



**Waganakising Odawak
Little Traverse Bay Band of Odawa Indians
Accounting Department**

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Policies and Procedures for Purchasing

- I. Introduction:** This policy establishes the Purchasing Policy and Procedures for the Little Traverse Bay Bands of Odawa Indians Tribal Government (LTBB). Sound policies and internal controls are necessary to:
- A. Protect the assets of LTBB by reducing the risk of exposure to fraud, loss, theft and misappropriation of funds.
 - B. Ensure LTBB puts forth a good faith effort to procure needed goods and services in a reasonable time.
 - C. Ensure LTBB utilizes competitive procurement practices.
 - D. Ensure procurement requests are authorized by the appropriate LTBB personnel and are for use by LTBB either by direct use or as part of direct client services under an LTBB Governmental Program. No effort will be made to procure items that would have otherwise been the responsibility of another person or organization unless authorized under an LTBB Governmental Program.
 - E. Ensure adherence to Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB); regulations as outlined in the *Code of Federal Regulations, Title 2; Subtitle A Chapter 2 Part 200 OMB Uniform Guidance: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200)*; the LTBB Administrative Procedures Statute and any other applicable Federal, Tribal or Granting Agency rules, regulations and procedures.
- II. Definitions:**
- A. Allowable Costs: Costs that are necessary, reasonable, and allocable to a fund; permitted under a program; and adequately documented.
 - B. Purchasing: Division within the Accounting Department with staff designated to carry out the daily functions of procurement, travel booking, contracts and other related financial matters.
 - C. Purchase Requisition: A fully completed request from a department for the Accounting Department to order a product or service, submitted with the proper account numbers via the electronic requesting system, Microix. To be considered submitted, Purchase Requisitions must be authorized by the person having budgetary authority over the requested funds.
 - D. Purchase Order: A Purchase Requisition that has been authorized by a Staff Accountant for funds availability and allowability and returned to the Purchasing Technicians for processing.
 - E. Contract Requisition: An Accounting Form requesting the Accounting Department to draft a contract for a service or customized product where a contract may be more appropriate than a Purchase Requisition.
 - F. Competitive Contract: A contract for services or items that is subject to a quote or bidding process; generally, but not limited to or inclusive of, contracts valued at \$10,001 or more.

- G. **Non-Competitive Contract:** A contract for services or items that is not subject to a quote or bidding process; generally, but not limited to or inclusive of, contracts values at \$10,000 or less.
 - H. **Invoice:** A form generated by a vendor with the vendor's name, address, phone number and items purchased. Invoices must include a dollar amount.
 - I. **Packing Slip:** A form generated by a vendor and enclosed with a shipment, stating the items enclosed, item numbers and quantities.
- III. Applicability:** This policy is applicable to all Branches, Divisions and Departments of the Little Traverse Bay Band of Odawa Indians Tribal Government, referred to as LTBB in this document. This procedure applies to all procurement requests normally received and processed by Purchasing.
- IV. Consistency:** To maintain consistency in standards for effective controls and accountability as required in *2 CFR 200*, this Purchasing Policy and Procedures will apply for all funds spent by LTBB regardless of funding source.
- V. Policy:** All funds spent by LTBB must follow procurement standards listed in *2 CFR 200* for all purchases of goods and services. In addition to those standards the following policies apply to all LTBB purchases:
- A. Obligations must be incurred by LTBB, either by direct use or as part of direct client services under an LTBB Governmental Program. No expenditures will be made to reimburse items that would have otherwise been the responsibility of another person or organization unless authorized under an LTBB Program.
 - B. Requisitions must be authorized by the appropriate Department and LTBB personnel, and the person with oversight of the related Branch or division if necessary. No obligations will be made without the approvals of the persons having Departmental budget oversight and other necessary approvals when required per related LTBB resolutions, statutes, policies or procedures.
 - C. All procuring of supplies, inventory, capital equipment and services performed by independent contractors will be facilitated through the Purchasing Division of the Accounting Department.
 - 1. LTBB Staff are not authorized to obligate LTBB funds to any vendor by directly contacting vendors with orders, promising orders or appearing to otherwise commit LTBB. Orders placed directly by other LTBB Staff instead of by the Purchasing Staff are not considered authorized.
 - 2. All orders and other monetary obligations must be verified by the Accounting Department.
 - 3. Purchasing must have a fully completed authorized equivalent of a W-9 form, or a W-9 form on file for all vendors utilized by LTBB.
 - D. Purchasing must check all vendors to ensure they are not on the Federal Suspended or Debarred List. Proof of the check must be retained by Purchasing Staff. Vendors appearing on this list cannot be utilized by LTBB.
 - E. **General Procurement Standards:** *2 CFR 200* Section 200.318 General Procurement Standards, as listed below, applies to all procurement by LTBB, regardless of funding source:
 - 1. Purchases must be authorized for funds availability, allowability, allocability, necessity and reasonableness as detailed in *2 CFR 200* and in any other financial or guiding document provided by a funding agency as applicable. Any requests not meeting these requirements will not be approved. Program Directors will authorize purchase requests and will verify programmatic need,

