



Southwestern Michigan College

Board Policy – Business Services – Purchasing Insurance and Disposal of College Assets

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DIVISION III – BUSINESS SERVICES

III.2 PURCHASING, INSURANCE AND DISPOSAL OF COLLEGE ASSETS

III.2.1 Procedures and Budget

The College President, or their designee, is responsible for procuring, storing and distributing all supplies, equipment, material and services necessary for the operation of the College.

1. Purchases must be handled in accordance with clearly defined business procedures and must be substantiated with the necessary records to satisfy audit and inventory requirements.
2. All expenditures must be compatible with the current budget.
3. Unauthorized expenditures will not be reimbursed and are strictly the responsibility of the individual.
4. Federal funds received under the Carl D. Perkins Vocational Education Act will be used to supplement, and to the extent practicable, increase the amount of state and federal funds that would, in the absence of such federal funds, be made available for the use specified in the Act, in no case supplanting such state or local funds.

III.2.2 Procurement Methods

The following procurement methods are available:

1. **Procurement by micro-purchases** – Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act).
2. **Procurement by small purchase procedures** – Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (as July 1, 2019 the simplified acquisition threshold is \$150,000).

These purchases shall require due diligence in the form of competitive quotations if the purchase is not from a special purchasing agreement, contract extension, or educational pricing (as described in Procurement Methods #5 below). Quotations can be written; received by telephone if fully documents including price, date, contact person and signature of the appropriate administrator; or documented from vendor catalogs.

3. **Procurement by 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 contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. This method requires the review of competitive proposals by a team made up of either the Chief Financial Officer or the Controller along with the director of the department purchasing the services. Together the team will review the qualifications and costs of each proposal and make a recommendation for purchase using the purchase request submission process below.
4. **Procurement by sealed bids (formal advertising)** – Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price, after consideration of all qualifications of the bidder.
5. **Procurement by non-competitive proposals** – Procurement by non-competitive proposals is procurement through solicitation of proposal from only one source and may be used only when one or more of the following circumstances apply:
 - The item is available only from a single source;
 - Emergency purchase for repair or replacement when necessary to protect the physical plant and insure on-going College operations.
 - The federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
 - After solicitation of a number of sources, competition is determined inadequate.
 - The items are purchased through special purchasing agreements such as MiDEAL (Michigan Delivering Extended Agreements Locally), U.S. General Services Administration (GSA), or educational institution-only pricing.
 - Purchases of budgeted items such as Newspaper/Radio advertising, government surplus items, specialty equipment (including IT contracts), used items, healthcare insurance and other, specialty services, utilities or open purchase orders that cover an entire fiscal year that involve a series of small purchases that total more than the stated limits.
 - College purchases of more than \$150,000 that were not bid, and were not from a special purchasing agreement, contract extension, or educational pricing, or not listed in the exceptions about shall be highlighted in the Treasurer's report on colored paper and placed in the Treasurer's Report for the Board's awareness.

III.2.3 Other Procurement Procedures

Purchase Request Submission

Banner is the method of entry for purchase requisitions. Requisitions are required for all good and services over \$5,000.

Please submit one requisition for each vendor and forward appropriate price quotes to the business office.

| Authority Level | SMC Approver |
|------------------------|--------------------------------|
| Input Only | Requester |
| \$0 - \$5,000 | Department Head |
| \$5,000 - \$20,000 | Senior Leadership Team |
| \$20,000 - \$150,000 | President |
| \$150,000 + | President after board approval |

Documentation

All source documents supporting any given transaction (receipts, purchase orders, invoices, RFP/RFQ data and bid materials) will be retained and filed in an appropriate manner. Where feasible, source documents pertinent to each individual procurement shall be separately filed and maintained. Where it is not feasible to maintain individual procurement files, source documents will be filed and maintained in a reasonable manner (examples include chronologically, by vendor, by type of procurement, etc.). Whatever form of documentation and filing is employed, the purpose of this section is to ensure that a clear and consistent audit trail is established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

Locally Owned, Minority-Owned, Female-Owned and Small Business

All necessary affirmative steps will be taken and documented to solicit participation of locally owned, minority-owned, female-owned and small businesses.

Contracts

Generally, all procurement in excess of \$150,000 will be memorialized and supported by a written contract. Where it is not feasible or is impractical to prepare a contract, a written finding to this effect will be prepared and some form of documentation regarding the transaction will also be prepared. All contracts will contain language which allows the Institution the opportunity to cancel any contract for cause. Said cause shall include (but not limited to) demonstrated lack of ability to perform the work specified, unwillingness to complete the work in a timely fashion, cancellation of liability insurance or worker's compensation, failure to pay suppliers or workers, unsafe working conditions caused by the contractor, failure to comply with Davis-Bacon wage laws (where applicable), failure to keep accurate and timely records of the job, or failure to make those records available to the Institution (on request) or any other documented matter which could cause a hardship for the Institution if a claim should arise or the work not be completed on schedule at the specified cost.

Requests for proposals may be structured to utilize value-engineering for any construction project. Value engineering will allow the total job to be broken down and bid in sections, so as to produce the lowest overall cost of the project to the Institution. A project may request proposals for heating as one element, electrical as one element,

etc. In some cases, this will make for a more cost-effective project. However, this does not preclude a bidder from making a lump-sum bid. Total cost will be calculated when value-engineering produces different bids for different scopes of work. Those segmented bids will then be added together to give a final project cost.

Conflict of Interest

No College member, employee, consultant, elected official, appointed official or designated agent of the College will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of the College, partners of such individuals, immediate family members, or an organization which employs or intends to employ any of the above has a financial or other interest in any of the competing firms.

Acceptance Gratuities

No College members, employee or designated agent of the College shall solicit or accept gratuities, favors or anything of significant monetary value from contractors, potential contractors, subcontractors or potential subcontractors.

Penalties

Any College member, employee or designated agent of the College who knowingly and deliberately violates the provisions of this code will be open to civil suit by the College without the legal protection of the College. Furthermore, such a violation of these procurement standards is grounds for dismissal by the College (if an employee) or such sanctions as available under the law (if an elected official). Any contractor or potential contractor who knowingly and deliberately violates the provisions of the procurement standards will be barred from future transactions with the College.

III.2.4 Insurance

Insurance coverage for the College's General Comprehensive Insurance Program package shall be placed with an established agent of record whose primary business office is located in Michigan or with a risk management group specifically organized and operated for community colleges.

III.2.5 Disposal of College Assets

College property found to be: (a) obsolete for its purposes (b) requiring excessive maintenance to keep in operation, or (c) of no further use to the using department or any other College department, may be declared surplus and subject to disposal only upon the approval of the College President or his designee.

1. Equipment, especially that associated with instruction and technology (i.e. computers, printers, etc.) shall normally be transferred to other College offices and departments if useable. Use may include the total piece of equipment or parts from the total. When equipment is found to have no use by any College department or office or by other governmental units and is determined to have no monetary value, such equipment may be discarded.

2. Property having some monetary value or use and declared disposable shall be sold for the highest obtainable price with the exception of the transfer of public property from the College to another governmental unit or a private non-profit organization which may be made with approval of the College President.
3. College employees involved in the acquisition, utilization, or planning for the disposition of College property shall not be involved, directly or indirectly, in the actual purchase of College surplus equipment or materials unless the purchase is through a public auction or with the approval of the President.