

**Oakland County Department of Management and Budget
Purchasing Division Policies and Procedures
Adopted May 24, 1990 and Revised May 1, 2004**

Section 1000: Governing Authority

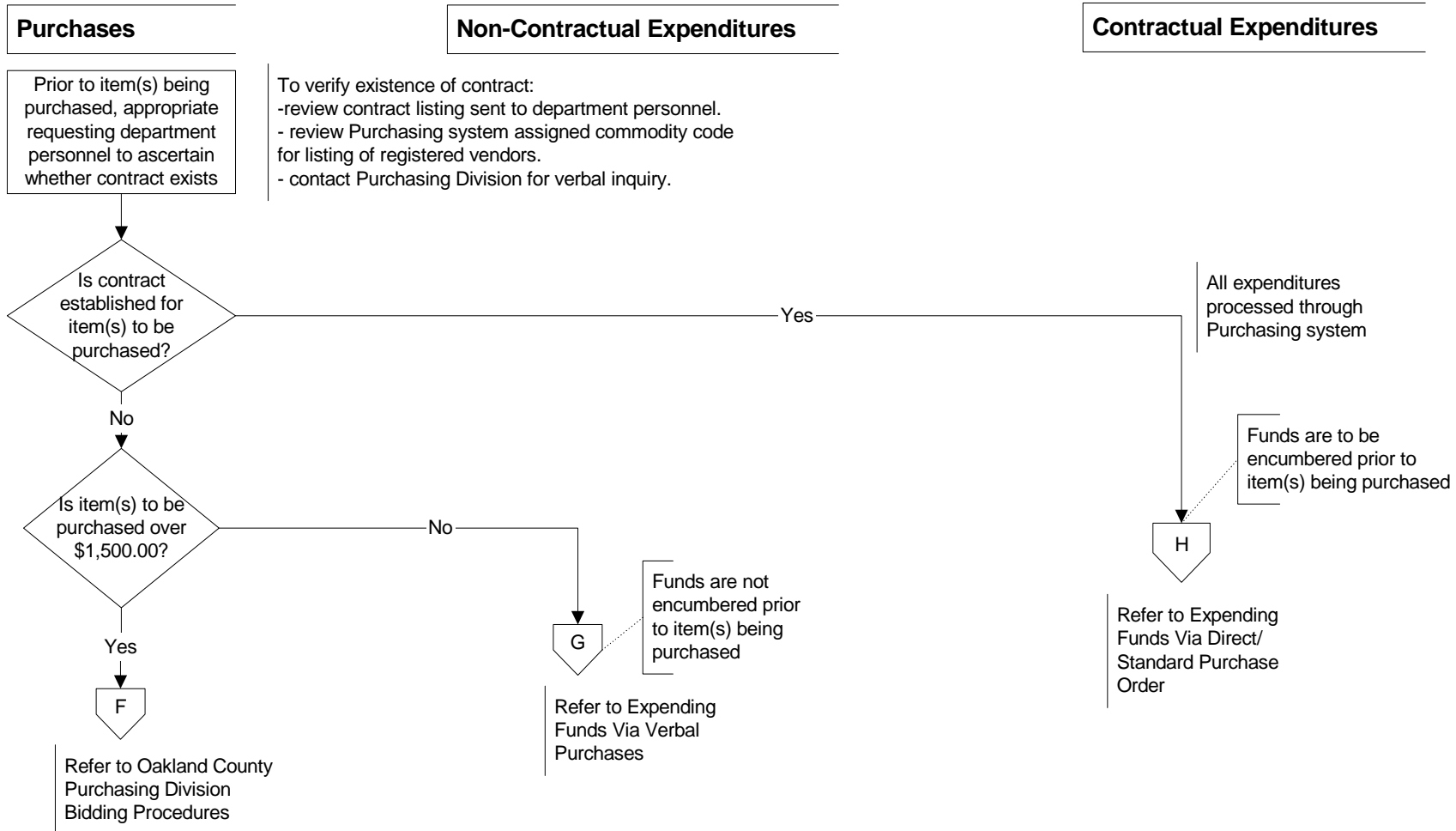
The purchasing function is vital to governmental agencies, private business and citizens concerned with the prudent expenditure of public funds. Procurement activities undertaken by employees charged with that responsibility are binding upon the County, within the limits of authority. These activities can be equally binding when the buyer exceeds his authority. It is important that all individuals involved in procurement activities are familiar with the laws and resolutions governing the procurement of goods and services on behalf of the County of Oakland.

The procurement function was originally prescribed and defined as part of the responsibilities of the finance department (Department of Management and Budget) in 1973 PA 139 Section 13; more commonly known as the “Unified Form of County Government Act.” Augmenting this Act are several laws and resolutions that regulate and define the activities of the Purchasing Division both generally and for specific areas. These laws and resolutions are incorporated herein as developed by the Purchasing Division.

