



## YCUA Purchasing Policy

Dedicated to Providing Top Quality, Cost Effective, and Environmentally Safe Water and Wastewater Services to Our Customers

### I. Premise

The purpose of this Purchasing Policy is to provide for institutional consistency and accountability over those funds entrusted to Authority stakeholders. This Policy outlines who is authorized to commit the Authority to Contracts (as defined herein) for the acquisition of Covered Good and/or Services (as defined herein) and establishes specific rules and obligations. This Policy also provides for sound internal controls to protect institutional assets, promote effectiveness and efficiency.

### II. Financial Classes *and* Requirements

**Class A -** \$1.00 through \$2,499 – Purchases under \$1000 require prior approval from the Department Director. Purchases greater than \$1,000 also require prior approval from the Executive Director or his/her designee.

**Class B -** \$2,500 through \$49,999 – *Three (3) quotes must be solicited and at least two (2) must be received.* These are not required to be ‘sealed bids’. Documentation of the quotes must be attached to the final Purchase Order sent to the Accounts Payable department. Any purchases made from a “Sole Supplier” require an explanation attached to the purchase requisition. Any deviation from the above procedure must be approved in advance by the Executive Director or his/her designee.

**Class C -** \$50,000 and Above – *Either a Request for Proposal (RFP) or a Sealed Bid (RFB) is required, as well as YCUA Board of Commissioner Approval.* The YCUA Executive Director or his/her designee will make the final determination as to whether a **Class C** requisition requires a RFP or a RFB.

The Primary Distinction between choosing a **Request for Bid (RFB)** versus a **Request for Proposal (RFP)** is as follows:

**Request for Bid (RFB):** *A solicitation in which the terms, conditions, and specifications are described and responses are not subject to negotiation (i.e. specifically known items: equipment, roof replacement)*

**Request for Proposal (RFP):** *A solicitation in which it is not advantageous to set forth all the actual, detailed requirements at the time of solicitation and responses are subject to negotiation (i.e. software proposal).*

**‘Public Notice’** of the **RFP** or **RFB** is recommended in at least two (2) advertising / informational mediums, unless a ‘Sole Source Provider’ is the only available option. The initiating Department Director is responsible for placing the *Notice(s)* and for ensuring that the bid process is a sealed bid process (if **RFB**). A minimum of **10 business days** is required from the date of an advertisement, to the date of the opening of sealed bids.

### **Local Preference Provision**

The *Ypsilanti Community Utilities Authority*, believing there is a benefit to expending purchasing dollars within the local community, will give additional consideration to bids from local firms with a 'regular place of business' within the **YCUA Service Area** (currently defined as including the *Townships of Ypsilanti, Pittsfield, Superior, Augusta, Sumpter, York, Northville, Plymouth, Canton as well as the City of Ypsilanti*).

A copy of the bidder's business license must be included with their Official Bid, establishing the location of their business address. A post office box will not be acceptable, for these purposes, as a 'business address'.

In the event that the *prima facie* low bid or quote for a product or service shall be \$250,000 or less, local businesses shall receive an allowance of three percent (3%) of their bids.

This allowance shall be for the purpose of identifying a nominal low bidder only, and shall not affect the actual amount of the bid award. In the event the *prima facie* low bid or quote shall exceed \$250,000, there shall be no local preference allowance.

Nothing in this policy shall modify or constrain YCUA's power to reject any or all bids and to accept any proposal it considers to be in the best interest of the *Ypsilanti Community Utilities Authority*.

For **Non-Construction Projects**, it is recommended that at least two of the following mediums be utilized:

- The Michigan Intergovernmental Trade Network website ([www.mitn.info](http://www.mitn.info)).
- The YCUA website

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*Resource Note: for specific samples of the following, see earlier examples of YCUA RFPs, RFBs and Newspaper Advertisement Copy held in the YCUA intranet archive (department director restricted access, path as follows – <g:\deptdata\RFP History>):*

### **III. Exceptions to the Purchasing Requirements**

1. Emergency Items – Items which, as the situation dictates, are required immediately in order to ensure the safety of the YCUA facility, its employees and/or its surrounding population. **Emergency items must have the Verbal Approval of either the YCUA Executive Director prior to purchase.** Documentation after the purchase event will be required to support this action, which will be reviewed by the YCUA Executive Director.

Note: *These 'emergency' items must then go through the official Purchase Order process after the fact, to ensure proper authorizations.*

2. Contracts and YCUA Board Approved Projects – Certain large-scale, capital construction projects (See item II - '**Financial Classes and Requirements / Level C**') are currently exempt from the nominal Purchase Order process, but may be included under the umbrella of 'Blanket Purchase Orders' (See item IV.3. – **Exceptions / 'Blanket Purchase Orders'**).

- a. If no Purchase Order is generated, a copy of the approved contract and/or Board Minutes should accompany the invoice to the Accounting department.
3. Blanket Purchase Orders – Items that are purchased in bulk on a continuing basis (the same specific item; not various items from the same vendor). A Blanket Purchase Order may be issued at the beginning of the fiscal year to cover the entire year’s estimated usage cost, and will be drawn against as the year proceeds. Determine your annual estimated usage, and create line items of equal amounts (i.e. one per month), totaling your annual expense requirements. If the activity exceeds the original Purchase Order amount, a new Purchase Order will have to be approved. Examples of Blanket Purchase Orders may include: office and copier supplies; chemicals and hardware; refuse and recycling services. **The Director of Finance will review all requests for the use of Blanket Purchase Orders** in order to coordinate organization-wide purchases of similar items.
4. Extendable and Cooperative Contracts -
  - a. Extended and Cooperative Contracts- Contracts that have been competitively priced by other entities and extended to YCUA are exempt from section II requirements. *YCUA Board of Commissioners Approval is still required if the contract is \$25,000 or more.*

#### IV. Use of YCUA Credit Card

1. PURPOSE:

To set forth the policy and procedure for the YCUA credit card program.

