



MID-MICHIGAN DISTRICT HEALTH DEPARTMENT

DEPARTMENT POLICY/PROCEDURE

PURCHASING

Policy Number: 206.0

Effective Date: 09/11/2017

Approved By:

Last Review Date: 09/11/2017

POLICY/PURPOSE

The purpose of this policy is to establish a uniform basis for authorization and processing of purchasing transactions to ensure proper financial control. All purchases must be in accordance with the requirements of Uniform Grant Guidance 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Generally Accepted Accounting Principles (GAAP), the approved grant agreement and any other applicable laws, regulations, rules and guidelines.

It shall be the general policy of the Department to purchase materials and services from the most economical sources, given the relative factors of quality and cost involved, and when practical (i.e., quality and costs are comparable), first preference will be given to a vendor within the district.

- General Information/Purchasing Criteria
 - Petty Cash: Small items of under \$50 each may be purchased using petty cash funds when such supplies are otherwise not available through existing inventories and normal purchasing procedures (e.g., small emergency needs). However, any such purchase must be documented with a purchase requisition having the appropriate supervisory approval.
 - Micro-purchase: Procurement by micro-purchase is the acquisition of supplies or services which are less than \$3,500. The purchase may be awarded without soliciting competitive quotations if management determines that the price is reasonable.
 - Small purchases: These purchases are simple and informal procurements for securing services, supplies or other property that cost between \$3,500 and \$150,000. Price and rate quotations for items over \$3,500 should be obtained from at least two qualified sources if at all possible.
 - Sealed Bids: Normally used for construction projects and price is a major factor. This requires formal advertising that publicly solicits bids and a firm fixed price contract is awarded.
 - Non-competitive proposals: This is the solicitation of a proposal from only one source and may be used when only one or more of the following applies: the item is available from only a single source; the public emergency for the requirement will not permit a delay; the pass-through entity authorizes non-competitive proposals in response to a written request; and/or solicitation of a number of sources, competition is determined inadequate.



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- Competitive proposals: The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type of contract is awarded. This is required for items over \$150,000 where sealed bids are not appropriate. The bidding requirements are outlined below:
 - List price of product
 - Purchase terms and available discounts
 - Product availability
 - Delivery options for product
 - Quality of product and comparability to other bidder products
 - Description of service, project or goods desired and quantities
 - Desired delivery date or project commencement date
 - Deadline (time and date) for bid submission
 - Address to which bids are to be submitted
 - Estimated date that bids will be reviewed and bidders (successful and unsuccessful) notified
 - The RFQ may require potential bidders to provide the following information as appropriate:
 - Bidder's qualifications and samples of work
 - Warranties and references
 - Evidence of insurance and performance bonds
 - The RFQ may include disclaimers that the Department reserves the right to:
 - Accept or reject any or all bids
 - Waive informalities or errors in the bidding process
 - Accept any bid deemed to be in the best interest of the Department, including bids that are not for the lowest amount considering factors such as product quality, delivery due dates, etc.
 - For RFQ purchases, a sealed bid process will be utilized to include:
 - All envelopes received will be marked with the date and time received. Bids opened by accident will be resealed for opening at the time and date specified. Unsealed bids will be rejected and returned to the bidder. Late bids will be returned unopened to the bidder.
 - All bids shall be opened at the time, date and place specified, and the opening and inspection of all bids shall be made by the Administrative Services Division Director or his/her designee and at least one additional employee. Bids opened shall be listed by bidder name, price quote, qualifying data related to specifications met, any other relevant information, and shall be kept on file.
 - Bids received which do not meet RFQ requirements will be so noted and may be rejected from consideration accordingly. Once all valid bids have



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been accepted and reviewed, individual bidders may not revise their proposals unless requested to do so by the Department by good reason (e.g., because none of the bids were found to fully meet bid requirements).

Purchasing Policy Exceptions, Deviations and Interpretations. Any deviations shall be referred to the Administrative Services Division Director for final determination.

PROCEDURE

The following will be used for purchases:

- Employee initiates purchase request and submits to supervisor for approval.
- A Supervisor and the Administrative Services Division Director (or designee during absence) approval is required on all purchases.
- Non-routine purchases require the approval of the Division Director from the division the request was initiated for purchases over \$1,000. (Routine items include basic office supplies, Family Planning contraceptives, clinical supplies, vaccines. Non-Routine examples include computers, printed or promotional items, etc.)
- Any item over \$5,000 requires approvals noted above as well as Board of Health approval outlined in the capital asset policy.
- Purchases cannot be made that do not receive the approvals noted above and every purchase requires at least one approval.
- Purchases request that have received Supervisor and/or Division Director approval should be forwarded to the Public Health Representative (PHR) in the Administrative Services Division. The PHR will obtain Administrative Services Division Director approval and process the request.
- Purchased items should be approved based on availability of funds and necessity to operations.

The PHR responsible for purchasing will determine what method is needed to obtain a quote based on the criteria described in the policy.

Purchases shall follow the inventory policy for controlling inventory.