



Book	Policy Manual
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6320 - **PURCHASING**

Definitions.

- A. "Change order" means work that is added to or deleted from the original scope of work of a contract; however, depending on the magnitude of the change, it may or may not alter the original contract amount and/or completion date.
- B. "Cooperative purchasing" involves sharing procurement contracts between governments.

Cooperative procurement contracts are usually based on the common requirements of multiple governments. There are several types of cooperative purchasing arrangements, but the type the School District will use the majority of the time will be so-called "piggyback options." These occur when one or more organizations represent their requirements and include an option for other organizations to "ride" or "bridge" the contract as awarded.
- C. "Emergency conditions" means situations in which the health, welfare, and/or safety of employees or the public are endangered. This includes those instances when immediate repair to School District property, equipment, or vehicles is necessary under the circumstances mentioned above.
- D. "Invitation for bid (IFB)" means a "formal" bid that may require advertising, bonds, and sealed bids. The department head or designee is responsible for the bid package and vendor eligibility. The specifications, delivery requirements, plans, drawings, and other items must be determined and finalized prior to the bid package being provided. Eligibility may be determined from a prequalification process, general advertising of project, or any other method deemed appropriate.
- E. "Liquidated damages" is a contractual clause where the School District can collect as compensation upon a specific breach (e.g., late performance).
- F. "Payment bond" is a type of bond that covers a percentage of the contract amount. A claim on a performance bond can be used to perform unfinished work or defective work on a project.
- G. "Performance bond" is a type of bond designed to provide security to subcontractors and materials suppliers to ensure payment for their work, labor and/or materials on the project.
- H. "Capital project" is a contract of the School District for the construction, alteration, repair, or maintenance of any building, structure, highway, bridge, viaduct, pipeline, public works, real property as or any other work dealing with construction, which includes, but need not be limited to, moving, demolition or excavation performed in conjunction with such work.

- I. "Professional services" are services within the scope of the practice of architecture, consulting, engineering, professional land surveying, legal counsel, financial advisers, banks, or other service type industry.
- J. "Request for proposal (RFP)" is a process used to acquire supplies and services that involves the review of written proposals and the use of negotiations with the most qualified bidder(s). This process may also include the use of a request for qualifications (RFQ) as a preliminary step to the RFP process in an attempt to gather information and prequalify prospective bidders.
- K. "Request for qualification (RFQ)" is a process used to identify qualified providers of specified services to be used in the RFP process.
- L. "Requesting department" mean the department asking to purchase goods or services to be used for School District business.
- M. "Retainage" means a portion of the agreed upon contract price deliberately withheld until the work is substantially complete to assure that contractor or subcontractor will satisfy its obligations and complete a construction project. Once work is deemed satisfactory, the retainage is released.
- N. "Sole source purchase" is procurement of goods or services that can only be obtained from a single supplier capable of meeting all specifications and purchase requirements or when it is in the School District's best interests.
- O. "Voucher" is a source document that serves as evidence of some expenditure of the School District with appropriate authorization, and substantiates issuance of an accounts payable check or an electronic funds transfer.

Policy objectives.

The purpose of this purchasing policy is to establish standards for all purchasing activity and procurement procedures. The objectives of the policy are to:

- A. Provide for the fair and impartial treatment of persons involved in public purchasing by the Huron Valley School District.
- B. Procure goods and services at the lowest possible cost with the quality needed for effective use.
- C. Minimize or eliminate disruptions in operations resulting from the lack of material, equipment, or supplies.
- D. Avoid duplication, waste, and obsolescence with respect to the procurement of goods and services.
- E. Provide appropriate budgetary and fiscal control over all municipal expenditures.
- F. Comply with the Michigan Revised Statutes, as amended and as applicable.
- G. Provide a uniform procedure for the purchase of materials, equipment, and services.
- H. Purchase goods and services from local vendors, using local preference as stated in below, when their goods and services are economically competitive and their quality is comparable to other goods and services.
- I. Require all vendors and other suppliers to fulfill all terms and conditions of contracts and other purchasing agreements.
- J. Secure all applicable federal and state tax exemptions appropriate to purchases or contracts for services.
- K. Assure applicability to all School District departments, including elected offices.

Roles and responsibilities.

