



BOARD OF DIRECTORS
THE DA VINCI INSTITUTE

FINANCES
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PURCHASING

Reference: MCL 380.1267, 380.1274 et seq.

Procurement of all supplies, materials, equipment, and services paid for from Institute funds shall be made in accordance with all applicable federal and State statutes, Board policies, and administrative procedures. Standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts are established in Policy 1130, Policy 3110, and Policy 4110 (as applicable) – Conflict of Interest.

All procurement transactions shall be conducted in a manner that encourages full and open competition and in accordance with good administrative practice and sound business judgment.

Each year the state of Michigan informs the Institute of the legal amount for purchases that require a formal bidding process for a single item.

It is the policy of the Board of Directors that the Superintendent shall adhere to the following purchasing procedures:

- A. Seek informal price quotations on purchases that are under fifty percent (50%) of the amount allowed by state statute for a single item, except in cases of emergency or instances when the materials purchased are of such a nature that price negotiations would not result in savings to the Institute.

- B. When the purchase of, and contract for, single items of supplies, materials, or equipment is in excess of fifty percent (50%), but less than the amount allowed by state statute, the Superintendent shall require three (3) competitive price quotations, whenever possible.

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Purchases in excess of the dollar amount permitted by state statute shall have at least three (3) competitive bids, whenever possible, for substantiation of purchase and shall require approval of the Board of Directors prior to purchase.

Competitive Bids

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Competitive bids are not required for items purchased through the cooperative bulk purchasing program operated by the Michigan Department of Management and Budget pursuant to MCL 18.1263.

Competitive bids are not required for food purchases, unless food purchased in a single transaction costs \$100,000 or more.

Bids shall be sealed and shall be opened by a Board member in the presence of at least one (1) witness. All orders or contracts shall be awarded to the lowest responsible bidder; however, consideration may be given to the following:

- A. quality of the item(s) to be supplied;
- B. conformity with specifications;
- C. suitability to the requirements of the Institute;
- D. delivery terms;
- E. past performance of the vendor.

In addition to the factors above, the Board may consider and provide a preference to bidders:

- A. which use a Michigan-based business as the primary contractor.
- B. which use one (1) or more Michigan-based business as subcontractors.

For purposes of this preference a Michigan-based business means a business that would qualify for a Michigan preference for procurement contracts under MCL 18.1268, which requires that the businesses certify that since inception or during the last twelve (12) months it has done one of the following:

- A. have filed a Michigan business tax return showing an allocation of income tax base to Michigan
- B. have filed a Michigan income tax return showing income generated in or attributed to Michigan



C. withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the Michigan Department of Treasury.

This preference shall not apply to any procurement or project using Federal funds, nor shall it be used if it would violate any Federal law or requirements.

The Board reserves the right to reject any and all bids.

Bid Protest

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

Within five (5) days of receipt of a protest, the Superintendent (employed by the Board) 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.

General Provisions

The Superintendent is authorized to purchase all items within budget allocations. The Superintendent shall request prior approval of the Board before all purchases of equipment, materials, and services, when the purchase

- A. was not contemplated during the budgeting process.
- B. exceeds the function by ten percent (10%).

The Superintendent is authorized to make emergency purchases, without prior approval, of goods and/or services needed to keep the Institute in operation. Such purchases shall be brought to the Board's attention at the next regular meeting.



In order to promote efficiency and economy in the operation of the Institute, the Board requires the Superintendent to periodically estimate requirements for standard items or classes of items and to make quantity purchases on a bid basis to procure the lowest cost consistent with good quality.

Whenever storage facilities or other conditions make it impractical to receive total delivery at any one time, the total quantity shall be divided and each portion shipped on staggered delivery dates. This arrangement shall be made a part of the bid specifications.

Before placing a purchase order, the Superintendent/Business Manager shall check to see if the proposed purchase is subject to bid, if sufficient funds exist in the budget and if the material is already on hand elsewhere in the Institute. All purchase orders shall be numbered consecutively.

In the interests of economy, fairness, and efficiency in its business dealings, the Board requires the following:

- A. opportunity shall be provided to as many responsible suppliers as possible to do business with the Institute;
- B. a prompt and courteous reception shall be given to all who call on legitimate business matters;
- C. where the requisitioner has recommended a supplier, the Superintendent shall make alternate suggestions to the requisitioner, if better service, delivery, economy, or utility can be achieved by changing the proposed order;
- D. upon the placement of a purchase order, the Superintendent/Business Manager shall commit the expenditure against a specific line item to guard against the creation of liabilities in excess of appropriations.

The Board may acquire office equipment, as defined in law by lease, by installment payments, by entering into lease-purchase agreements, or by lease with an option to purchase, if the contract sets forth the terms of such a purchase.



Procurement – Federal Grants

The Superintendent shall maintain a procurement and contract administration system in accordance with the United States Department of Education requirements (34 CFR 80.36) for the administration and management of Federal grants and federally-funded programs. The Institute shall maintain a compliance system 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 this policy and administrative guidelines (AG 6320).

Revised 8/26/10; 9/25/13; 11/19/15