

**SUGAR ISLAND TOWNSHIP
POLICY & PROCEDURE
PURCHASING, CONTRACTS, BIDDING, SALES, REIMBURSEMENTS and INVESTMENTS**

Sugar Island Township Board has adopted this administrative policy to formalize and clarify purchasing, bid procedures, sales, reimbursements, and investments utilized by the Township. Adequate planning and cooperation by all Department Heads and the Township Board shall promote the acquisition of the best products and services available in the most efficient, fair, and economical manner as possible.

GENERAL PROVISIONS

1. Under the provisions of this policy, the Township Supervisor, Clerk and/or Treasurer are designated as the Purchasing Agents.
2. A Department Head or Township Board member in need of materials, supplies, or services shall prepare a purchase order form with the budget accounts, item descriptions, quantities, estimated prices, total estimated prices, dates when items are required and proposed vendors. The Department Head or Township Board member shall provide the request to one of these above-mentioned Purchasing Agents who will review the request for overall propriety. If approved, the document shall be forwarded to the Township Clerk for processing. A Department Head or Township Board member whose request is denied may seek recourse from the Township Board as a whole.
3. Materials, services and supplies shall be purchased only when funds have been appropriated and are available in the annual budget of Sugar Island Township.
4. Department Heads and Township Board members shall review budget balances throughout the year. The Township Clerk will issue periodic reports. Inquiries to the Clerk between reports are encouraged.
5. Purchase orders will be issued and tracked by the Township Clerk. The Township Clerk shall determine the most effective and efficient purchasing method and, in his or her discretion, may choose to use different vendors, if doing so benefits the Township.
6. Responsibility for the inspection and acceptance of all materials, supplies and equipment shall rest with the department that generated the request. Invoices should include the department and signature by the Department Head or Township Board member..
7. The Township Federal ID number, used for tax-exempt purchases, shall only be used for purchases paid for from Township funds in accordance with all applicable Federal and State laws.

8. Pre-approved requests for reimbursement for purchases paid for by Township employees or volunteers, which have been paid with personal checks, charge cards, or cash shall be submitted to the Clerk with receipts showing item and total paid and should only be for minor budgeted items and not for capital or equipment items.
9. The Township Board must approve credit cards and lines of credit at businesses.
10. The Clerk will issue a tax-exempt certificate to businesses as needed.
11. The Township Board recognizes the Fire Chief and the Emergency Medical Services Captain as Department Heads. All Township employees, other than those working within the Fire and EMS Departments, shall be overseen by a designated representative of the Township Board. As such, no individual other than the Department Heads and Township Board members are authorized to initiate purchases on behalf of the Township. This authority may not be delegated.
12. Except in an emergency, Township Board Trustees, wishing to initiate a one-time purchase of less than \$500 shall use purchase requests, and shall require the approval of at least one Purchasing Agent.
13. Township Purchasing Agents may initiate one-time purchases of less than \$200 using the purchase request process if those purchases are deemed essential or are otherwise required in the performance of their respective duties. Unless the purchase is required before the next Township Board meeting, all purchases made by Township Purchasing Agents should involve Township Board approval.
14. Except in an emergency, Township Purchasing Agents, wishing to initiate a one-time purchase of more than \$500 shall use purchase requests, and shall require the approval of at least one other Purchasing Agent.
15. Township Board members, including Purchasing Agents, wishing to initiate a recurring purchase service of less than \$1000 annually shall use a purchase request, and shall require the approval of at least one other Purchasing Agent.
16. Under no circumstance shall Department Heads authorize the expenditure of funds for expendables without a purchase request.
17. Any request for replacement tools, equipment, materials, or other durable items must be accompanied by a statement from the Department Head or designated Township Board member regarding the circumstances surrounding the loss of the original item being replaced.

18. Under no circumstance shall tools, equipment, materials, or other durable items be purchased without the specific approval of the Township Board at a meeting where a quorum was present.
19. The Township Board authorizes the Clerk, with the concurrence of the Treasurer, to make small, online purchases (less than \$200 per incident) in direct support of Township operations using Township-sponsored credit cards.
20. The Township Board may, in its sole discretion, authorize a specific Board member to negotiate and contract with vendors, on behalf of the Township Board, to support the routine and ongoing operations of the Township, especially in the areas of waste management, fire extinguisher service, snow removal, utilities, septic tank maintenance, insurance, facility cleaning & maintenance, recycling, lawn maintenance, as well as vehicle maintenance and repair. To the extent possible, the Township Board should designate appropriate contract limits, especially in terms of duration, cost, and quality, and quantity of products or services to be provided.
21. The Township Board is required to review and approve the expenditure of locally-derived, public funds. Under no circumstance shall locally-derived public funds be expended by any representative of the Township without the Township Board's approval.
22. Any policy, procedure, or precedent established prior to the April 1, 2021 is hereby rescinded.