- A. Purchases are initiated by the various departments of the School District. Their primary responsibilities include the following:
 - 1. Ensure all employees involved in the procurement process are familiar with purchasing policies and procedures.
 - 2. Anticipate purchasing requirements.
 - 3. Ensure adequate funds are available for purchases of goods and services and are specifically included in the budget.

4. Provide all contracts, agreements, and legal instruments to the Superintendent and/or designee office as official custodian.
 5. Take appropriate steps to ensure goods and services are purchased from qualified vendors in an efficient and effective manner.
 6. Obtain appropriate approvals throughout the purchasing process, with adequate supporting documentation, and ensure the appropriate budget line item is charged in the accounting system.
 7. Ensure materials received and the quality of work or services rendered meet the purchasing/contract terms before approving payment.
 8. Strive to maintain good relations with the School District vendors.
- B. The finance department is responsible for administration of the purchasing policy. Its primary responsibilities include the following:
1. Maintain the School District's accounting system to ensure spending authorization limits pursuant to the approved budget and approval paths are current.
 2. Implement procedures to help ensure School District staff complies with this purchasing policy.
 3. Issue checks to vendors in a timely manner and maintain accounts payable records.
 4. Prescribe and maintain such forms as the finance director shall find reasonable and necessary to implement and support the purchasing procedures contained within this policy.

Summary of purchasing thresholds.

The minimum thresholds as referenced in this purchasing policy are identified below. The Superintendent or department directors have the discretion to include more stringent thresholds on a case-by-case basis.

Thresholds are subject to other provisions and exceptions as enumerated in the applicable subsequent sections of the purchasing policy.

A. Competitive Bidding.

Buyer's Best Judgment

\$0-\$12,500 annually adjusted by MDE

Purchasing Thresholds percentage change. See Business Office for present dollar amount.

Informal Purchase \$12,500 – Competitive Bid limit as established by Michigan School Code and MCL

Formal Purchase Bid minimum as established by Michigan School Code and MCL

B. Bid Bond for Construction Contracts.

1. five percent (5%) of the estimated project cost
2. \$100,000 – \$500,000
3. ten percent (10%) of the estimated project cost
4. Greater than \$500,000

C. Performance Bond for Construction Contracts.

fifty percent (50%) of the contract amount Greater than \$50,000

D. Payment Bond for Construction Contracts.

fifty percent (50%) of the contract amount Greater than \$50,000

E. Retainage for Construction Contracts.

five percent (5%) of the contract amount Greater than \$150,000

F. Local Preference.

ten percent (10%) of the bid amount \$0 – \$250,000
three percent (3%) of the bid amount Greater than \$250,000

Approval authority.

- A. Approval authority is granted on an individual basis. The various approval thresholds related to this policy are identified above.
- B. The business office shall keep a current list of designated staff authorized to approve School District expenditures. The list shall include the full signature and initials of each authorized individual and the authorization level granted to that individual along with the authorized employee delegating authorization where applicable. It is each department's responsibility to update these signatures when staff changes occur. No purchase shall be divided to circumvent the above approval levels.
- C. Directors may request additional approval levels less than those in the table above to reflect intradepartmental procedures, but such requests are subject to approval by the finance director and will be implemented only to the extent the School District purchasing system is able to support any such requests.
- D. When a director is out of the office, he/she may designate a staff member to approve vouchers/invoices in their absence up to the level of the director's approval authority. Such designation shall be in writing (or via email) and provided to the finance director.
- E. Members of the Board of Education are required to comply with the terms of this policy and may not commit School District funds except as provided for by this policy or by formal action of the Board of Education.

Payment requests.

Payment requests must be submitted on accounts payable vouchers as established by the finance director and include general ledger account coding and appropriate approvals based on the thresholds stated above. Other requirements for payment requests are as follows:

- A. The voucher must include supporting documentation, which includes at least one of the following items:
 - 1. Vendor invoice.
 - 2. Itemized receipt.
 - 3. Copy of approved Board of Education meeting minutes with a motion to make payment to a vendor.
 - 4. Properly executed contract or agreement that dictates payment to a vendor.
 - 5. Travel expense form.
- B. If documentation needs to be included with the check to be sent to the payee, copy and attach the documents to the voucher for finance to send to the vendor after the check is issued.

