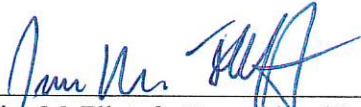


TOWNSHIP OF SCIO
PURCHASING POLICY & PROCEDURES

I hereby certify that the Purchasing Policy and Procedure
was adopted by the Board of Scio Township at its regular
meeting held on November 12, 2019, at the Township Hall,
827 North Zeeb Road, Ann Arbor, Michigan.



Jessica M. Flintoft, Township of Scio Clerk

APPROVED BY THE TOWNSHIP ON 04/16/1996
APPROVED AMENDED ON 12/17/2002
APPROVED AMENDED ON 06/28/2011
APPROVED AMENDED ON 11/12/2019

SCIO TOWNSHIP PURCHASING POLICY & PROCEDURES

POLICY

The Township of Scio shall engage in purchasing activities that are fair and equitable, and which provide the maximum purchasing value for public funds. The Township will implement procedures designed to maintain a procurement system of quality and integrity; and that promotes efficiency, effectiveness and equity in public purchasing. The Township will comply with all applicable federal and state laws concerning public purchasing. The Board of Trustees must authorize all expenditures of the Township. The Board of Trustees has set forth procedures to ensure that all expenditures are properly authorized prior to disbursement of Township funds.

PROCEDURES

1. Definitions:

- a. *Department Head* means any Township elected official or staff person designated to be in charge of the administration of a fund or department. All designations are kept on file with the Clerk.
- b. *Township* means the Township of Scio, Washtenaw County, Michigan.
- c. *Township board, township board of trustees, board of trustees* and *board* mean the governing body of the Township of Scio, Washtenaw County, Michigan.

2. Operational Guidelines:

a. Application

This Policy applies to the procurement of supplies, goods, equipment, services, and construction entered into by the Township and its constituent departments and the discretely presented component units, after the effective date of this Policy. It shall apply to every expenditure of public funds by the Township irrespective of the source of the funds. When the procurement involves the expenditure of federal or state assistance or contract funds, the procurement shall be conducted in accordance with any applicable federal or state laws and regulations. Nothing in this Policy shall prevent any public agency from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.

b. Administration

Under the provisions of this policy, the Township Supervisor is the Purchasing Agent. The Township Supervisor may designate one staff person to serve as a second Purchasing Agent who would have all the duties and responsibilities under the provisions of this policy as the Township Supervisor. The Supervisor shall keep on file with the Clerk the designation.

c. Sales Tax Exemption

The Township shall not be charged or pay sales tax. The Township as a Michigan Municipal Corporation, is exempt from sales tax as provided in Act 167 of Public Acts of 1933. MCL 205.54(7); MSA 7.525(4)(7), and the Michigan Sales and Use Tax Rule, 1979 MAC Rule 205.79, provide that sales to the United States government, the State of Michigan, and their political subdivisions, departments and institutions are not taxable when ordered on a Purchase Order 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. This position was affirmed by the Michigan Department of Treasury through its Revenue Administrative Bulletin 1990-32, approved on October 11, 1990.

d. Emergency Purchases

Whenever there is an imminent threat to the public health, safety or welfare of the Township or its residents, the Township Supervisor or a member of the Board of Trustees may authorize the purchase of supplies, materials, equipment, services or construction, utilizing competition as may be practical and reasonable under the circumstances.

e. Local Purchasing

The Township will, when possible, solicit quotes from Scio Township businesses or businesses with a branch office within the boundaries of the Township. The Township shall direct procurement needs locally to help stimulate local business development and foster a stronger local economy. Local preference may be given if within a factor of 5%, capped at a dollar amount of \$5,000.

f. Cooperative Purchasing

The Township may join in cooperative purchasing arrangements with other government units. The Township may accept extended government pricing with appropriate documentation, if it is determined to be cost effective and in the Township's best interest.

g. Gratuities, Personal Benefits, and Kickbacks

It shall be a violation of this Policy for any person to offer, give or agree to give any Township official or employee or former Township official or employee, or for any Township official or employee or former Township official or employee to solicit, demand, accept or agree to accept from another person, a gratuity, personal benefit, or kickback in connection with any purchasing or contracting decision.

h. Conflict of Interest

No Township employee, official, appointee, or other agent may participate in the analysis selection or expense of Township funds in which they have a potential financial or other interest in one or more of the potential vendors. Any employee, official, or appointee who identifies a potential conflict of interest must immediately disclose that conflict to the Township Board of Trustees and must ensure they remove themselves from the purchasing process.

i. Failure to Follow Policy

The Township shall not be responsible for the costs of goods and services ordered or purchased by any Township official or employee that are not obtained in accordance with this policy. Contracts negotiated outside of this policy will be considered invalid and non-binding.

