

PROCEDURE # 2.7a	EFFECTIVE DATE	REVISED DATE
TITLE: PROCUREMENT OF GOODS AND VENDOR SERVICES	May 18, 2017	
<u>ATTACHMENT TO</u>	REVIEW DATES	
POLICY #: 2.7	3/3/2020, 9/16/2020	
POLICY TITLE: PROCUREMENT OF GOODS AND VENDOR SERVICES		
CHAPTER: FINANCIAL MANAGEMENT		

I. PROCEDURES

A. Oversight and Supervision of the Purchasing Process Shall be as Follows:

- \$0.00 -- \$1,999:** Purchase of goods or services valued within this range may be purchased without written cost quotations or proposals. The responsible staff person shall solicit verbal quotations, and the purchase shall be made from the vendor best able to provide necessary goods or services based upon price, availability of goods, and delivery schedule
- \$2,000 -- \$9,999:** Purchase of goods or services valued within this range shall be preceded by the solicitation of cost proposals as described herein and approved by the Chief Finance Officer (CFO) or Chief Executive Officer (CEO). The purchase shall be made from the vendor best able to provide the necessary goods or services with price being the primary consideration. Staff must document reasons for all purchases made where the low cost proposal is not accepted
- \$10,000 -- \$24,999:** Purchase of goods or services valued within this range shall be preceded by the solicitation of cost proposals as described herein and approved by the Chief Executive Officer. The purchase shall be made from the vendor best able to provide the necessary goods or services with price being the primary consideration. Staff must document reasons for all purchases made where the low cost proposal is not accepted
- \$25,000 -- \$49,999:** Purchase of goods or services valued within this range shall be preceded by the solicitation of cost proposals as described in the Procedure: Procurement through Request for Proposal (RFP) and approved by the Chief Executive Officer. The purchase shall be made from the vendor best able to provide the necessary goods or services with price being the primary consideration
- \$50,000 and above:** Purchase of goods or services valued within this range shall be preceded by the solicitation of cost proposals as described in the Procedure: Procurement through Request for Proposal (RFP). The purchase shall be made from the vendor best able to provide the necessary goods or services with price being the primary consideration. The Administrative Officer responsible for the purchase shall prepare a Board Background and Motion (BB&M) containing sufficient background

information and underlying rationale to support the purchase recommendation to the Board of Directors. Items or services previously approved by the Board shall be brought back to the Board for review and approval if there is a dollar amount variance from the original BB&M of 5%, or \$10,000

B. Exceptions:

1. Properties/facilities and maintenance purchases shall be bid out when the annualized or per item cost/value exceeds \$10,000.
2. Computer Hardware and Software: The purchase of computer items or services valued less than \$5,000 shall not be subject to this policy / procedure. The purchase may be approved when, in the judgment of the Chief Information Officer (CIO), the purchase is made from the vendor best able to provide necessary goods or services based upon price, availability of goods, and delivery schedule.
3. Computer Services: The purchase of computer services valued less than \$20,000 may be approved by the CIO, when the provider of that service has already been selected to provide similar services within the previous 24 months via a documented bid or cost comparison process. Such approval may be made when, in the judgment of the CIO, the vendor continues to be best able to provide necessary services based upon price, performance and schedule.
4. Computer Hardware and Software and Employee/Physician Insurances: Purchases of \$25,000 and higher may not follow the RFP process if the responsible Administrative Officer determines a solicitation of cost proposals is more appropriate

C. Exclusions:

1. The purchase of food and consumable supplies.
2. Goods or service contracts entered into under - or based upon - the State of Michigan MI Deal program or the US Federal Government's GSA program

- D. Staff shall obtain cost proposals from qualified vendors for goods and services specified in this policy. Proposals may be obtained by means of direct solicitation or by advertising through newspapers, professional periodicals, or otherwise appropriate publications with the express purpose of notifying a wide range of vendors. The use of direct solicitation or published advertisements to effect an efficient and expeditious vendor response shall be left to the discretion of the department making the purchase. Generally, the receipt of at least three cost proposals shall be required prior to making a purchase, however, the receipt of fewer proposals shall be acceptable, provided that a

reasonable staff effort and solicitation process is documented and approved.

- E. LRE may maintain a list of qualified vendors for solicitation purposes for routine or regular purchases. This list may be developed from a variety of sources, including vendor requests, telephone book listings, professional or trade organizations, and past LRE experience. The qualification of vendors may include verifying appropriate insurances, licensure, past performance based upon written recommendations and comments from previous customers, and the vendor's size and experience relative to LRE's project and needs
- F. LRE shall develop specifications for cost proposals that are sufficiently complete so that all vendors provide quotations that are comparable. Specifications shall not be designed to favor a particular brand or type of product, or to exclude a particular vendor, without good cause. Good cause for narrow or restrictive specifications may include, but is not limited to, compatibility with existing systems or equipment, particular or specific needs of LRE that few vendors are capable of fulfilling, professional or technical judgment of LRE staff, and previous LRE experience with vendors of products. The reasons for restrictive or narrow specifications must be clearly defined and filed with all other cost and proposal documents. Staff may also make purchases without obtaining cost proposals, if only one vendor or product exists, or if proposals for identified products were received within the past twelve (12) months.
- G. Staff shall maintain records sufficient to detail the significant history of a procurement decision. These records shall include, but are not limited to, information pertinent to the rationale for the method of provider selection or rejection and the basis for the cost or price.
- H. It is the responsibility of the designated staff person to confirm that funds have been allocated and are available prior to the purchase.
- I. All audits required by the LRE shall be obtained by direct solicitation or by advertising, which shall adhere to the principles stated herein. The length of the initial audit period shall not exceed five years. The Chief Finance Officer shall approve the audit specifications and proposal process. All responses to audit cost proposals shall be reviewed and approved by the Board of Directors. The LRE may authorize staff to extend audit services beyond the original audit period without soliciting additional cost proposals, provided that any extensions do not exceed three years. The cost for any extension may be negotiated at the time the extension is authorized
- J. Sole Source Exceptions: Under certain circumstances, the agency may contract with vendors or providers through single-source procurement without executing a competitive bid process. These circumstances may include any one or more of the following:

1. The goods or services are available only from a single source;
 2. There is an urgent or emergent need for the goods or service;
 3. After solicitation through a number of sources, there is a lack of qualified provider candidates;
 4. The goods or services sought are unique or highly specialized;
 5. The services sought are professional services of limited quantity or short duration (e.g. Psychological testing);
 6. Through the person-centered planning process, the consumer has chosen a qualified non-network provider as his/her provider of choice
- K. LRE funds may not be utilized for the purchase of alcohol or tobacco products

II. REFERENCES/SUPPORTING DOCUMENTS

- LRE Policy 2.7 - Procurement of Services
- Davis-Bacon Act
- Copeland "Anti-Kickback" Act,
- Contract Work Hours and Safety Standards Act