

COUNTY OF ST. CLAIR, MICHIGAN

PURCHASING MANUAL

Effective Date 01/01/2017

The Purchasing Division is committed to serving the citizens of St. Clair County through assisting the county departments on the procurement of goods and services in a manner of sound and ethical business practice.

Category: 200

Number: 242

Subject: **COUNTY PURCHASING POLICY**

Purpose: The purpose of this policy is to:

1. Provide assistance to the County Departments with the procurement of goods and services in a manner of sound and ethical business practice.
2. Assure that the County complies with the laws of the State of Michigan regarding the procurement of goods and services by a government entity.
3. Communicate to County Elected Officials, Department Heads, County Employees, and the Public the formal Purchasing Policy of the Board of Commissioners.

Authority: County of St. Clair Board of Commissioners

Application: This policy applies to all County Departments under the legal authority held by the Board of Commissioners as related to the procurement of goods and services.

Responsibility: The Administrator/Controller shall have the responsibility to implement and administer this policy.

Definitions: **Purchasing Division** is the department responsible for assisting the County Departments with their purchases of goods and services when requested or deemed necessary.

County Departments are the units that fall under the jurisdiction of the County of St. Clair, Michigan.

General: The Purchasing Policy is designed to offer the County Departments guidelines for procuring goods and services on behalf of the County in a purchasing format that is accepted as general business practices.

Policy: **Purchasing Guidelines**

The Purchasing Division has the responsibility to ensure that the quality, quantity, and materials being purchased by the County Departments adheres to the purchasing guidelines as approved in the Purchasing Policy.

All of the forms required to complete a purchase will be submitted to the Purchasing Division from the County Departments in the time frame outlined in the County Purchasing Procedures, complete with information, and with proper authorization.

The Purchasing Division and County Departments will not knowingly issue a purchase order where there is evidence of conflict of interest. Reference County Personnel Policy Number, dated 6/27/01, Article 4 titled Conflict of Interest.

The Department Head or Designee must approve all County purchases.

All bidders of the County will be given an equal opportunity to quote or to compete on equal terms.

Purchasing Responsibilities and Authority

The Purchasing Division and the Administration will be responsible for policy development and procedures of the purchasing system under the jurisdiction of the Board of Commissioners.

The Purchasing Division will maintain basic information such as purchase records, price records, and approved vendor list.

If deemed necessary by the County Departments or the County Administrator, Purchasing may research market studies, materials studies, cost analysis, investigate supply sources, and develop supply sources.

The Purchasing Division will assist County Departments with obtaining goods and services in the required quality, at the lowest cost, at the proper time and in quantities that support the department's requirements. This may include securing quotations, analyzing quotations, negotiating contracts, checking legal conditions of contracts, and issuing purchase orders.

The Purchasing Division will advise County Departments of current and future market conditions, supply and availability of materials and economic conditions.

The Purchasing Division will work with suppliers and potential suppliers in search for new products and services that will better serve the County.

The Purchasing Division will not obtain goods or services for any County Department without the written consent of the Department Head.

The Purchasing Division will share or be wholly responsible for a variety of related or complementary activities as deemed by the individual departments, or as specified by the County Administrator.

Department Responsibilities and Authority

The County Departments will be responsible for adhering to the policies and procedures of the County purchasing system.

The County Departments will be responsible for adhering to the budget figures that have been established for their department relative to purchasing goods and services for the County.

The County Departments will be responsible for obtaining proper authorization from the Administrator/Controller prior to making any purchases that may exceed the amount of the department's approved budget.

The County Department may obtain goods and services in the required quality, at the lowest cost, at the proper time and in quantities that support the department's requirements. This may include securing quotations, analyzing quotations, negotiating contracts, checking legal conditions of contracts, and issuing purchase orders.

The County Departments will assist the Purchasing Division with standardizing goods and services used throughout the County and promote strong vendor relations.

Share or be wholly responsible for a variety of related or complementary activities as deemed by the Purchasing Division, or as specified by the County Administrator.

Administrative

Procedures: Reference County of St. Clair Purchasing Procedures dated April 1, 2002.