Purchasing cards.

HVS School District has issued purchasing cards to certain staff. Policy and procedures for use of these cards are addressed in a separate policy. All applicable portions of this purchasing policy apply to use of School District purchasing cards. Split purchases with credit cards are not permitted if they are made to circumvent this policy.

Competitive bidding.

Competitive bids are required according to the thresholds identified above. Depending on the nature of the product or service, bids are not necessarily awarded to the lowest bidder. For those situations where the low bid is not accepted, the basis for the award should be documented in writing and included in the documentation submitted with the voucher. Exceptions to the requirement for competitive bidding are prescribed in Forma/Informal Bid Exceptions and Cooperative Purchasing.

- A. Bidder's List. Departments are encouraged, but not required, to maintain bidder's lists. All formal bids shall be advertised on either Bid for Michigan and/or SIGMA procurement through the State of Michigan, and vendors should be encouraged to subscribe to the notification service provided by both those services.

B. Types of Bids.

1. Informal Purchase. A minimum of three informal written bids conforming to bid specifications shall be solicited prior to the purchase of any goods or entering into a contract for services. An informal written bid shall be a firm written price or quote for specific goods or services, which is valid for no less than thirty (30) days. There is no requirement for notice.
2. Formal Purchase. Formal invitation for bid (IFB) or request for proposals (RFP) shall be required. Request for bids shall be advertised/posted on HVS, MITN, and/or State of Michigan websites a minimum of thirty (30) calendar days prior to the date set forth for bid opening. All solicitations requiring contracts, bonds or insurance according shall be reviewed by the Superintendent and/or designee.

C. Bid Evaluation. Bids shall be evaluated based on the requirements set forth in the bid package, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total for life cycle costs. The bid package will set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set forth in the bid package.

D. Bid Security. Bid security in accordance with the thresholds shall be required for all competitive sealed bidding for construction contracts. Bid security shall be a bond provided by a surety company authorized to do business in this state, or the equivalent in certified funds, or otherwise supplied in a form satisfactory to the School District. When the invitation for bid requires security, noncompliance requires that the bid be rejected.

E. RESPONSIBLE CONTRACTING POLICY. – All solicitations for construction will incorporate responsible contracting policy into the evaluation process. The process will be outlined in School Districts procedures.

F. Award. The contract shall be awarded with reasonable promptness to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the bid package, or best value. The standard will be established in the bid solicitation. If the lowest responsible and responsive bidder standard is selected the Superintendent or their designee may determine that the public interest will be better served by accepting a different bid. When the award is not given to the lowest bidder, a complete statement of the reasons for placing the order with another bidder shall be made available to all bidders upon request and provided to the Board of Education.

G. Cancellation of Invitation for Bids. An invitation for bids or any other solicitation may be canceled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation, when it is in the best interests of the School District. The reasons therefor shall be put in writing and made part of the contract file.

Formal/informal bid exceptions.

- A. Equipment and Compatibility. Equipment repairs and purchases where use of any other than specific vendors would result in incompatible component parts or would otherwise disrupt or impair services being provided.
- B. Single Vendor Availability. Sole source purchases may be made if it has been determined that there is only one good or service that can reasonably meet the need and there is only one vendor who can provide the good or service and is in the best interest of the School District. If the requesting department believes use of a sole source provider is appropriate, documentation supporting this decision should be included with the voucher and approved by the Finance Director. Sole source purchases must be approved according to the thresholds established in the policy stated above.

Cooperative purchasing.

- A. The Board of Education recognizes the advantages of centralized purchasing in that volume buying tends to maximize value for each dollar spent. The Board, therefore, encourages the administration to seek advantages in savings that may accrue to this District through joint agreements for the purchase of supplies, equipment, or services with the governing bodies of other governmental units. The Board of Education is giving priority to the cooperative purchasing established in the Huron Valley Schools (HVS)/MAC Service Corp cooperative partnership and the contracts that this partnership has contracted.
- B. HVS School District is authorized to utilize the following cooperatives/consortiums when considering cooperative purchasing MiDEAL, REMC, and the General Services Administration (GSA) to get the benefit of the pricing available through those procurement systems. Other non-profit organizations may be added to the above list with the approval of the Board of Education. While exempt from the formal bid process, these purchases are subject to the normal approval process. Depending on the nature of the product or service, bids are not necessarily awarded to the lowest cost vendor.