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Flowchart of the Operating Expenditure Cycle as Defined by the Oakland County Board of Commissioners and the Oakland County Department of Management and Budget and Purchasing Division Organizational Chart

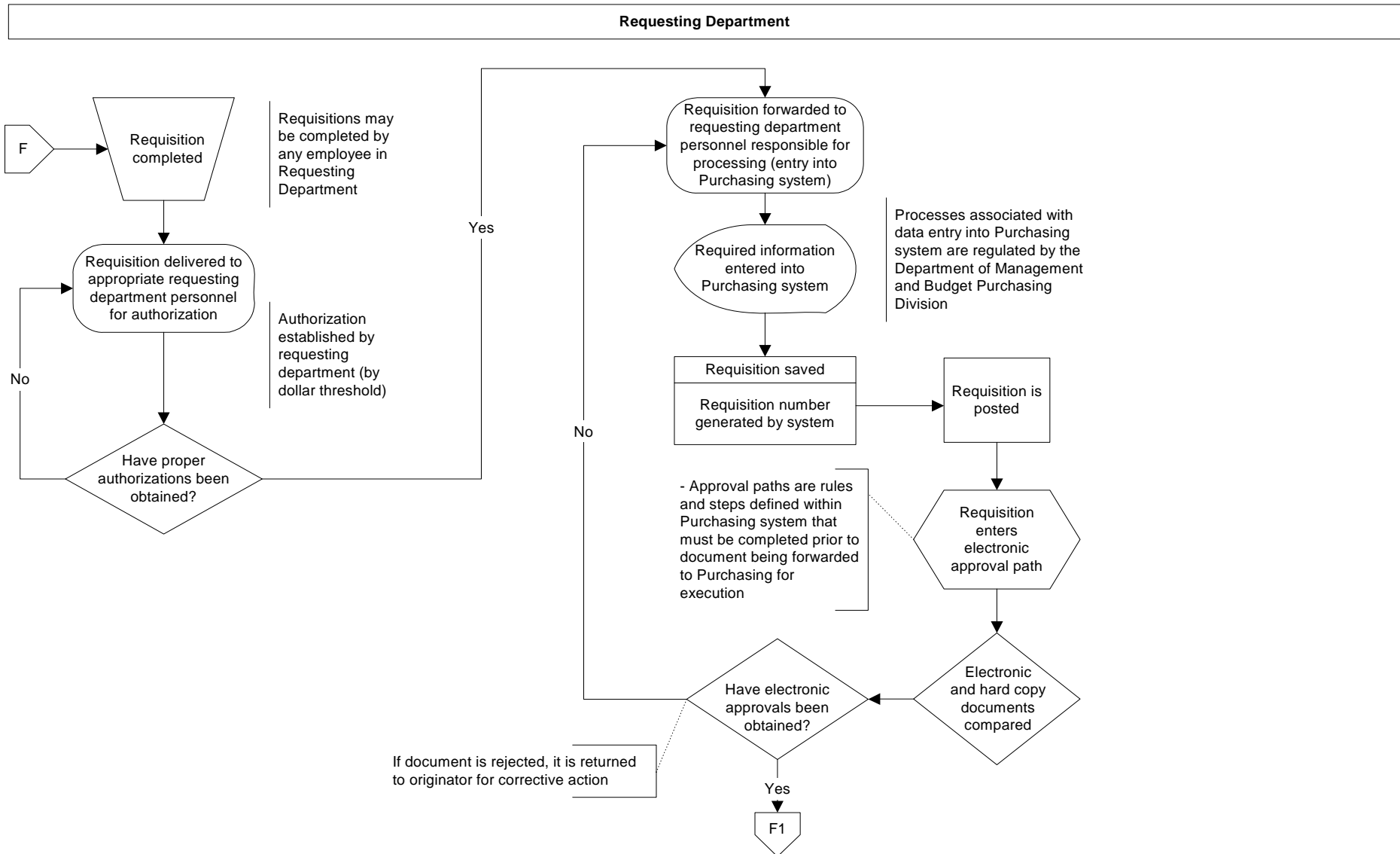
Operating Expenditure Cycle (excludes internal service fund expenditures)



All expenditures are processed through financial/Purchasing system.
 - non-contractual expenditures greater than \$1,500.00 shall be forwarded to the Purchasing Division for review prior to purchase.
 - contractual expenditures flow through Purchasing system.

Client	Page	Prepared by	Date
Oakland County Requesting Department	1 of 10	Meiers/Pisacreta- Auditing Division	08/01/02
Process	Accepted by		Date
Operating Expenditure Cycle	Department of Management and Budget		10/01/02