Periodic

Review: The Administrator/Controller or County Board of Commissioners shall review this policy as needed.

Adopted: October 23, 2002

PURCHASING PROCEDURES

EXPENDITURE LEVELS FOR PURCHASING DIVISION AND COUNTY DEPARTMENTS

- Departmental orders are limited to \$20,000 per line item. If the line item purchase exceeds \$20,000 per line item, the Purchasing Division will assist with the acquisition.
- The Purchasing Division will assist on all purchases that require a contract, blanket order, or lease of equipment or property unless otherwise specified by the County Administrator.
- The Purchasing Division will review all contracts, blanket orders, maintenance agreements, and lease agreements to validate correct verbiage and verify pertinent information is included.
- The Purchasing Division will issue all purchase order numbers for lease agreements and maintenance agreements of all County required equipment upon review and finalization of agreement paperwork.
- The Purchasing Division has no limit on expenditure as all purchases will have the written consent of either the Department Head or County Administrator.

CONSTRUCTION PROJECT BIDDING

- Reference County Policy Number 2, Construction Project Bidding, for the requirements to make such purchases.

PROCUREMENTS USING A COUNTY PURCHASE ORDER

- Purchase orders may be required for the procurement of goods and services for the County. The only exceptions are utilities and items listed in the section titled “Options for Procuring Goods/Services Without a Purchase Order Number”.
- The Department Heads, Department Delegates and the Purchasing Division generate purchase orders. The purchase order number can be obtained from the Purchasing Division.
- Bids/quotes are required for purchases that exceed \$3,000 per line item for federally funded items and \$5,000 per line item for non-federally funded items.
- Types of purchase orders.
 - Blanket orders/price agreements: A purchase order normally processed where material or equipment will be used on a frequent or repetitive schedule. This order normally covers an annual period for specific items at unit prices. Often blanket orders/price agreements include more than one department.
 - Maintenance contracts: Used to obtain maintenance and repairs to County facilities and equipment. Purchase order number must be given at time of contract signing. These contracts can be established for a period of one to three years in duration. Maintenance contracts require proof of insurance by the vendor for the amounts stated by the County; workers compensation as required by the Laws for the State of Michigan; comprehensive general liability and automotive liability in an amount as required by the County.

- Short-term construction contracts: Similar to a maintenance contract the short-term contracts usually define a specific task or certain construction that, when completed, signal the conclusion of the contract. Insurance requirements are as noted in the maintenance contract and often bonding is required.
- Professional service contracts: Used for the acquisition of professional services such as doctors, lawyers, nurses, architects, engineers, public relation firms, accountants, facility managers, consultants, etc. Depending on the type of service required or the liability incurred, sufficient insurance limits may be required to cover items such as malpractice, etc., before a purchase order can be issued.

TERMS AND CONDITIONS

- These terms and conditions apply to all County purchases made using the purchase order number method.

PRICE. The price stated on the face hereof shall be the total price for the specified goods or services. No additional charges shall be made for packing, freight taxes, drayage, storage or other items unless specified on the face hereof. Buyer will have no liability for material or items in excess of the quantity specified herein or in a delivery schedule. State sales tax will not be paid on any County purchases.

PACKAGING AND SHIPPING. All materials shall be suitably packed, marked and shipped in accordance with the requirements of common carriers in a manner to secure the lowest transportation cost. Unless otherwise specified, Seller shall properly mark each package with Buyer's purchase order number, building identification, suite number and/or dock number, and where multiple packages comprise a single shipment, each package shall also be consecutively numbered. Order number and package numbers shall be shown on packing slips, bills of lading and invoices. Packing slips must accompany each shipment. Seller shall promptly forward original bill of lading or other shipping receipt for each shipment in accordance with instructions issued by Buyer. Seller agrees to describe material on the bill of lading or other shipping receipt and to route shipment in accordance with instructions issued by Buyer's specifications.