2. INTRODUCTION:

The YCUA credit card program has been established to provide a convenient means with which to make allowable purchases. The HR Director, or his or her representative, is responsible for managing the card usage. The Finance Director is responsible for managing the cardholder account.

3. AUTHORIZED CARD USE:

The credit card is limited for uses where a vendor will not establish an account with YCUA, easily accept a YCUA check or YCUA Purchase Order. The card is also available when the use of a credit card to purchase an item will better facilitate a necessary purchase such as an emergency. Examples include online purchases, hotel, airfare, conferences, emergencies, etc.

The HR Director, or his or her representative will verify that all charges made with the card are in compliance with YCUA policies and procedures.

There will be total monthly credit limit of \$10,000.

4. UNAUTHORIZED AND/OR INAPPROPRIATE CARD USE:

The credit card must never be used to purchase items for personal use or for non-YCUA purposes, even if the employee intends to reimburse YCUA.

5. MAKING A PURCHASE WITH THE CREDIT CARD:

- a. There will be one credit card, held by the HR Director, or his or her representative. The card will not leave the HR Department, unless approved by the Executive Director.
- b. An employee seeking to purchase an item with the credit card will complete a credit card authorization form, and submit it to HR Director, or his or her representative. All normal required purchasing approvals, forms and signatures will be completed prior to using the credit card. Example, purchases over \$1,000 require a purchase order and the pre-approval of the Executive Director.
- c. The HR Director, or his or her representative, will complete the transaction or will coordinate the purchase with the employee seeking the purchase.
- d. When making purchases other than in person, such as via telephone, Internet, etc., the employee should give the merchant the account number on the YCUA credit card and print a receipt or the screen from the computer if an Internet purchase. The employee is responsible for obtaining all documentation related to the purchase made (packing slips, invoices, receipts, mail order form copies, computer receipts or screen printouts, etc.).
- e. The HR Director, or his or her representative, will reconcile the monthly statement and submit all receipts to Accounts Payable within two weeks prior to the payment due date.
- f. All credit card purchases must comply with our current purchasing and approval procedures. The use of the credit card does not eliminate the need to obtain competitive pricing, secure required approvals and complete appropriate forms.

6. MERCHANDISE RETURNS AND EXCHANGES:

- a. The employee making the original purchase is responsible for contacting the merchant when merchandise purchased with the credit card is not acceptable, such as incorrect, damaged, defective, etc., and arranging a return for credit or an exchange.
- b. If merchandise is returned for credit, the employee is responsible for obtaining a credit receipt from the merchant and turning the credit receipt into the HR Director, or his or

her representative, within three (3) days. Receiving cash or checks to resolve a credit is prohibited.

- c. If merchandise must be exchanged, the employee is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation for the exchange is to be retained with the support documentation for that purchase.
7. VERIFICATION OF CHARGES:
- a. The HR Director, or his or her representative, is responsible for ensuring all charges made with the credit card comply with this policy. The HR Director, or his or her representative, is responsible for checking all transactions against the corresponding support documentation to verify their accuracy and appropriateness.
  - b. Once a charge is made with the card, the HR Director, or his or her representative, will be provided with a copy of the receipt.
  - c. If the employee disputes a charge, the nature of the dispute and the final resolution must be documented. This documentation must be retained with the Statement of Account on which the charge appears by the HR Director, or his or her representative.
  - d. The HR Director, or his or her representative, is responsible for reviewing all transactions and verifying that each transaction is supported by adequate documentation and meets all the criteria for authorized card use. Discrepancies may result from insufficient support documentation, not meeting one or more of the criteria set forth in section 3, or the employee disputing the charge. All discrepancies must be investigated and resolved. The disposition of each discrepancy must be documented and retained with the Statement of Account and/or support documentation. The employee from whom the discrepancy occurred is responsible for the discrepancy.

8. SECURITY

The HR Director, or his or her representative, must keep the credit card in a secure location at all times. Employees must not write the YCUA's credit card number where others can easily see it. It is prohibited to keep the YCUA's credit card number on file to use again.

9. LOST, STOLEN OR DAMAGED CARD:
  - a. The HR Director, or his or her representative, will report a missing card within 24 hours to the bank.
  - b. After the above notification procedures are completed, the HR Director, or his or her representative, will receive a new credit card from the bank.
  - c. If the credit card is found after being reported missing or stolen, the card is to be cut in half. The same procedure is to be followed for a damaged card.



## Credit Card Authorization Form

Dedicated to Providing Top Quality, Cost Effective, and  
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Employee Name: \_\_\_\_\_ Date: \_\_\_\_\_

Purchase Description: \_\_\_\_\_

Estimated Amount to be Charged: \_\_\_\_\_

Vendor Name: \_\_\_\_\_

Department Director Approval \_\_\_\_\_ Date: \_\_\_\_\_

HR Approval: \_\_\_\_\_ Date: \_\_\_\_\_

Request to Take Card out of building Yes

Executive Director Approval \_\_\_\_\_ Date \_\_\_\_\_