Preparing the Requisition

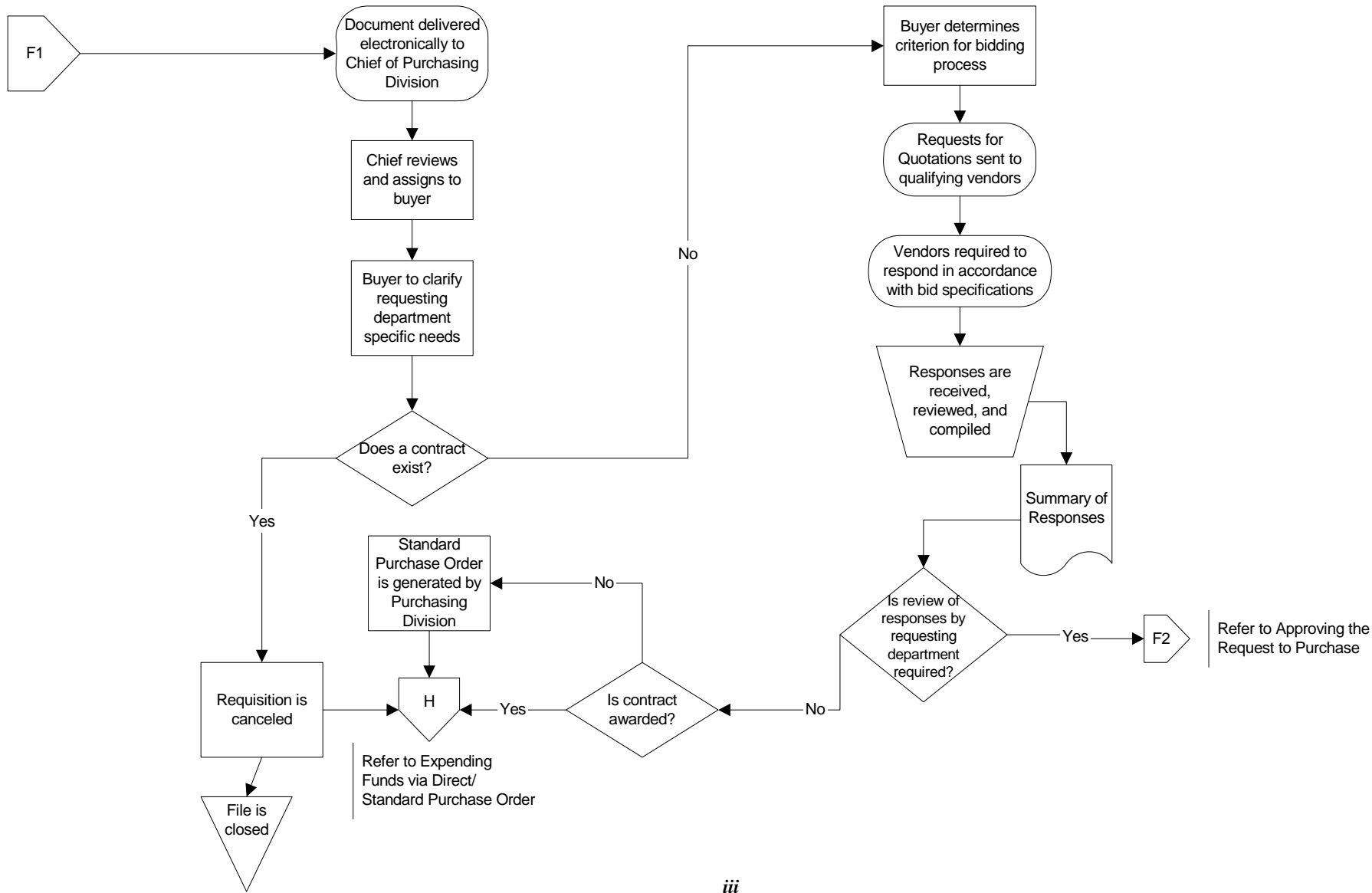


- All purchases exceeding \$1,500.00 for which there is no known contract in existence are sent out for bid in accordance with Oakland County Purchasing Division policies and procedures.
 - All contracts are administered through the Purchasing system and funds are encumbered when the Purchase Order is issued by the requesting department.