- reasonableness of request and allocability to program goals. Staff Accountants will also verify this authorization through examination of official documents, including but not limited to, award documents, budgets, public pricing information, similar transactions and other reasonable steps.
2. Acquisition of duplicative or unnecessary items should be avoided. Leasing will be analyzed and chosen over purchasing when most economical. Value-driven consolidation or separation of purchase requests will be analyzed. Federal excess and surplus property will be used in lieu of purchasing new equipment and property when feasible and if shown to reduce project costs.
 3. Construction projects will use value engineering clauses as appropriate.
 4. Contracts will only be awarded to responsible contractors with the ability to perform successfully under the terms and conditions of the proposed procurement. Contractor integrity, record of past performance, compliance with public and tribal policy, and financial and technical resources shall be considered.
 5. Records must be maintained to detail the procurement history of each transaction, including reasons for selection, details on rejections and selections, and the basis for contract prices.
- F. Requests for specialized services or products generally require a contract. All contracts must be handled by the Purchasing Department and must comply with LTBB Purchasing Policy. In addition, they must comply with LTBB Contracting Policy and related statutes. Construction of capital assets must comply with the LTBB Purchasing Policy, the LTBB Contracting Policy, LTBB Capital Asset Construction Management Policy and any related statutes or regulations.
- G. Competitive Procurement: To maintain consistency and transparency the Competitive Procurement Standards listed below apply to all funds spent by LTBB for goods or services, regardless of funding source:
1. All procurement transactions, including service contracts, must provide full and open competition. To deter unfair advantages LTBB will not:
 - a. Accept bids from Contractors that developed invitations to bid, statements of work, requests for proposals or specifications on the project.
 - b. Place unreasonable requirements to qualify to do business with LTBB.
 - c. Require unnecessary experience or excessive bonding.
 - d. Encourage or accept noncompetitive pricing among affiliated companies.
 - e. Award additional contracts to consultants already on retainer contracts without asking for bids.
 - f. Award contracts where there could be an appearance of a conflict of interest between the person responsible for overseeing the project and the contractor, or the contractor and the funding source.
 2. LTBB classifies all procurement into one of the four following categories:
 - a. LTBB considers all procurement with an aggregate purchase price between \$0 and \$10,000 (or \$2,000 if the Davis-Bacon Act applies) to be a Micro-purchase. If LTBB finds a reasonable price for a micro-purchase the purchase may be made. For micro-purchases solicitation of competitive quotes is strongly encouraged but is not required.
 - b. LTBB considers all procurement with an aggregate purchase price between \$10,001 and \$100,000 to be Procurement by Small Purchase Procedures. Under Small Purchase Procedures, all requests for supplies, services, capital assets, or other property require price and rate quotations be obtained from an adequate number of qualified sources. LTBB will put forth all reasonable efforts to secure quotations from at

least three qualified sources and will retain documentation to show such efforts were made. LTBB will select the vendor offering the best value. Pricing must be the major component when determining best value proposals unless the procurement is for Architectural/Engineering Services (A/E), but parts availability and shipping time frames, product and vendor reliability and reputation, vendor performance capability (numbers of employees, financial status, proper equipment), and past performance with LTBB may also be considered. For A/E procurements, LTBB may choose to use qualifications-based procurement as detailed in 2 CFR 200.