- C. Cooperative purchasing may also include bidding with other governmental entities to purchase in quantities. This practice may sometimes be beneficial for all entities involved as it may result in lower per-unit costs, while still assuring bid requirements are met. When cooperative bidding is done, each entity shall supply its own requirements; however, one entity shall be chosen to administer the bid process. Bid awards are to be determined either on an individual basis or as a total, whichever is the most cost-effective to all bidders. Depending on the nature of the product or service, bids are not necessarily awarded to the lowest cost bidder.

Local preference.

It is the intention of the Huron Valley School District whenever possible to use, without significant additional cost to the taxpayers, local businesses for the purchase of goods and supplies and all general services. The School District intends to give local businesses an advantage in the bidding process according to the thresholds outlined in the policy stated above, so that funds received from such contracts will be spent by the employees of local businesses in the local economy. For the purposes of this policy, a "local business" shall be defined as any business located or based in Huron Valley School District. A local business shall be awarded a contract if its bid is within the local preference percentage of the lowest responsible bidder who does not have the local business designation. In the event that the two lowest responsible bidders each have a local business designation, the lowest responsible bidder shall be awarded the contract. The provisions of the local preference shall be suspended if prohibited by an external source including, but not limited to, grantors, creditors, contractual agreements, or force of law. The provisions for local preference apply to consideration of cost only. Bids that include other requirements regarding product specifications, vendor qualifications, or other criteria based on the nature of the product or service may not necessarily be awarded to the lowest cost bidder.

Change orders.

If a change order increases the dollar amount of the purchase above the approval level of the approver of the purchase, additional approval will be required by the Board of Education.

Contract terms/School District review.

- A. Term. All service contracts must specifically state the term of the contract and the options for renewing the contract (if applicable) beyond the original term. In no case shall any service contract have an indefinite term. Generally, contracts should begin and end within the current fiscal year where practical. It must also be expressly stated in any multiyear service contract – which is any contract with a term extending beyond the current fiscal year – that all financial obligations of the School District beyond the current fiscal year are subject to annual appropriation.
- B. Insurance. Contract documents must require the contractor to procure and maintain minimum insurance coverage at the direction of or as prescribed by standard contract forms by the School District purchasing agent.
- C. Performance Bond. A performance bond, satisfactory to the School District and in accordance with the thresholds in the policy, executed by a surety company authorized to do business in this state, or otherwise secured in a manner satisfactory to the School District, shall be delivered to the School District and shall become binding on the parties upon execution of public works contracts.
- D. Payment Bond. A payment bond, satisfactory to the School District and in accordance with the thresholds in the policy, executed by a surety company authorized to do business in this state, or otherwise secured in a manner satisfactory to the School District, shall be delivered to the School District for the protection of all persons supplying labor and material to the contractor or its subcontractors for the performance of the work provided for in public works contracts.
- E. Retainage. The contract shall include provisions for retainage of contract sums as prescribed by state law, and may include provisions for retainage in contracts not covered by state law.
- F. Liquidated Damages. The School District may, by contract, require the contractor to waive, release, or extinguish its rights to recover costs or damages, or obtain an equitable adjustment, for delays in performing such contract if such delay is caused, in whole or in part, by the acts or omissions of the School District or its agents, if the contract provides that an extension of time for completion of the work is the contractor's remedy for such delay. Such clause is valid and enforceable, any provision of state law to the contrary notwithstanding.
- G. Final Payment. The School District may include provisions to withhold the final payment until at least ten (10) days after notice of intention to pay is published at least twice in a newspaper of general circulation in the School District and after the school district has received a release of statements of claim or liens. Other similar provisions may be included such as a requirement to provide a list of subcontractors, an affidavit attesting that all subcontractors have been paid and/or have each subcontractor provide a release of statements of claim or liens. Proof of publication should be submitted to the finance department. Claims against the contract shall be filed as prescribed by state law.