3. Procurement Procedures:

The procurement procedure to be used is determined by the dollar amount of the procurement. Contracts or purchases shall not be artificially divided to circumvent the purchasing procedures in this policy. Appropriations contained in the budget shall not be considered 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. No obligations shall be incurred against, and no payment shall be made from, any appropriation account unless there is a sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligation. An expenditure/accounts payable shall not be recorded until the goods are delivered or services received.

a. Purchases less than \$25:

Petty cash should be used to reimburse immediate expenses of \$25 or less. The Township Treasurer, or person designated by the Treasurer, is authorized to maintain and/or supervise the petty cash. At the time of disbursement, a record of the date, the person that was reimbursed, the account number, the amount, and a description of the reimbursement should be recorded. This is usually in the form of a petty cash slip and/or receipt.

b. Purchases from \$25 to \$250:

Purchases in this dollar amount are made by a Department Head. A purchase order is not required unless the Township's credit card is used. All purchases of goods or services using the Township's credit card require the use of a purchase order regardless of price. The Township Treasurer, or person designated by the Treasurer, is authorized to manage the Township's credit card.

c. Purchases from \$250 to \$1,000:

Department Heads are authorized to purchase goods and services between this dollar amount if funds are available within their departmental budget. The Department Head requesting the purchase must complete a purchase order form, signing and coding the purchase order.

d. Purchases \$1,000 to \$5,000:

The Supervisor is authorized to issue a purchase order provided that the nature of the purchase is indicated, the account number is provided, the need for the purchase is documented and the Chief Financial Officer or Accountant has signed off on the purchase order that the budget (line item) has sufficient balance. Authorized purchase orders shall be provided to the Chief Financial Officer or Accountant.

e. Purchases \$5,000 and \$20,000:

Any purchase for goods and services exceeding a contract cost of \$5,000 shall require the Department Head to obtain at least three written quotes, with the exception of existing software service and maintenance. Awards shall be made, by the Township Board, to the offeror determined to be best qualified based on the evaluation factors set forth and negotiation of fair and reasonable compensation.

f. Purchases \$20,000 and above:

All contracts and purchases estimated to exceed \$20,000 shall require formal competition as deemed appropriate, including but not limited to competitive sealed bids, request for proposals, quality-based selection, negotiated purchases, etc. The Department Head in consultation with the Township Supervisor shall develop bid specifications. Bid specifications for purchases shall be approved by the Township Board.

A Department Head may request permission from the Township Board to waive the bidding requirements when there is only one known supplier or there is some other compelling reason to waive the bid procedures. These include, but are not limited to the following:

- Intergovernmental contracts
- Purchases through state, county or federal agencies subject to discounts or more favorable financing than otherwise available.
- Emergency repairs or services where delays through solicitation of bids would be injurious or damaging.
- Employees or officials' salary or compensation contracts decided through separate action by the Board of Trustees.

4. Bid Procedures:

- a. Invitation for Bids – An invitation for bids shall be issued and shall include specifications, and all contractual terms and conditions applicable to the procurement.
- b. Public Notice - Public notice of the invitation for bids shall be given a reasonable time prior to the bid submission date set forth therein. Such notice may include publication in a newspaper of general circulation and/or online media for a reasonable time as determined by the Supervisor prior to the bid opening. The public notice shall state the place, date and time of bid opening, and shall be in a format approved by the Supervisor.
- c. Bid Opening – Bids shall be opened publicly in the presence of one or more witnesses following the deadline set for the submission of bids at the time and place designated in the invitation for bids. The Township shall hold a public bid opening when required by law, or when in the opinion of the Supervisor, a public bid opening is in the interest of the Township. The amount of each bid, and such other relevant information as the Supervisor deems appropriate, together with the name of each bidder shall be recorded. The record and each bid shall be open to public inspection in accordance with Act 442 of the Public Acts of 1976, MCL 15.231 et seq.
- d. Bid Acceptance and Bid Evaluation – Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, experience, delivery, warranty, and suitability for a particular purpose. Bids which do not comply with all criteria set forth in the invitation to bid

may be subject to disqualification.