- c. LTBB considers all procurement with an aggregate purchase price between \$100,001 and \$250,000 to be Procurement by Informal Competitive Proposal Procedures. A request for proposals (RFP) will be publicized and will identify all evaluation factors and their importance to awarding the project. RFPs must be posted on LTBB's website for at least ten consecutive days. Posting may occur longer and in more areas if desired by Administration. LTBB will put forth all reasonable efforts to secure proposals from at least three qualified sources and will retain documentation to show such efforts were made. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program. Pricing must be a major component when weighing proposals unless the procurement is for Architectural/Engineering Services (A/E), but parts availability and shipping time frames, product and vendor reliability and reputation, vendor performance capability (numbers of employees, financial status, proper equipment), and past performance with LTBB may also be considered. For A/E procurements, LTBB may choose to use qualifications-based procurement as detailed in 2 CFR 200.
 - d. LTBB considers all procurement with an aggregate purchase price of \$250,001 and higher to be Procurement by Formal Competitive Proposal Procedures. A request for proposals (RFP) will be publicized and will identify all evaluation factors and their importance to awarding the project. RFPs must be posted on LTBB's website for at least fifteen consecutive days and in at least one local periodical for at least four consecutive days. Posting can occur longer and in more areas if desired by Administration. LTBB will include evaluation factors and award criteria in the RFP. LTBB will put forth all reasonable efforts to secure proposals from at least three qualified sources and will retain documentation to show such efforts were made. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program. Pricing must be a major component when weighing proposals unless the procurement is for Architectural/Engineering Services (A/E), but parts availability and shipping time frames, product and vendor reliability and reputation, vendor performance capability (numbers of employees, financial status, proper equipment), and past performance with LTBB may also be considered. The sealed bid process will be used if it is determined to be most appropriate by the Chief Financial Officer (CFO) and the Program Director affected. For A/E procurements, LTBB may choose to use qualifications-based procurement as detailed in 2 CFR 200.
3. Procurement with an aggregate cost of \$10,001 and above may be secured with noncompetitive proposals only in the following circumstances, which

must be heavily documented and if applicable must have funding agency approval per funding agency guidelines:

- a. The item is only available from a single source and proof of this single-source availability is documented.
 - b. A public emergency or otherwise urgent situation exists and the delay from using competitive solicitation will exacerbate the situation. This situation must be heavily documented.
 - c. The funding source expressly authorizes a noncompetitive proposal.
 - d. Solicitation of proposals from a number of sources has already occurred and competition is determined inadequate.
- H. LTBB applies any restrictions not listed above but detailed in 2 *CFR 200* to all procurement transactions by LTBB, regardless of funding source, unless doing so would place undue hardship on LTBB to carry out services to citizens and the procurement in question is not being funded by Federal or cost-recovery funds. Exceptions to this policy should be rare.
- I. Purchases with Federal, state or private funds may have more restrictions placed on them, such as requiring approval from the funding source. These restrictions must be followed in addition to the LTBB Purchasing Policy.

VI. Procedures:

- A. Authorization: For expenses to be considered allowable, valid and reimbursable all Purchase Requisitions must obtain approval as listed below:
1. Executive Branch: Expenditures of the Executive Branch must be approved by the Director or other authorized signer of the Department.
 2. Commission and Board Members: Expenditures of Boards and Commissions must be approved by the Chairperson or Vice-Chairperson of the Commission and the Tribal Chairperson's Office.
 3. Election Board: Expenditures of the Election Board must be approved by the Chairperson or Vice-Chairperson of the Election Board.
 4. Prosecutor: Expenditures for the Prosecutor Office must be approved by the Prosecutor Office Manager or the Prosecutor as applicable.
 5. Tribal Court: Expenditures of the Tribal Court must be approved by the Tribal Court Administrator or the Chief Judge as applicable.
 6. Tribal Council: Expenditures for all Legislative Offices must be approved by the Legislative Leader, the Treasurer or the Legislative Office Manager.
- B. Use of Contract Requisitions:
1. If a Department Director or the Accounting Department determines a contract is necessary for procurement, a Contract Requisition form should be filled out by the Department requesting services. Contracts are recommended, even for Micro-Purchases, whenever a vendor requests payment prior to performing a service or delivering a finished good or the vendor will be altering buildings or property of LTBB.
 2. Contract Requisitions should be submitted to the Lead Purchasing Technician for processing at least thirty business days prior to needing the services for services costing \$10,001 and over (Competitive Contracts) and at least ten business days prior to needing the services for Micro-Purchases (Non-Competitive Contracts).
- C. Use of Purchase Requisitions:
1. LTBB uses Microix, an electronic Purchase Requisition system. Department Directors authorize which staff have access to Microix as requestors or approvers. To document the authorization, they submit a completed Microix