- H. Review. Contracts are to be reviewed by the School District purchasing agent based on the thresholds established in this policy. Generally, all contracts/agreements should use the School District's standard form. Exceptions can only be approved by the Superintendent or Finance Director.
- I. Signature Authority. Superintendent and/or designee may execute contracts with contractual commitments up to their approval authority as presented in this policy. All other contracts are to be approved by the Board of Education. The Board of Education may delegate signature authority to the Superintendent and/or designee for specific contracts or contractual commitments.

Independent contractor policy.

The School District's Superintendent and/or designee shall make the determination whether an individual is an independent contractor, as compared to an employee, and shall approve any contract arrangements. The rules for determining whether an individual is or is not an independent contractor are complex. The determination needs to be made on a case-by-case basis as required by governing law.

Professional services.

Professional services include architectural, engineering, financial, legal, consulting or other similar services. Requests for proposal, requests for qualifications or a similar process are typically used to solicit professional services. Evaluation of responses to such requests should consider whether the bidder:

- A. Possesses adequate technical and financial resources to perform the project or services or the ability to obtain the resources required for performance;
- B. Possesses necessary experience, organizational and technical skills in the relevant fields or the ability to obtain them, including without limitation arrangements with subcontractors;
- C. Proposes a reasonable approach to achieve the project or service objectives in an acceptable time frame;
- D. Has a satisfactory record of performance in developing and implementing similar projects or providing similar services in other jurisdictions; and
- E. Will perform the project or services at a reasonable cost compared with the level of effort expended. Written justification for the service provider selected shall be attached to the voucher. Approval of professional services is subject to the same approval thresholds and processes as any other expenditure.

Authority to debar or suspend.

After reasonable notice to the person involved and reasonable opportunity for that person to be heard, the Superintendent and/or designee, after the approval of the Board of Education, is authorized to debar a person for cause from consideration for award of contracts. The debarment shall be for a period of not more than three years. After the approval of the HVS Board of Education, the Superintendent is authorized to suspend a person from consideration for award of contracts if there is probable cause to believe that the person has engaged in any activity which might lead to debarment. The suspension shall be for a period not to exceed three months. The causes for disbarment include:

- A. Conviction or commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract or in the performance of such contract or subcontract;
- B. Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or business honesty which currently, seriously and directly affects responsibility as a School District contractor;
- C. Conviction under state or federal antitrust statutes arising out of the submission of bids or proposals;
- D. Violation of contract provisions, as set forth below, of a character which is regarded by the Superintendent, or designee, to be so serious as to justify debarment action;
 - 1. Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract;
 - 2. A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided, that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment.

- E. After approval of a debarment or suspension by Board of Education, the Superintendent shall issue a written order to debar or suspend which order shall be immediately mailed, by first class mail, or personally delivered to the debarred or suspended person. The order shall state the reasons for the action taken.

Miscellaneous purchasing provisions.

- A. Computer Hardware/Software/Printers. All such purchases shall be made through or in coordination with the information technology department.
- B. Exempt Items. Certain expenditures are not subject to this policy. Such exempt items include debt service, payroll related disbursements and investment transactions.
- C. Personal Purchases. No personal purchases may be made using School District funds, even with employee reimbursement.
- D. Professional Dues and Licenses. Professional dues, licenses, and memberships to associations and organizations that benefit the School District will be paid from School District funds but shall be the responsibility of the employee to obtain and maintain.
- E. Sales Tax. Sales tax is not to be charged on any purchase by the School District within the state of Michigan. Some types of purchases may be exempted from this provision at the discretion of the Superintendent and/or designee.

Emergency procurement.

Notwithstanding any other provision of this policy, the Superintendent and/or designee may make or authorize others to make emergency procurement when there exists a threat to public health, welfare, or safety under emergency conditions. The required purchasing procedures stipulated in other areas of this policy may be waived for emergency purchases where necessary. A written determination of the basis for emergency and for the purchase or selection of the particular vendor or contractor shall be included with the purchase documentation. A summary of all emergency purchases shall be submitted for review by the HVS Board of Education at the earliest board meeting possible if in excess of \$25,000.

Audit procedures.

Periodically, outside procurement organizations will review samples of contracts, RFP's, IFB's, solicitations, evaluation synopsis, check requests, new vendor requests and remittance address changes to ensure that School District staff are complying with policy. Errors/violations of policy will be communicated to the Superintendent and/or designee, as appropriate, in addition to communicating with the responsible staff. Additional training will be provided or other appropriate actions taken as required.