RECURRING EXPENSES

Once a vendor is selected and approved by the Township Board to perform a specific service, all recurring expense invoices shall be paid immediately upon receipt and are not subject to delay until the next regular Township Board meeting. Vendors with recurring expenses include utilities, such as propane, electricity, telephone, internet and web service.

BID REQUIREMENTS

1. Board approval shall be required for budgeted purchases totaling over **\$500** except for periodic utility payments, and emergency purchases and/or services. The Purchasing Agent may request Board approval for any proposed purchase when deemed advisable and in the best interest of the Township.
2. A comparison of prices by phone or as written quotes is encouraged whenever possible for items with an acquisition cost less than \$1000.

3. The Purchasing Agent or Department Head shall obtain **three written quotations for purchases of \$1000 - \$10,000** which shall be attached to a purchase request form. Such quotations will be filed with the paid bill and retained per State record retention schedules.
4. **Sealed competitive bids shall be required** by any department within the Township for **purchases or contracts exceeding \$10,000**, with the following exceptions:
 - a. An emergency,
 - b. Previously received board approval due to limited availability.

Whenever the solicitation of bids is needed, Township Board first must authorize it, the Board shall also determine if the authority to award a bid shall be delegated to a named official, or if the Board reserves to itself the authority to award the bid.

5. Specifications for goods or services between \$5000 - \$10,000 per item or contracts of \$10,000 or more shall be prepared by the Purchasing Agent and/or Department Head requesting the purchase. The request for bids shall require interested bidders to provide the following information as appropriate:
 - a. Description of service or goods desired
 - b. Date, time and place that bid will be publically opened
 - c. Address to which bids are to be submitted
 - d. Bids shall be marked on the outside as a "Sealed bid for _____"
 - e. All requests shall include a statement that the ***Sugar Island Township Board reserves the right to accept or reject any or all bids, to waive informalities or errors in the bidding process, and to accept any bid deemed to be in the best interest of the Township, including bids that are not for the lowest amount.***
 - f. All bidders shall be notified of the contract award in a timely manner.
6. The requirements for sealed bids shall not apply to any of the following:
 - a. Transactions between governmental units.
 - b. Professional services, including but not limited to, legal, architectural, engineering, financial advisory, auditing, or accounting services.
 - c. Specialized goods or services available from only one source.
 - d. Health, liability, and insurance.
 - e. Other contractual obligations.
 - f. Services for emergency repairs.
 - g. Services for the installation, implementation, and/or administration of computer hardware and/or computer software applications.
 - h. Goods and services that the Township Board may specifically exempt from time to time.

7. Publication or communication of proper notice of the need for bids shall be arranged for in the manner which will bring the information to the attention of the greatest number of appropriate professionals, contractors, or vendors. The Purchasing Agent and a Department Head may solicit bids from outside the general Sugar Island Township area.
8. Bids will be date stamped and initialed when received at address indicated in bid request.
9. Sealed bids will be opened at a time and place designated in the bid request.
10. Board approval, unless delegated by the Board, is necessary in awarding the purchase. *Any Board Member, Purchasing Agent, or Department Head who has any ownership or other interest in a company submitting a bid shall disclose the conflict of interest to the Board, and that individual shall not participate in awarding the bid.*
11. In the event that only one or two sealed bids are received, the Board reserves the right not to open those bids at the designated meeting and to extend the bidding period to allow for additional bids to be sought. Proper notice of the extension in bidding time shall be communicated in the appropriate manner.
12. The Township Board has the authority to require a prospective bidder to tender a proposal guarantee, surety bond or letter of credit for the full amount of any perspective award when deemed necessary.
13. Proof of Workers' Compensation and liability insurance is required for all appropriate projects. If the contractor is a sole proprietor, the Township Clerk will provide the necessary paperwork for waiving a Certificate of Insurance.

EMERGENCY PURCHASES

1. Emergency purchases can be authorized only when life, property, or equipment are endangered through unexpected circumstances, or when normal operations of a department would be severely hampered by a long delay. Normal purchasing procedures should be followed whenever it is reasonable to do so.
2. In the case of an emergency, the Township Supervisor, Clerk, or Treasurer can authorize the immediate purchase of any materials, supplies or services necessary to end the emergency situation.
3. A purchase requisition with a notation that such goods or services were purchased as an emergency action can be issued after the purchase.