DELIVERIES. Deliveries are to be made in the quantities and at the times specified herein or in delivery schedules furnished by Buyer. Buyer may, from time to time, change delivery schedules or direct temporary suspension of scheduled shipments. Seller shall not be liable for delays in deliveries that are due to causes anticipated delay in delivery, stating the cause for the anticipated delay. Any delay due to a default by a subcontractor, and that Seller could not obtain supplies or services from a source other than the subcontractor in time to meet the delivery schedule. Notwithstanding any delivery terms herein, risk of loss of the goods shall pass to Buyer only upon receipt of the goods at the stated delivery location. Delivery shall not be complete until materials have been actually received and accepted by Buyer notwithstanding any agreement to pay freight express, parcel post or other transportation charges, and the risk of loss of damage in transit shall be upon the Seller.

WARRANTIES. All goods or services provided by Seller pursuant to this Purchase Order shall be merchantable and free of defect in design, material and workmanship, and will conform to the drawings; specifications, samples or other description furnished or specified by Buyer or provided by Seller to Buyer and will be fit for the purposes intended.

TERMINATION OF OPTION OF BUYER. Performance of work under this purchase order may be terminated by Buyer at its option, in whole or in part, at any time by delivery, or by mailing of a written notice of termination to Seller. After receipt of a notice of termination Seller shall, unless otherwise directed by Buyer immediately terminate all work under this purchase order. Necessary action shall be taken to protect Buyer's property in Seller's possession in which Buyer has or may acquire an interest. Upon termination by Buyer under this paragraph, Buyer shall pay to Seller the following amounts without duplication. ♦The purchase order price for all supplies or services, which have been completed in accordance with this purchase order and not previously paid for. ♦The actual costs incurred by Seller in accordance with the purchase order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting practices to the terminated portion of this purchase order. ♦This may include the actual cost of work in process and materials delivered to Buyer and including the actual costs of discharging liabilities that are so allocable or apportionable. ♦Also the reasonable costs incurred by Seller in protecting property in its possession in which Buyer has or may acquire an interest. ♦Costs shall not exceed the aggregate price specified in this purchase order, less payments otherwise made or beyond its control and without its fault or negligence, provided that Seller promptly notifies Buyer of any to be made. The provisions of this paragraph shall not apply if this purchase order is canceled by Buyer or the default of Seller.

REMEDIES. In the event of any breach of the provisions of this agreement, Seller shall be entitled to all remedies provided for herein or available in law or equity. No exclusion of Seller's liability for incidental or consequential damages shall be effective, and no waiver of a breach of any provision of this Purchase Order shall constitute a waiver of any other or future breach of said provision. No waiver of a breach of any provision of this agreement shall be effective unless in writing. In addition to any other remedy available to Buyer, in the event Seller fails to make a timely delivery of any installment or delivers an installment that fails to comply with the warranties set forth above, or otherwise breaches this Purchase Order, Buyer may cancel this Purchase Order with regard to any remaining product to be delivered.

INSPECTION. Buyer shall have the right to inspect goods on receipt prior to acceptance. Material not in accordance with the above warranties will be held for Seller's instruction and at Seller's risk and, if Seller so directs, will be returned at Seller's expense. Payment prior to inspection shall not constitute acceptance, nor will acceptance constitute a waiver of any failure of the goods or services to comply with the above warranties or any other breach of this Purchase Order.

COMPLIANCE WITH LAWS. Seller's performance of work pursuant to this Purchase Order, and all goods delivered pursuant hereto, shall be in compliance with all applicable federal, state or local laws, rules, regulations and ordinances, including, but not limited to, the Fair Labor Standards Act and all regulations and orders of the United States Department of Labor issued pursuant thereto. Seller also agrees to comply with the requirements of Executive Order 11246 relative to equal employment opportunity, and all regulations issued pursuant thereto.

INSURANCE. If this order covers the performance of labor for Buyer, Seller agrees to indemnify and protect Buyer against all liability, claims or demands for injury or damage to any person or property arising out of the performance of this order by Seller, its employees, agents, or representatives. Seller further agrees to maintain adequate insurance coverage in the following minimum amounts and to provide Buyer with certificate(s) of insurance evidencing such coverage: Worker's Compensation-statutory limits for state or states in which the work is to be performed; General public liability-\$50-\$100,000; and property damage-\$25,000; Automobile public liability-\$50-\$100,000; and property damage-\$10,000. Said certificate(s) must set forth the amount of coverage, number of policy and date of expiration. If Seller is a self-insurer, a certificate of the department of labor of the state in which said labor is to be performed must be furnished by such department directly to Buyer. The purchase of such insurance coverage or the furnishing of the aforementioned certificate shall not be a satisfaction of Seller's liability hereunder or in any way modify Seller's indemnification of Buyer.