Refer to Processing the Request for Quotation

Processing the Request for Quotation

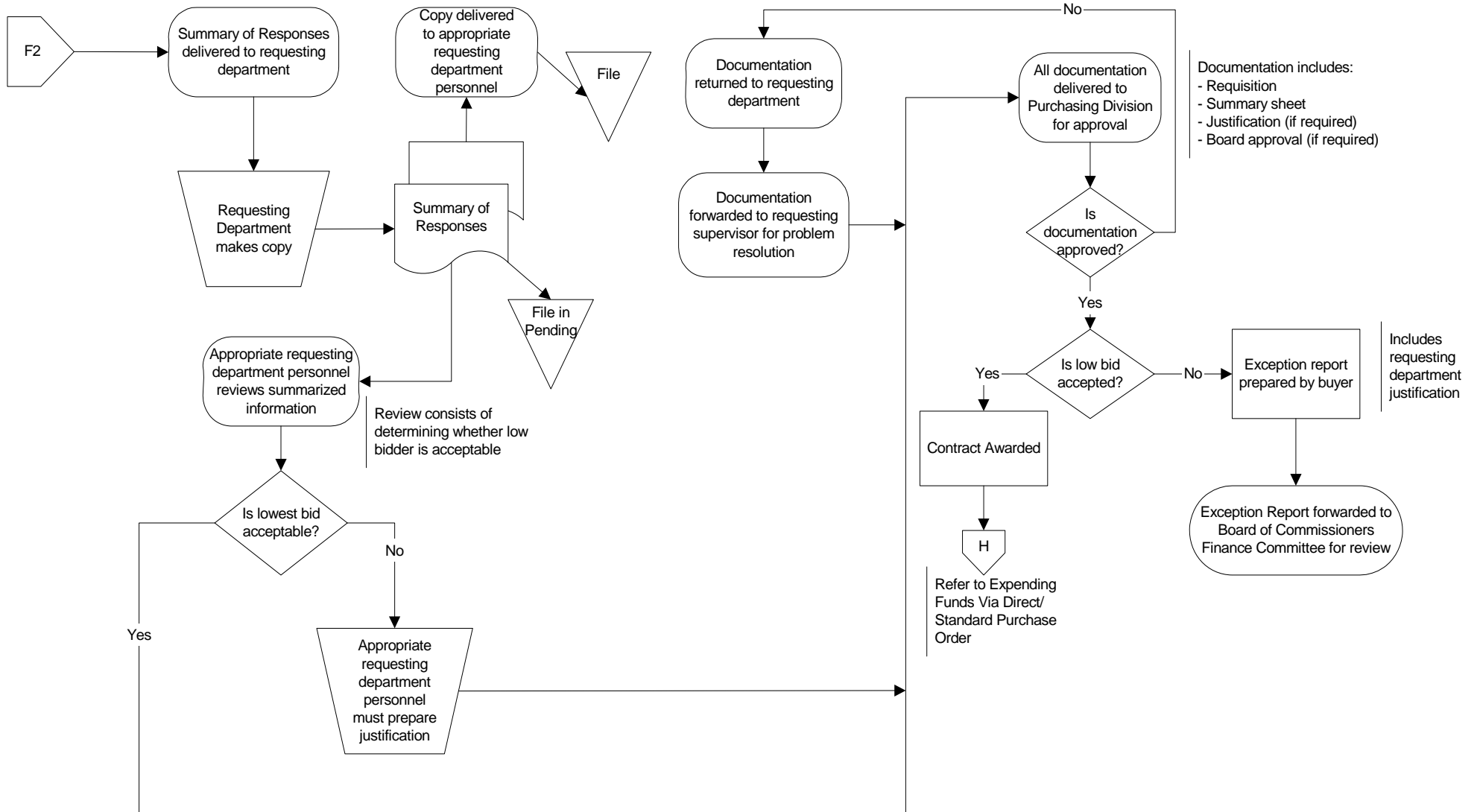
Purchasing Division



Approving the Requisition

Requesting Department

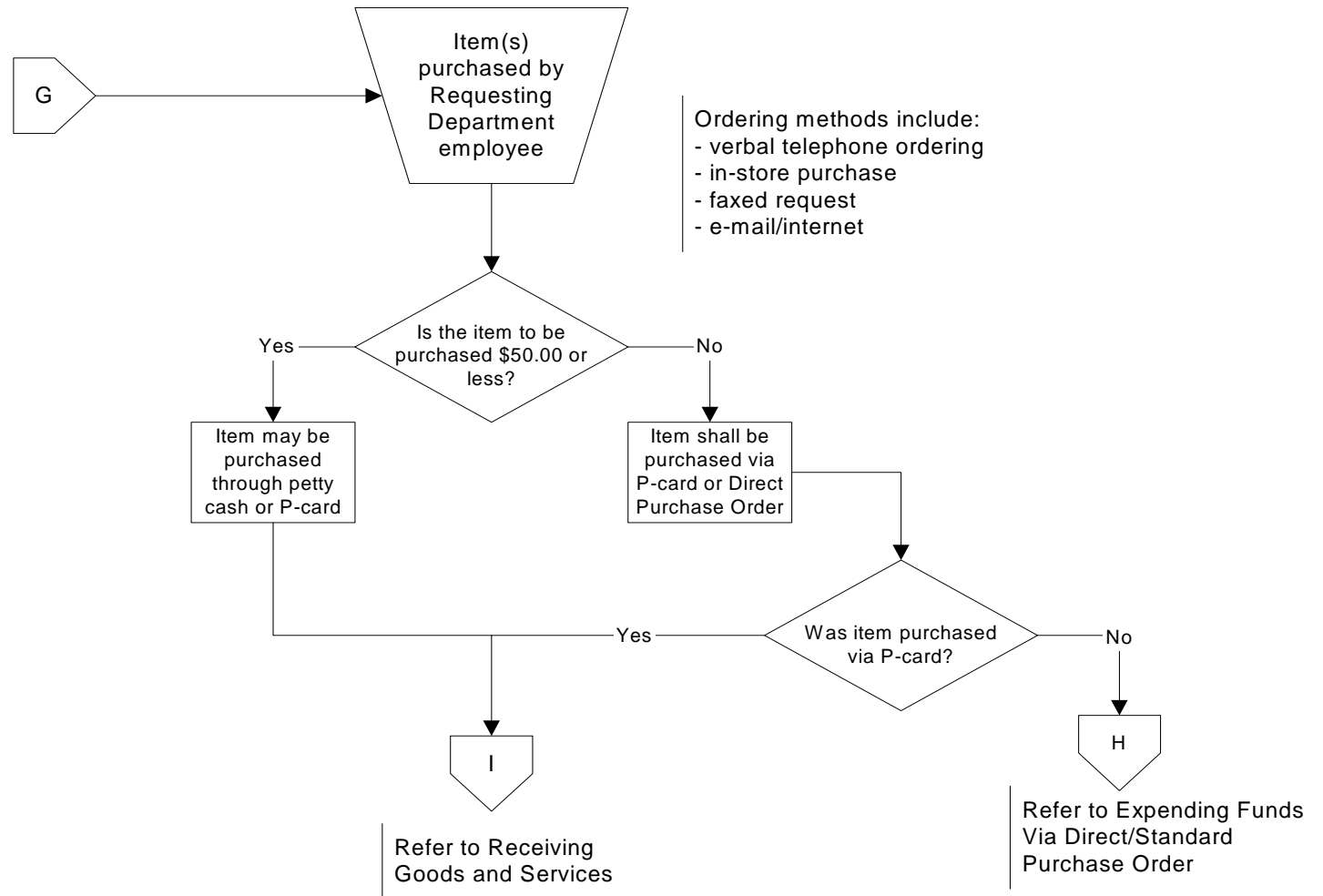
Purchasing Division



Documentation includes:
 - Requisition
 - Summary sheet
 - Justification (if required)
 - Board approval (if required)