EXPENDITURE AUTHORIZATION

1. The Township shall not be responsible for obligations incurred by any Township official, volunteer or employee that is contrary to the provisions of this Sugar Island Township policies and procedures document.
2. **Purchasing Agents and Department Heads shall not consider appropriations contained in the budget as a mandate to expend township funds.**
3. Except in an emergency, no obligations shall be incurred against, and no payment shall be made from, any appropriation account unless there is sufficient unencumbered balance in the appropriation and sufficient funds are available or preliminary fund transfer actions have been scheduled to satisfy the obligation at the next regularly scheduled board meeting.
4. Purchasing Agents and Department Heads shall obtain prior authorization from the Township Board prior to obligating the township for expenditures of the following nature:
 - a. Mileage, fees, and meals associated with Out-of-state travel
 - b. Lodging expenses associated with Township Business Travel if the purpose of that travel requires overnight accommodations.
 - c. Mileage, fees, and meals associated with travel to attend training if that training is held outside Chippewa County.

EXPENSE REIMBURSEMENTS

1. Reimbursements for pre-approved travel shall be documented on an expense voucher prepared by the employee and approved by the individual's supervisor or the appropriate Board member responsible for the employee's functional area. Board members shall have their vouchers approved by the Township Board at a regular meeting where a quorum is present.
2. The voucher shall have date of expense and include the following:
 - a. Vendor invoice/itemized receipt if paid out-of-pocket
 - b. Purpose of Trip for Mileage/Transportation reimbursement
 - c. Account number for each item to be charged
 - d. Actual Mileage traveled and fees (e.g., tolls, parking, fares) incurred
3. The voucher must be signed and dated by the employee, official or volunteer, and reviewed and approved by the supervisor or appropriate Board representative.

4. Reimbursement Rates:

- a. Travel shall be reimbursed the current Federal rate per mile.
- b. Travel shall be reimbursed for actual fees incurred for ferry services and/or bridge fares, when participating in official, Township-related business.
- c. Reasonable lodging expense will be reimbursed for Township related-business with prior authorization from Township Board. **Maximum allowable rate per night \$85.00, unless a higher amount has been pre-approved by the Township Board.** NOTE: *Most seminar/classes provide name of hotel/motel that has discount rates.*
- d. Reasonable meal expenses will be reimbursed for Township related-business ONLY when business requires overnight stay. **Maximum allowable amount per meal \$8.50, unless a higher amount has been pre-approved by the Township Board.** NOTE: Most seminars/classes provide at least one (1) meal.
- e. To the extent possible, all other fees associated with attending courses or training, shall be pre-paid by the Township.

Receipts shall accompany any reimbursement request. Commuting from residence to the township hall or the employee's official workstation shall NOT be eligible for reimbursement. Board and committee members shall not receive mileage to attend board meetings that are a statutory duty of their office. Personal expenses that are unnecessary in conducting township business, such as entertainment and alcohol consumed, shall not be eligible.

INVESTMENTS

Authorized Institutions

The Township Treasurer is authorized to invest surplus funds in **local Michigan banks and/or credit unions** belong to the Federal Deposit Insurance Corporation, or are insured by the National Credit Union Association.

Financial institutions shall be selected on the basis of their record of satisfactory performance, financial stability and anticipated yields.

Authorized Instruments

The Township Treasurer, with the approval of the Township Board, is authorized to invest in the following instruments under Public Act 20 of 1943 (MCL 129.91, et seq):

- a. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if the financial institution comply MCL 129.91(2), which states that a public corporation that invests its funds under MCL 129.91(1) cannot deposit or invest the funds in a financial institution that is not eligible to be

a depository of funds belonging to the state under a law or rule of the state or the United States.

- b. Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.

SALE OF TOWNSHIP PROPERTY OR GOODS

Whenever any Township property, real or personal, is no longer needed for corporate or public purpose, it may be offered for sale. The Purchasing Agent may sell personal **property not exceeding \$1000** for cash after receiving quotations or competitive bids for the best price attainable. Personal property with a value **in excess of \$1000** may be sold after advertising and receiving competitive bids as provided in the Township bid requirements and after approval of the sale by the Township Board. Real property may be sold **ONLY** with a Township Board approval and then said real property must be sold at a value of equal or greater than current taxable value.

VIOLATIONS OF THIS POLICY AND/OR PROCEDURES

Any violations of this policy and/or procedures are subject to disciplinary actions that the Township Board in its capacity deems necessary.

I, Nancy Andary, hereby certify that this Administrative Policy and Procedures was approved at a regular meeting of the Sugar Island Township Board on Tuesday, February 9, 2021.

Nancy Andary, Clerk