

KELLOGG COMMUNITY COLLEGE
Purchasing Policy – Approved November 18, 2010

I. PURPOSE

The purpose of the purchasing policy of Kellogg Community College is to 1) delineate and govern all of the College's purchasing and procurement activities; 2) delineate the authority and responsibility of the Board of Trustees and Purchasing Department; 3) provide the framework for which the Purchasing Department is to operate and develop procedures to ensure all College purchasing and procurement activities comply with this policy; and 4) to ensure the College's resources are utilized in the most effective and efficient manner while continuously providing a supply a goods and services necessary to support student learning, instructional and support activities and the College's administration.

II. SCOPE

This policy applies to all purchases and leases. Purchases made for contracts or grants shall follow this policy or the contract or grant whichever is most restrictive.

III. RESPONSIBILITY AND AUTHORITY

The responsibilities of the Purchasing Department, under the direction of the Chief Financial Officer, include:

1. The College's Director of Purchasing is responsible for preparing procedures to implement this policy and developing internal controls to ensure compliance with the policy. Each employee requesting approval of a purchase is responsible for the accuracy and completeness of the information supporting their request for a purchase order.
2. Provide purchasing services in an effective and efficient manner.
3. Maintaining public confidence in the procedures and processes used by the College in purchasing goods and services through an open and competitive process.
4. Ensuring fair and equitable treatment of all persons who seek to provide goods, supplies and services to the College, except for Local Vendor Preference as provided for in section V.
5. To procure equipment, materials, supplies and services in a timely manner at prices that are fair and reasonable and provide the overall best value to the College.
6. Establishing and maintaining safeguards to ensure a purchasing system of high quality and integrity.
7. Distributing the College's check register to the Board each month to inform the Board of disbursements made each month. Information on the check register shall be redacted to protect the privacy of students and other sensitive information. However, an unedited version of the check register is available for review in the President's office at any time.

IV. GENERAL PROVISIONS

1. The Board recognizes that the College utilizes various methods to procure goods and services ranging in size and scope. Generally, the Board expects the purchasing department to consider the following items prior to making a purchase: price, quality, value, vendor locale and whether the vendor provides educational benefits, apprenticeship or other training programs to its employee. Therefore, the following general guidelines are to be adhered to in the purchasing process:
 - a) All purchases of goods or services equal to or less than \$15,000 – the purchasing department is to ensure that prices are fair and reasonable and the best value to the College. Verbal or written quotations or bids are encouraged to be used when appropriate.
 - b) All purchases of goods or services \$15,000 to \$50,000 – the purchasing department shall ensure that a competitive process was used in selecting the vendor and/or product, including obtaining multiple quotations and/or bids.
 - c) All purchases of goods or services more than \$50,000 to \$100,000 – A competitive sealed bidding process shall be used and will be advertised in the appropriate media. A minimum of three competing bids shall be obtained, if possible. The Vice President of Administration and Finance can waive this requirement in certain circumstances. The Board shall be notified of these transactions.
 - d) All purchases of goods or services greater than \$100,000 - the purchasing and requisitioning department will solicit and receive bids. Bids will be evaluated and a recommendation will be presented to the Board of Trustees as an action item for approval at one of its meetings.
 - e) The board of trustees recognize there are exceptions to the above levels of approval for goods or services, as follows:
 - i. Purchasing Cooperatives/Consortiums – Where appropriate, the College is encouraged to utilize purchasing cooperatives that have items or services that have been competitively bid or negotiated (i.e. – MiDeal, Bid4Michigan, etc...). Instances where prices can be negotiated directly with the vendor that are more efficient than purchases through a consortium shall be considered sufficient to satisfy the competitive purchasing requirements.
 - ii. Emergency purchases – “Emergency” shall be defined as an occurrence or need that presents a physical hazard to students, faculty, staff or the general public, a physical plant problem that would impede or shut down operation of a facility, or a systems failure that would seriously impair any critical function of the college. Any such emergencies shall be communicated to the Board of Trustees as soon as reasonably possible and presented as an informational item at its next regularly scheduled meeting.

- iii. Sole source contracts – contracts for goods or services that require the use of a specific vendor due to the proprietary or exclusive nature of the vendor or the vendor’s product that is used by the College. Approval of these contracts is subject to the approval of the Director of Purchasing, after consulting with the Chief Financial Officer and Vice President of Administration & Finance. A record of sole source purchases will be maintained as a public record and will list each supplier name, a description of the transaction and an estimated amount of the transaction. This list will be presented at least on an annual basis to the Board of Trustees and the College’s Audit & Finance Committee. Examples of these arrangements include the College’s software licensing fees, bookstore purchases, utilities, HVAC controls maintenance, etc...
 - iv. Bulk purchases – certain individual items, when purchased in mass quantities, may exceed the above thresholds. When determining the bid or quote requirements of a purchase, the Director of Purchasing shall determine the requirement based on a combination of the nature and cost of the individual items being purchased.
 - v. Sealed bids are not required for purchases under contracts previously established by the College. However, all contracts for goods and services are subject to a periodic cycle of review for quality and cost, including an assessment of the market through a formalized bid process.
 - vi. In instances where professional services are required (architecture, engineering, construction management, legal, etc...), a request for proposal may substitute for a bid or quotation.
- f) Purchases for technology hardware and software shall only be requisitioned by the Information Services department.
 - g) In all instances, compliance with applicable Federal, State and local laws and regulations will be required. The College reserves the right to reject any and/or all bids and/or quotes at any time and for any reason.
 - h) Pyramiding of purchases or splitting transactions which would result in avoiding the requirements for competitive bidding is prohibited.

V. LOCAL VENDOR PREFERENCE

Vendors within the Kellogg Community College taxing jurisdiction shall receive preference when competing with nonresident vendors. Preference will be given to other vendors based on their location in the following order: Vendors in the 1) College’s service area; 2) State of Michigan; 3) U.S.A. In the order of preference defined above, the College shall extend an offer to the vendor(s) to match the lowest net bid, assuming quality, value and the vendor’s history with the College are favorable. To discourage vendors who may benefit from this provision from not submitting competitive bids initially, those vendors’ bids must be within a dollar or percentage threshold, whichever is lower, of the low bid to have a match offer extended according to the following schedule:

| LOW BID RECEIVED | DOLLAR THRESHOLD | PERCENTAGE THRESHOLD |
|------------------|------------------|----------------------|
|------------------|------------------|----------------------|

| | | |
|-----------------------|----------|----|
| < \$50,000 | \$1,000 | 3% |
| \$50,000 - \$100,000 | \$1,500 | 2% |
| \$100,000 - \$500,000 | \$5,000 | 2% |
| >\$500,000 | \$20,000 | 1% |

VI. PROJECT LABOR AGREEMENTS

In addition to the above requirements, the Board shall consider entering into a Project Labor Agreement for any construction project that the cost is estimated to exceed \$750,000.

VII. WAIVER OF POLICY

Waiver of the provisions of this policy, other than those delineated above, may only be approved by the Board of Trustees.