Includes requesting department justification

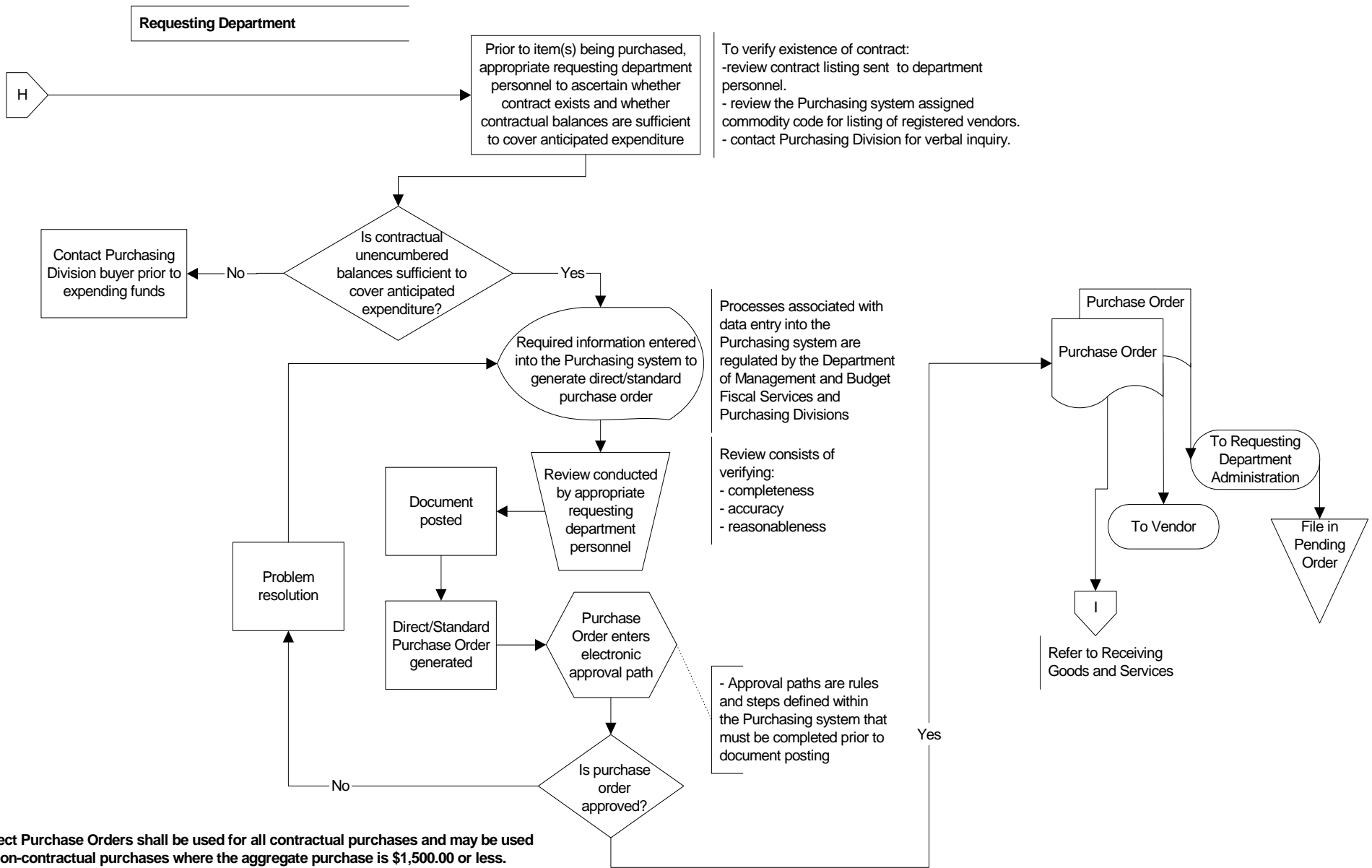
Expending Funds Via Verbal Purchases



Verbal purchases are not encumbered prior to the receipt of goods or services and occur with items:

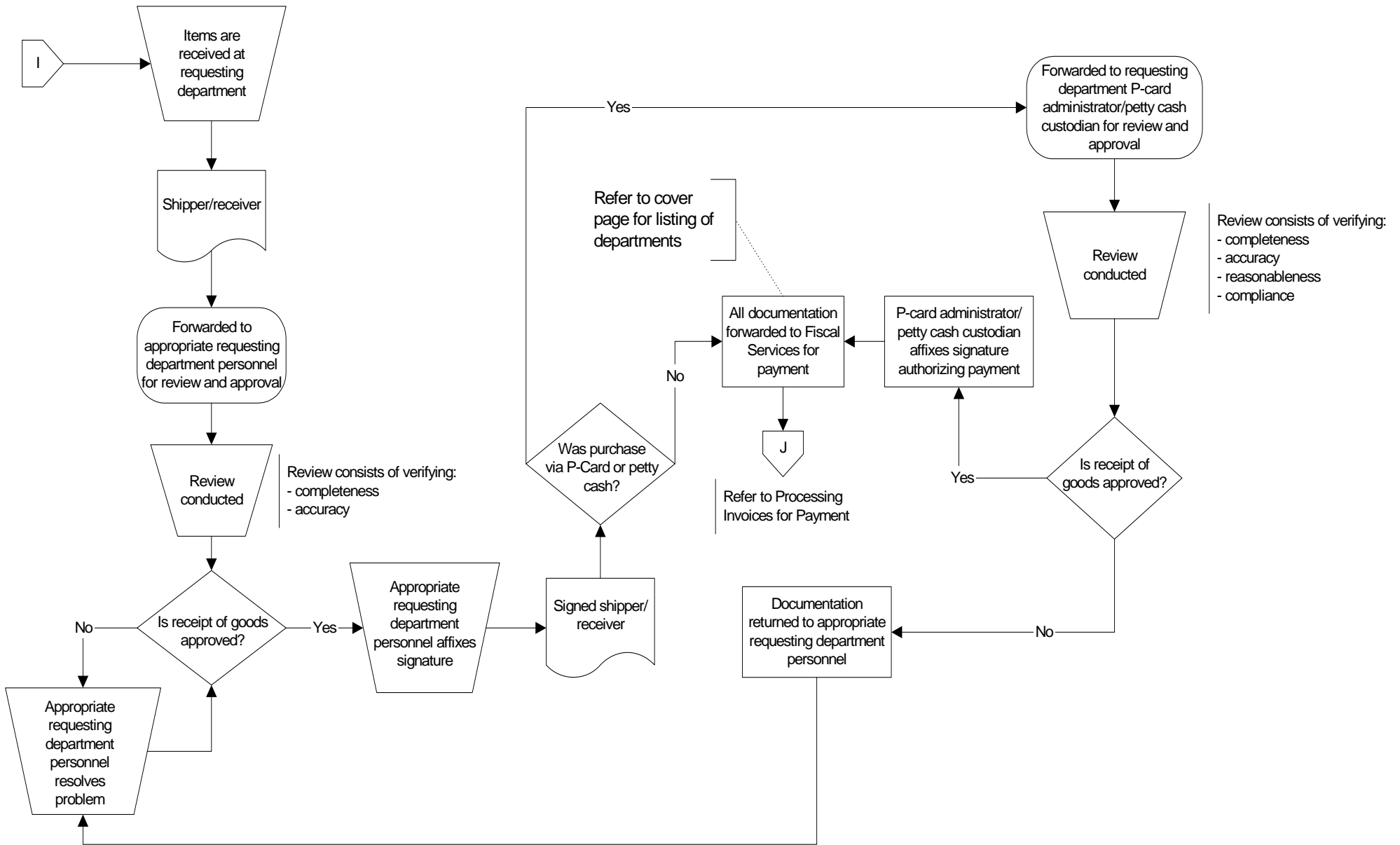
- with a purchase price of \$1,500.00 or less.