SPECIFICATION CHANGES. Buyer reserves the right at any time to make changes in drawings and specifications as to any goods or services covered by this Purchase Order. Any difference in price or time for performance resulting from such changes shall be equitably adjusted and this Purchase Order and/or the delivery schedule shall be modified in writing accordingly.

CHOICE OF LAW. The laws of the state of Michigan shall govern this Purchase Order.

BID/QUOTE METHOD

- For **federally funded** items, if the procurement exceeds \$3,000 per line item, but does not exceed \$50,000 per line item, a minimum of (3) written quotes are required.
-
- For **Non-Federal funded** items, if the procurement exceeds \$5,000 per line item but does not exceed \$50,000 per line item, a minimum of three (3) written quotes are required. If the procurement exceeds \$50,000 per line item then the formal written bid process must be adhered to. Types of bids/quotes.
 - *Informal bids:* Are used when the buyer estimates that the cost of the contemplated purchase exceeds \$5,000 per line item but does not exceed \$50,000 per line item. A minimum of three (3) written quotations shall be solicited. More may be solicited if deemed appropriate by the buyer.
 - *Formal bids:* Are used when the buyer estimates that the cost of the contemplated purchase exceeds \$50,000 per line item. A Notice of Invitation to Bid shall be published on the MITN (Michigan International Trade Network) website. www.mitn.info
 - *Sealed bids:* Are normally used for expenditures exceeding \$50,000. These bids are time-specific documents and must be received at the buyer's location at or before a specific time and date indicated on the bid form. Bid packages received after the time and

date specified will not be accepted and will be returned to the vendor unopened. Sealed bids are opened and read by County Administration at a specified time and date. The County reserves the right to reject any bid.

- Request for proposals: Are similar to a sealed bid. A request for proposal criteria defines a specific need or problem and requests the vendor to define how to fill the need or solve the problem. Vendors are allowed more latitude to define solutions or services in a request for proposal. This is a time specific document and must be received at the buyer's location at or before the specific time and date indicated on the request for proposal form. Request for proposals are opened and read by County Administration at a specified time and date. Proposals received after the time and date specified will not be accepted and will be returned to the vendor unopened. The County reserves the right to reject any proposal.
- Single/Sole source bids: Are used for items or services available from only one source. The user, to justify this type of purchase must provide extensive research and full documentation. The user must also attempt to get 3 written quotes as well. Single source is discouraged, as there is no expectation of competitive pricing. Single source purchases require the approval of both the Department Head and Purchasing Division.
- The Purchasing Division may assist on any bids/quotes deemed necessary by the County Departments, or as specified by the County Administrator.
- The Purchasing Division will assist in advertising for bids on the MITN (Michigan Intergovernmental Trade Network) website. www.mitn.info

OBTAINING A PURCHASE ORDER NUMBER

- When using a purchase order number, a County Requisition Form must be completed prior to the purchase of goods or services.
- The Purchasing Division will generate the purchase order number.

AUTHORIZATION LEVELS FOR APPROVING PURCHASES

- A Department Head will sign off on every purchase made by his/her department. The Department Head may forward a written notice to the Finance Director requesting that the Department Delegate have authorization to sign off on purchases. In some cases, the Finance Director may be required to sign off on a purchase, i.e., special projects using Public Improvement funds, grants, etc.

PLACING OF PURCHASE ORDER

- A Department Head, Department Delegate, or the Purchasing Division may issue a purchase order to a selected vendor after all of the aforementioned criteria has been met by both the department and vendor.

RECEIPT OF MATERIAL PURCHASED

- All material and services will be inspected for quality and completion at time of receipt.