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6325 - **PROCUREMENT – FEDERAL GRANTS/FUNDS**

Procurement of all supplies, materials, equipment, and services paid for from Federal funds or District matching funds shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations, the terms and conditions of the Federal grant, Board of Education policies, and administrative procedures.

The Superintendent shall have and use a procurement and contract administration system in accordance with the USDOE requirements (2 C.F.R. 200.317-.326), including affirmative steps for small and minority businesses and women's business enterprises, for the administration and management of Federal grants and Federally-funded programs. The District shall maintain oversight that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Except as otherwise noted, procurement transactions shall conform to the provisions of the District's documented general purchasing Policy 6320 and AG 6320A.

All District employees, officers, and agents who have purchasing authority shall abide by the standards of conduct covering conflicts of interest and governing the actions of its employees, officers, and agents engaged in the selection, award, and administration of contracts as established in Policy 1130, Policy 3110 and Policy 4110 – Conflict of Interest.

The District will avoid acquisition of unnecessary or duplicative items. Additionally, consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase and, where appropriate, an analysis shall be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with Federal funds.

To foster greater economy and efficiency, the District may enter into State and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Competition

All procurement transactions for the acquisition of property or services required under a Federal award paid for from Federal funds or District matching funds shall be conducted in a manner that encourages full and open competition and that is in accordance with good administrative practice and sound business judgment. In order to promote objective contractor performance and eliminate unfair competitive advantage, the District shall exclude any contractor that has developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals from competition for such procurements.

Some of the situations considered to be restrictive of competition include, but are not limited to, the following:

- A. unreasonable requirements on firms in order for them to qualify to do business;
- B. unnecessary experience and excessive bonding requirements;

- C. noncompetitive pricing practices between firms or between affiliated companies;
- D. noncompetitive contracts to consultants that are on retainer contracts;
- E. organizational conflicts of interest;
- F. specification of only a "brand name" product instead of allowing for an "or equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- G. any arbitrary action in the procurement process.

Further, the District does not use statutorily or administratively imposed State, local, or tribal geographical preferences in the evaluation of bids or proposals, unless 1) an applicable Federal statute expressly mandates or encourages a geographic preference; or 2) the District is contracting for architectural and engineering services, in which case geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

To the extent that the District uses a pre-qualified list of persons, firms or products to acquire goods and services that are subject to this policy, the pre-qualified list includes enough qualified sources as to ensure maximum open and free competition. The District allows vendors to apply for consideration to be placed on the list annually.

The District shall require that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to provide maximum open and free competition. The District shall not preclude potential bidders from qualifying during the solicitation period.

Solicitation Language (Purchasing Procedures)

The District shall have written procurement procedures that require that all solicitations made pursuant to this policy incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it shall conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which shall be met by offers shall be clearly stated; and identify all requirements which the offerors shall fulfill and all other factors to be used in evaluating bids or proposals.

The Board will not approve any expenditure for an unauthorized purchase or contract.

Procurement Methods

The District shall have and use documented procedures, consistent with the standards described above for the following methods of procurement:

A. Informal Procurement Methods

When the value of the procurement for property or services under a Federal award does not exceed the simplified acquisition threshold, or a lower threshold established by the State, formal procurement methods are not required. The District may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the simplified acquisition threshold include:

1. Micro-purchases

Procurement by micropurchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000. To the maximum extent practicable, the District should distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be made without soliciting competitive quotations if Superintendent considers the price to be reasonable based on research, experience, purchase history or other relevant information and documents are filed accordingly. The District shall maintain evidence of this reasonableness in the records of all purchases made by this method.

2. Small Purchases

Small purchases include the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold of the bid limit established by MDE on an annual basis. Small purchase procedures require that price or rate quotations shall be obtained from an adequate number of qualified sources.