Expending Funds Via Direct/Standard Purchase Order

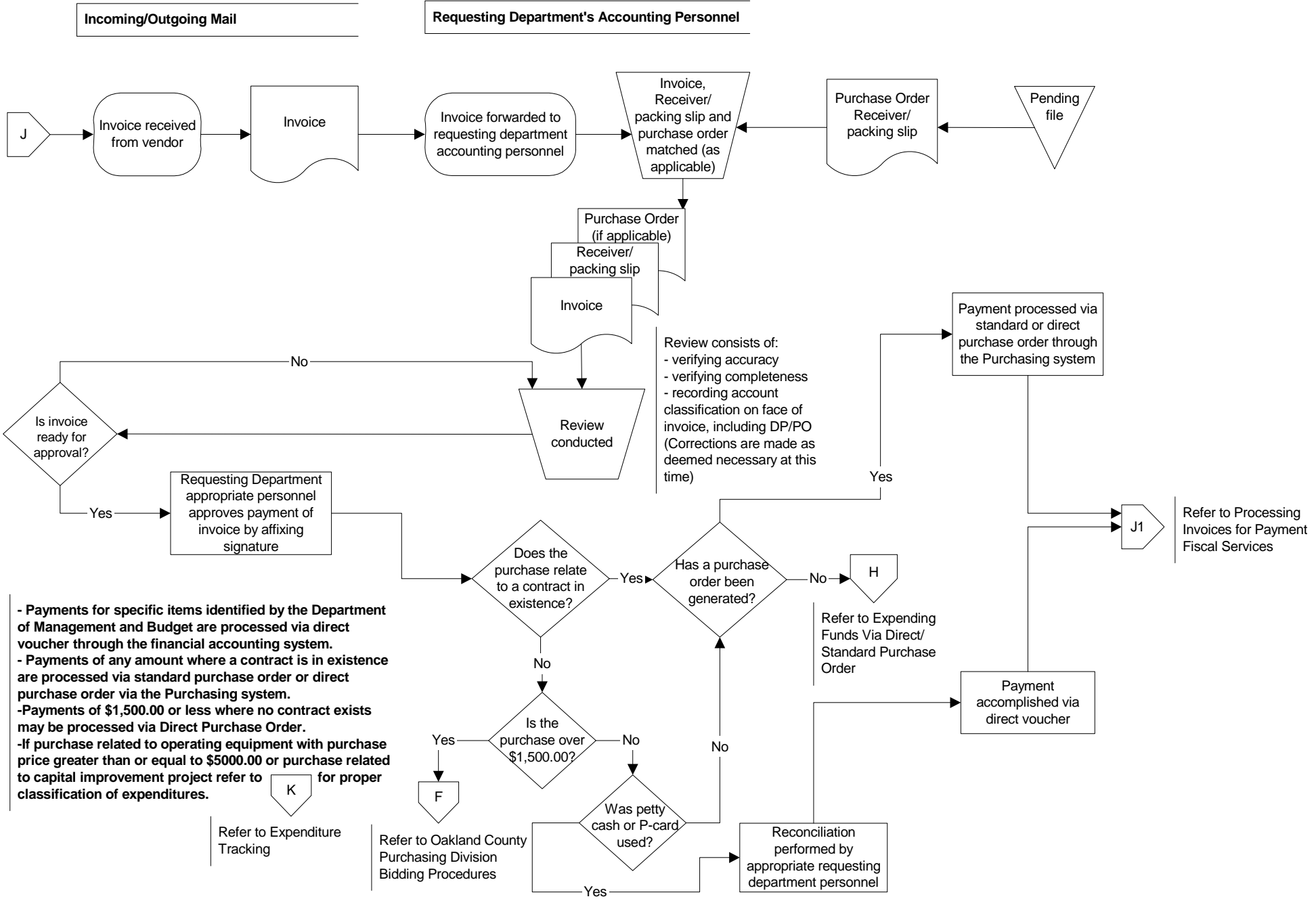


- Direct Purchase Orders shall be used for all contractual purchases and may be used for non-contractual purchases where the aggregate purchase is \$1,500.00 or less.
- Standard Purchase Orders are issued by the Purchasing Division:
 - 1) Where the aggregate purchase exceeds \$1,500.00 to a single vendor;
 - 2) A contract does not exist; and
 - 3) The Purchasing Division manager determines this method of payment to be appropriate under the circumstances.