- Accounts Payable, the Purchasing Division, or the Department Delegate, will receive into the BiTech System all materials purchased using a County purchase order number.
- Damaged material and over shipments may be returned to the vendor with the consent of the Department Delegate, Department Head, or Purchasing Division. A phone call to the vendor requesting a return authorization number should be made prior to the return. The individual making the return will complete a Material Discrepancy Form and submit it to the Purchasing Division.

ONESOLUTION SYSTEM

- The OneSolution System is the financial and administrative software utilized at the County. County Departments may be subject to using this software for entering requisitions, approving requisitions, issuing purchase orders, and receiving goods or receipt of work completed.

OPTIONS FOR PROCURING GOODS/SERVICES WITHOUT A PURCHASE ORDER NUMBER

VOUCHERING SYSTEM

- The vouchering system may be used in place of issuing a purchase order. This system is used only for utility type services. A voucher form will have to be completed for each invoice/purchase receipt issued from the vendor(s). This method of payment should only be used when vendors do not accept a purchase order number or a county procurement card as a form of payment.

PROCUREMENT CARDS

- Procurement cards are used similar to credit cards. The cards are strictly used for establishing a signature on the purchase and eliminating the paperwork involved in issuing a purchase order. The individual cardholder retains custody of the procurement card and has authorization from the Department Head to procure goods/services for the department. Reference County of St. Clair Procurement Card Policy 241 for further details. Reference County of St. Clair Procurement Card Purchasing Procedures dated 12/8/16.

PETTY CASH

- Petty cash is a source for quick cash on small customer pick-up orders. The County Accounting Manager is responsible for establishing petty cash accounts and for reimbursement of petty cash funds.

FORMS UTILIZED FOR PURCHASING

REQUISITION FORM

- A requisition form is used by the County Departments to communicate to the County Purchasing Division what they plan to purchase. The Purchasing Division uses this form to enter the information into the OneSolution System.

DELIVERY RECEIPT/WORK ORDER/PACKING SLIP

- Some form of receipt is required to receive against a purchase order in the OneSolution System and to validate the invoice.

LEASE AGREEMENTS

- A signed contract for leasing of equipment, services, space, etc. with a specified fee and expiration date. Lease agreements, i.e. service, machinery, etc., negotiated by the County Departments will be forwarded to the Purchasing Division prior to signing. Only originals will be accepted. The vendor typically generates this form.

PURCHASE AGREEMENTS

- A signed contract for purchase of equipment, services, etc. for a specified fee typically over the amount of \$20,000. Signed purchase agreements, i.e. service, machinery, etc., negotiated by the County Departments will be forwarded to the Purchasing Division prior to signing. Only originals will be accepted. The vendor typically generates this form.

MAINTENANCE AGREEMENTS

- A signed contract for maintaining equipment, grounds, etc., with a specified fee and expiration date. Maintenance agreements negotiated by the County Departments will be forwarded to the Purchasing Division prior to signing. Only originals will be accepted. The vendor typically generates this form.

REQUEST FOR PROPOSAL

- The request for proposal form is used for soliciting bids from vendors on purchases where the vendor needs to make an offer to define the need or resolve a problem.

VENDOR BID LIST APPLICATION FORM - TBD

TAX EXEMPT PACKET

- The tax-exempt packet that is designed by the Accounting Department and is forwarded to the vendor at the time of establishing an account.

DOCUMENTATION MANAGEMENT AND CONTROL

- The Purchasing Division will maintain an approved vendor list.
- The Purchasing Division may approve all new vendors with proper paperwork completed prior to the County purchasing from the vendor. The Purchasing Division may work with the Accounting Department to establish new accounts.
- A vendor will successfully complete the necessary paperwork from the County to be on the approved vendor list.
- The standardization of materials and services used by the County will be an intricate part of the Purchasing Divisions responsibility. The Purchasing Division will continue to issue blanket orders and contracts where like items are being used by multiple departments of the County.

- The Purchasing Division will analyze and recommend to County Department's areas in which a blanket order or a long term contract can be established for goods or services. This will include contracts with automatic deliveries based on releases determined by the Purchasing Division or the County Department.