- e. Correction or Withdrawal of Bids; Cancellation of Awards - Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted in the sole discretion of the Township. Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids, prior to the time set for bid opening. After bid opening, corrections in bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence, as determined by the Township Board, that a mistake of a nonjudgmental character was made.
- f. Award - The contract shall be awarded by appropriate notice to the responsible and responsive bidder whose bid meets the requirements and response selection criteria set forth in the invitation for bids. Nothing in the award process shall prevent the Township Board from acting in the Township's best interest when making the bid award, including awarding the bid to other than the low bidder, using a best value-based selection process. No contract or purchase order shall knowingly be entered into with any company or business which is in bankruptcy or receivership. In the event the bid for a project exceeds available funds, the Township Board is authorized to negotiate an adjustment of the bid price when time or economic considerations preclude re-solicitation of work of a reduced scope, in order to bring the bid within the amount of available funds. All draft contracts shall be reviewed by the Chief Financial Officer or their designee before going to the Township Board for approval.

5. Processing of Payables:

Request for payments to vendors shall be documented in writing by a vendor invoice or paid receipt. Only original invoices shall be processed for payment, as statements or copies of invoices may result in duplicate payments.

The invoice/departmental check request shall include the following:

- Vendor name
- Purpose of payment request
- Unit price and units delivered (if applicable)
- Packing/delivery slips
- Bids/quotes if applicable
- Date goods delivered or services rendered
- The related purchase order number

The Department Head who is responsible for the budgetary cost center to which the expense will be charged shall initial the document. Initialing the payment request shall indicate all of the following are true: the goods have been delivered or the services have been rendered to the Township; the expense complies with the procedures outlined in this policy; all prices and units agree with the purchase order, if applicable, or any differences have been reconciled; the payment request is mathematically correct, and the account number being charged is the appropriate budgetary allocation for this expense. For example, all invoices related to a purchase order issued by the Township Supervisor shall be approved by the Township Supervisor, and shall be subject to review by the Chief Financial Officer or Accountant for conformity to budgetary and financial requirements.

6. Board Approval:

All claims shall be approved by the Township Board prior to payment, except for the following:

- Payroll
- Water/Sewer
- Gas/Electric
- Telephone/Internet
- Fuel
- Postage
- Intergovernmental contracts
- Per diems and fees paid to boards, commissions, committees and election inspectors
- Insurance
- Contractual obligations
- Any other separately authorized by the Township Board

A check run, with HIPAA protected items blacked out, evidencing payment of these claims shall be provided to the Township Board, at the next regular meeting.

7. Expense Reimbursements:

The Township shall reimburse all officials and employees for necessary expenses incurred in performing their duties. All requests for expense reimbursement shall be made on the proper expense reimbursement form with detailed receipts attached. Commuting from residence to the Township Hall or the employee's official workstation shall not be eligible for reimbursement. Board and committee members shall not receive mileage to attend board meetings that are a statutory duty of their office. Personal expenses that are unnecessary to conduct Township business, such as entertainment and alcohol consumption, shall not be eligible for reimbursement.

a. Reimbursement Rates:

Travel shall be reimbursed at the actual costs, and not to exceed Federal mileage and per diem rates for meals, lodging, and miscellaneous, set October 1st each year by the U.S. General Services Agency. An online mapping printout showing mileage must accompany expense reimbursement form.

**AUTHORIZATION
QUICK REFERENCE**

AMOUNT OF PURCHASE	LINE ITEM BUDGETED FUNDS NECESSARY	CONTACT TO INITIATE PURCHASE	PURCHASE ORDER REQUIREMENT	TYPE OF QUOTE NEEDED	AWARD AUTHORIZATION REQUIRED BY
CREDIT CARD PURCHASE	YES	DEPARTMENT HEAD	YES	N/A	DEPARTMENT HEAD
\$25 AND UNDER/ PETTY CASH	YES	DEPARTMENT HEAD	NO	N/A	DEPARTMENT HEAD
\$250 - \$1,000	YES	DEPARTMENT HEAD	YES	N/A	DEPARTMENT HEAD
\$1,000 - \$5,000	YES	TOWNSHIP SUPERVISOR	YES	N/A	TOWNSHIP SUPERVISOR
\$5,000 - \$20,000	YES	TOWNSHIP BOARD	BOARD MOTION	3 WRITTEN OR ELECTRONIC	TOWNSHIP BOARD
\$20,000 AND ABOVE	YES	TOWNSHIP BOARD	BOARD MOTION	FORMAL COMPETITION	TOWNSHIP BOARD
RECEIVING	DEPARTMENT HEADS ARE RESPONSIBLE FOR DETERMINING THE PROPER QUANTITY AND QUALITY OF GOODS RECEIVED BEFORE FORWARDING THE INVOICE FOR PAYMENT TO THE CHIEF FINANCIAL OFFICER/ ACCOUNTANT.				