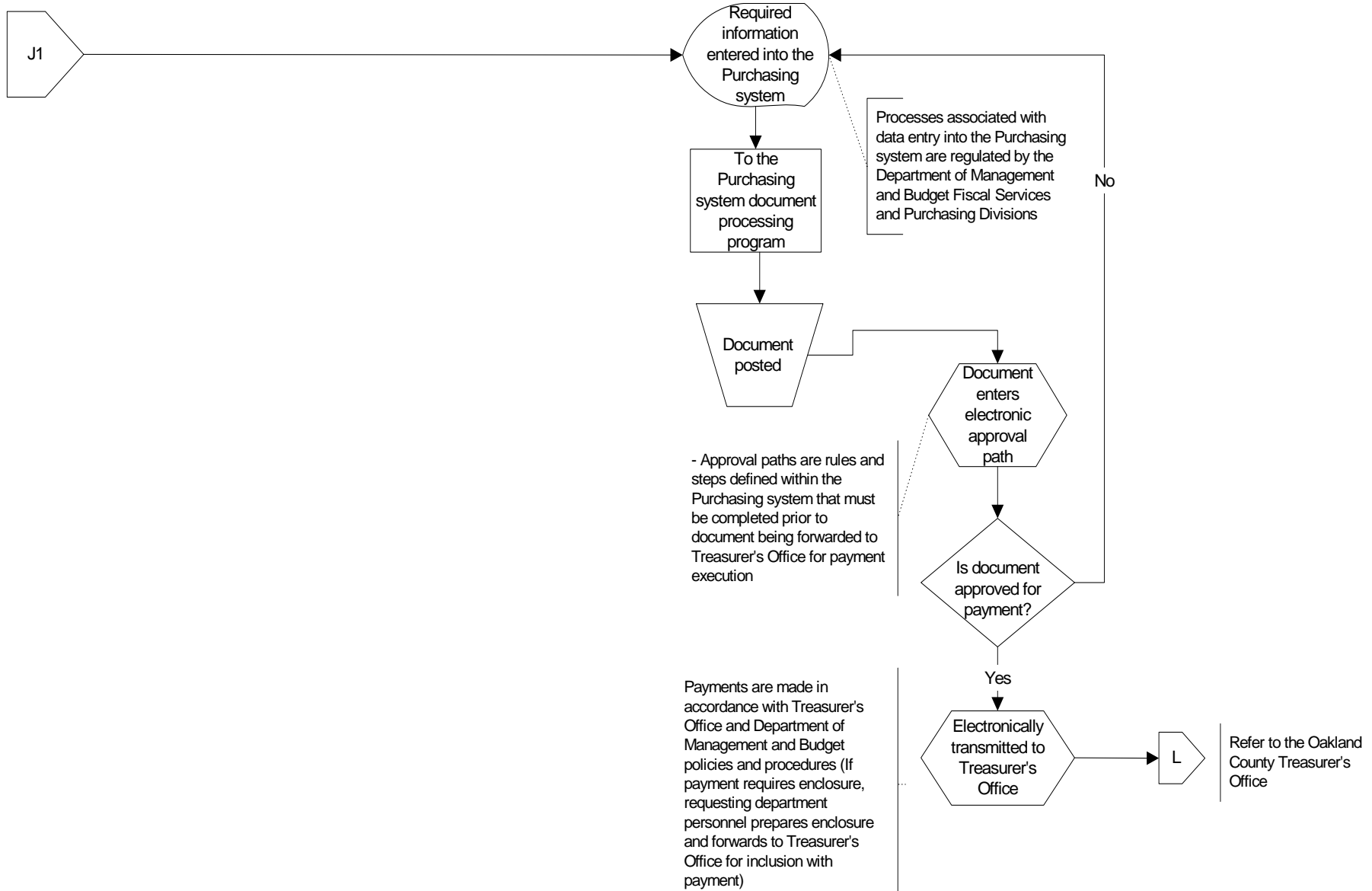
Receiving Goods and Services



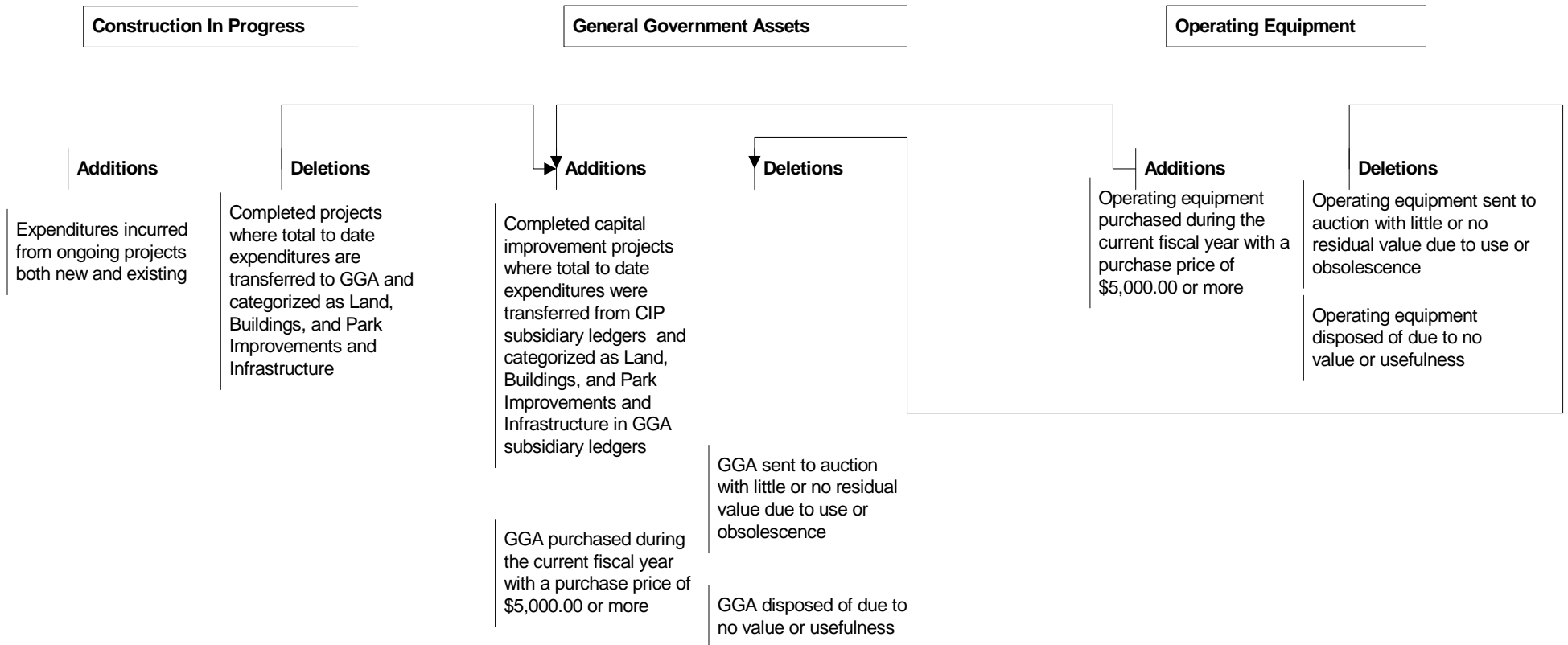
Processing Invoices for Payment (1 of 2)



Fiscal Services



K → **Expenditure Tracking**



Expenditures relating to operating equipment and capital improvement projects are tracked in order to account for physical inventory and to provide a basis for financial information forwarded to Fiscal Services at fiscal year end for inclusion in the County's comprehensive annual financial report

- Expenditures relating to capital improvement projects are manually recorded in subsidiary ledgers by facility by project (Completed projects are closed to GGA)
- Expenditures of \$5,000.00 or more relating to Capital Purchases are recorded in the asset management module financial accounting system