- Workflow to Accounting for each fund number they oversee. Staff changes, new grants or added funds require an update to Microix Workflows.
2. Once a Workflow has been entered by Accounting a requestor enters the request in Microix including the following information in the applicable fields:
 - a. Vendor information, if the vendor is known, or a certain vendor is requested. If the vendor is not known this can remain blank.
 - b. Complete description of the parts, models, or items needed.
 - c. Quantity required.
 - d. Date required.
 - e. Estimated cost or a "do not exceed amount". Note: Purchasing staff may adjust Purchase Requisitions by nominal amounts to accommodate price changes or shipping costs. Adjustments over \$20 require approval of the Department placing the order and the Staff Accountant.
 - f. Justification documenting the purchase as allowable, allocable, reasonable and necessary.
 - g. Special instructions or comments applicable to the purchase.
 - h. If applicable attach approvals from the funding source, flyers for events, and most recent budget modifications from the funding source.
- D. Approval of Purchase Requisitions:
1. Purchase Requisitions in Microix are considered submitted after the supervisor with budgetary authority has checked for allowability (reasonable, necessary, allocable and allowable) and approved the request. Purchase Requisitions must substantiate all items requested and supporting documentation must be attached as necessary.
 2. Staff Accountants check for budget availability, funding allocability, and if the items meet the reasonable test of a prudent person under similar circumstances. If these conditions are met Staff Accountants check for necessity and appropriateness of the funding source, which may require additional communication with the Department.
 3. Not all Purchase Requisitions are approved by Staff Accountants. Staff can check their Microix account to see if there are denied Purchase Requisitions and can call their Staff Accountant with questions.
 4. Blanket Requisitions require the approval of the CFO, are only used in rare situations where the normal process would be a detriment to the services provided, and are only good for a single calendar year if approved.
 5. If Purchase Requisitions require an adjustment by the requestor, the Purchasing staff should be notified immediately.
 6. The Accounting Department will approve or deny completed Purchase Requisitions within five business days of submittal. Purchasing Technicians and Staff Accountants may ask for more information before a Requisition can be approved or denied. If the requested information is not received within one business day the Requisition will require additional processing time.
 7. Purchases requested from vendors not previously utilized by LTBB generally require extra processing time.
- E. Ordering Products:
1. Purchasing Technicians will order goods only after following the procurement standards above, utilizing the most competitive pricing when possible.
 2. Items for use by LTBB directly are generally considered Tax-Exempt from State of Michigan Sales Tax. Items used for Direct Client Services may not be tax exempt, based on varying factors.

3. Whenever possible LTBB will try to receive an invoice from a vendor subsequent to receiving the goods. If that is not possible a check may be given upon delivery of a good or other payment terms can be worked out. The Lead Purchasing Technician, under the supervision of the CFO, will work with vendors on alternate payment methods, such as credit cards.
- F. Delivery of Goods:
1. All items will be delivered to the Accounting Department unless Purchasing staff request the item to be delivered elsewhere due to size or location where items will be used. Accounting will notify the Department via phone or email when a package has been delivered.
 2. All items delivered to Accounting must be signed out when picked up by Departmental Staff. The person signing for the package takes full responsibility for the items enclosed and ensures they will reach the desired destination. All packing slips and invoices enclosed in the package must be forwarded to Accounts Payable.
 3. Capital Assets and select other items such as electronics are tagged for recordkeeping in the Accounting Asset Management Software before being distributed to the departments.
- G. Budget Year: To ensure the matching principle of Accounting is met, budgeted funds may only be spent in one budgetary year to receive and use goods in the same year. As such the Accounting Department will issue "Purchasing Deadlines" towards the end of the calendar year for General Fund and Cost Recovery Funds. "Purchasing Deadlines" may be issued on an individual basis for each Grant or other Special Revenue Fund to accommodate the unique end dates of the budgets for these funds.

VII. Conflicts of Interest: When purchasing products or contracting for services no employee may participate in the selection of a vendor or the administration of a contract or purchase if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, any member of his or her immediate family, his or her partner or an organization which employs any of the above has a financial or other interest, or could appear to receive a tangible personal benefit from the purchase or contract. Failure to adhere to this conflict of interest policy may result in disciplinary action per the employee handbook. Potential conflicts of interest shall be disclosed to funding agencies when required.

VIII. Internal Control Standards: To comply with 2 CFR 200.303, Internal Controls, LTBB follows the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by COSO. This document lists five standards of Internal Control: Control Environment, Risk Assessment, Control Activities, Information and Communications, and Monitoring. To ensure compliance with the Risk Assessment Standard and the related continual changes in regulatory and operating conditions, the CFO will review this policy no less than annually and update as needed.