Districts are responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures which must not exceed the threshold established in the Federal Acquisition Regulations (FAR). When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

B. Formal Procurement Methods

When the value of the procurement for property or services under a Federal award exceeds the simplified acquisition threshold, or a lower threshold established by the State, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement method can be used in accordance with the standards on competition in C.F.R. 200.319 or non-competitive procurement. The formal methods of procurement are:

1. Sealed Bids

Sealed, competitive bids shall be obtained when the purchase of, and contract for, single items of supplies, materials, or equipment which amounts to more than the amount allowed by Michigan statute and when the Board determines to build, repair, enlarge, improve, or demolish a school building/facility the cost of which will exceed the amount allowed by Michigan statute.

In order for sealed bidding to be feasible, the following conditions shall be present:

- a. a complete, adequate, and realistic specification or purchase description is available;
- b. two (2) or more responsible bidders are willing and able to compete effectively for the business; and
- c. the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

When sealed bids are used, the following requirements apply:

- a. Bids shall be solicited in accordance with the provisions of State law and Policy 6320. Bids shall be solicited from an adequate number of qualified suppliers, providing sufficient response time prior to the date set for the opening of bids. The invitation to bid shall be publicly advertised.
- b. The invitation for bids will include product/contract specifications and pertinent attachments and shall define the items and/or services required in order for the bidder to properly respond.
- c. All bids will be opened at the time and place prescribed in the invitation for bids; bids will be opened publicly.
- d. A firm fixed price contract award will be made in writing to the lowest responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to determine the low bid when prior experience indicates that such discounts are usually taken.
- e. The Board reserves the right to reject any or all bids for sound documented reason.

2. Proposals

Procurement by proposals is a method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids or in the case of a recognized exception to the sealed bid method.

If this method is used, the following requirements apply:

- a. Requests for proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to the publicized requests for proposals shall be considered to the maximum

extent practical.

- b. Proposals shall be solicited from an adequate number of sources.
- c. The District shall use its written method for conducting technical evaluations of the proposals received and for selecting recipients.
- d. Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

3. Noncompetitive Procurement

Procurement by noncompetitive proposals allows for solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- a. micro-purchases
- b. the item is available only from a single source
- c. the public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation
- d. the Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District
- e. after solicitation of a number of sources, competition is determined to be inadequate

Domestic Preference for Procurement

As appropriate and to the extent consistent with law, the District shall, to the extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. Such requirements shall be included in all subawards including all contracts and purchase orders for work or products under the Federal award.

Contract/Price Analysis

The District shall perform a cost or price analysis in connection with every procurement action in excess of \$250,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the District shall come to an independent estimate prior to receiving bids or proposals.

When performing a cost analysis, the District shall negotiate profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Time and Materials Contracts

The District uses a time and materials type contract only 1) after a determination that no other contract is suitable; and 2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the District is the sum of the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, the District sets a ceiling price for each contract that the contractor exceeds at its own risk. Further, the District shall assert a high degree of oversight in order to obtain reasonable

assurance that the contractor is using efficient methods and effective cost controls.

Suspension and Debarment

The District will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. All purchasing decisions shall be made in the best interests of the District and shall seek to obtain the maximum value for each dollar expended. When making a purchasing decision, the District shall consider such factors as 1) contractor integrity; 2) compliance with public policy; 3) record of past performance; and 4) financial and technical resources.

The Superintendent and/or his / her designee shall have the authority to suspend or debar a person/corporation, for cause, from consideration or award of further contracts. The District is subject to and shall abide by the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 C.F.R. Part 180.

Suspension is an action taken by the District that immediately prohibits a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 C.F.R. Chapter 1) for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings that may ensue. A person so excluded is suspended. (2 C.F.R. Part 180 Subpart G)

Debarment is an action taken by the Superintendent to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 C.F.R. Chapter 1). A person so excluded is debarred. (2 C.F.R. Part 180 Subpart H)

The District shall not subcontract with or award subgrants to any person or company who is debarred or suspended. For contracts over \$25,000, the District shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management, which maintains a list of such debarred or suspended vendors at www.sam.gov; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor. (2 C.F.R. Part 180 Subpart C)

Bid Protest

The District maintains the following protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

A bidder who wishes to file a bid protest shall file such notice and follow procedures prescribed by the Request For Proposals (RFPs) or the individual bid specifications package, for resolution. Bid protests shall be filed in writing with the Superintendent within seventy-two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the Superintendent shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to the Board and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

Maintenance of Procurement Records

The District shall maintain records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price (including a cost or price analysis).

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