price.
8. IGD shall make all procurement files available for inspection upon request by a federal awarding agency.
9. IGD shall not utilize the cost-plus-a-percentage-of-costs method of contracting. (2 CFR Part 200.323(d))
10. Consideration will be given to dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, women's business enterprises, and labor surplus area firms. (2 CFR Part 200.321(b)(3)). These efforts include veteran owned businesses.

All staff members with the authority to approve purchases will receive a copy of and be familiar 2 CFR Part 200 Subpart E - Cost Principles.

### Methods of Procurement

All completed purchase orders must be signed by the approving Manager/Program Coordinator and if total purchase exceeds \$1,000 approved by the Executive Director. For State funded grants permission must be obtained to purchase any computer equipment.

Procurements shall be made by one of the following methods; (1) micro-purchase, (2) small purchase procedures; (3) sealed bid (formal advertising); (4) competitive proposals; (5) noncompetitive proposals.

(2 CFR Part 200.320)

1. Micro-purchase – Limit of \$3,000 in aggregate (\$2,000 if the purchase is subject to the requirements of Davis Bacon). Micro-purchases may be made without soliciting competitive quotation if IGD considers the price to be reasonable. Purchasers should distribute micro-purchases equitably among reasonable qualified suppliers.

2. Small purchase – Small Purchase procedures are relatively simple and informal procurement methods for securing services, or other property. Items with unit costs over \$3,001 but less than \$25,000 can be purchased utilizing documentation of three written bids, County or State procurements can be used in lieu of the three written bids. Items with unit costs at or over \$5,000, must have written permission obtained from the funding agency.

Procurement amounts \$25,001 to \$150,000 should use the sealed bid or competitive methods.

3. Sealed bids methods (formal advertising), are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all of the material terms and conditions of the invitation for bid. Formal advertising condition must be present,
  - a. A complete, adequate and realistic specification or purchase description is available.
  - b. Two or more responsible bidders are willing and able to compete effectively for IGD's business; and
  - c. The procurement lends itself to a firm-fixed-price contract, and the selection of the successful bidder can be made principally on the basis of price.

When sealed bids are used, the following requirements apply;

- a. A sufficient time prior to the date set of bid opening, bids shall be solicited (publicly advertised) from an adequate number of known suppliers.
- b. The invitation for bids, including specification and pertinent attachments, shall clearly define the items or services needed in order for the bidders to properly respond to the invitation for bids.
- c. All bids shall be opened publicly at the time and place stated in the invitation for bids.
- d. A firm-fixed-price contract award shall be made by written notice to that responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation cost, and life cycle cost shall be considered in determining which bid is lowest. Payment discounts may only be used to determine low bid when prior experience of IGD's indicates that such discounts are generally taken.

Any or all bids may be rejected if there are sound documented business reasons in the best interest of the program.

4. Procurement by competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursable type contract is awarded, as appropriate. Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids. If the competitive proposals method is used for procurement, the following requirements apply:
  - a. Request for Proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to publicized request for proposals shall be honored to the maximum extent practical.
  - b. Proposals shall be solicited from an adequate number of qualified sources.
  - c. The procuring party must have a written method for conducting evaluation of the proposals received and for selecting awardees.
  - d. Awards will be made to the responsible vendor whose proposal will be most advantageous to the procuring party, with price and other factors considered. Unsuccessful vendor will be promptly notified in writing.

5. Non Competitive Procurement will be allowed in certain unique circumstances, where the ability to go through a competitive process is not possible. Purchase must be documented as to the reason for the non-competitive procurement and approved by the Executive Director. Allowable exceptions for noncompetitive procurements include:
  - a. Where an unforeseen situation of urgency exists and the goods or services cannot be obtained by means of open procurement procedures.
  - b. Where only one supplier is able to meet the requirements of procurement in the circumstances (sole sourcing).
  - c. Where goods or services are needed due to a natural or man-made emergency.

### **Approved Contractors**

2 CFR Part 200.319(d) states: "The non-Federal entity must ensure that all prequalified lists of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period."

### **Purchasing**

The purchasing process is initiated by Central Supply Requisition (*form F3*) or by a Purchase Order (*form F4*).

### **Central Supply**

Employees requisitioning purchases through Central Supply will e-mail Accounting Clerk with the request. Employees should also copy their Program Manager/Coordinator on the Central Supply Request e-mail which will serve as an approval for the request.

Fiscal will determine if item(s) will be distributed from IGD or St. Clair County Central Supply.

1. Items from IGD Central Supply will be tallied and totaled on a Central Supply Requisition (*Form F2*) for each program, at the end of each month.
2. Items from St. County Central Supply will be ordered by an accounting staff and will prepare a disbursement authorization when the bill is received.

### **Use of Purchase Orders**

IGD utilizes a purchase order system. A properly completed purchase order (*Form3*) shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost), with the exception of travel reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed purchase order shall contain the following information, at a minimum:

- Contractor name and address, point of contact and phone number ( if applicable)
- Purchase order number
- Date purchase order was prepared
- Source of funding
- Delivery or performance schedules

- Quantity needed
- Unit
- Catalog number, page number, etc. (if applicable)
- Net price per unit, less discount, if any
- Specifications or statement of services required
- Total amount of order
- Coordinator's signature and if total is at or over \$1,000, the Executive Directors signature
- Approval from funding source, if required

Purchase order numbers are kept in a secure area in the Accounting Department, and issued upon request from the Accounting Clerk. All purchase orders shall be recorded in a purchase order log, indicating number, contractor, amount, date and program.

Purchase orders are filed with the disbursement authorization forms in the Accounting Department.