

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

2400: Contracts - General

2400.1: Made in the USA

**Authority: Oakland County Board of Commissioners Miscellaneous Resolution #92057
adopted March 19, 1992**

When Oakland County makes a purchase of \$10,000.00 or more, the County of Oakland shall give preference to products manufactured in the United States when they are available at competitive prices and are of equal, superior, or similar quality.

2400.2: Policy for Contractual Obligations – Notification to Corporation Counsel

**Authority: Oakland County Board of Commissioners Miscellaneous Resolution #96178
adopted December 12, 1996**

Any negotiation undertaken by any County employee, department, board, commission, authority, or agency which has the potential to incur expenditures, costs, or contractual liability to the County of Oakland in an amount of \$500,000 or more, be undertaken with a negotiating team which shall include the Department of Corporation Counsel.

2400.3: Procurement of Materials and Supplies - \$1,500.00 or Less

**Authority: Oakland County Board of Commissioners Miscellaneous Resolution #94015
adopted February 10, 1994; and
Department of Management and Budget directive dated May 23, 1984**

To permit the timely acquisition of goods, purchase orders are not required for the procurement of materials and supplies in the amount of \$1,500.00 or less. Invoices for said goods may be submitted directly to the Fiscal Services Division for payment.

Exception: This policy applies to situations where contractual agreements with vendors for commodities being procured do not exist. Whenever possible user departments are encouraged to utilize existing contracts for the procurement of goods and services regardless of the dollar amount. (Or, in the absence of an existing contract, a direct purchase order or the procurement card when the purchase amounts to \$1,500.00 or less). These contracts have been established to increase efficiency by streamlining the procurement process for both the Purchasing Division and user departments. Other benefits include pricing discounts resulting from volume purchasing.

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2400.4: Execution of Contracts for County Services and Materials

**Authority: Oakland County Board of Commissioners Miscellaneous Resolution #92101
adopted May 21, 1992**

The Oakland County Board of Commissioners establishes that all contracts and any related financing agreements (entered into), on behalf of Oakland County, for the (purposes of) purchasing materials and services in excess of \$200 must have the approval and signature of the following:

- The Purchasing manager;
- The chief of Purchasing (in the absence of the Purchasing manager);

That no contract shall be a valid commitment of the County unless signed by the above-designated individuals.

This resolution is intended to limit the number of individuals with the authority to commit the County to the expenditure of funds. It does not prohibit department directors, and managers from approving the scope of work, signing materials or service requisitions; nor does it prohibit them from counter-signing contracts in addition to the Purchasing manager and chief of Purchasing.

The Fiscal Services Division shall approve all contracts as to the availability of funding. Additionally, Corporation Counsel shall approve all contracts as to legal form.

This policy does not interfere with the departments or divisions with purchasing authority, as outlined in 2100.1 entitled "Departments/Divisions with Purchasing Authority.

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2400.5: Contract Language

PURPOSE

To establish authorization and standardization of language used in contracts and legal documents. This policy will ensure consistency in administering contracts or legal documents and provide a standard for legal defense in the case of a dispute or legal action resulting from these arguments.

SCOPE

Applies to all contracts and legal documents.

PROCEDURE

All contracts and legal documents used in the procurement of equipment, supplies and services are to be approved through Corporation Counsel.

Any wording changes requested by divisions or vendors must be submitted to Corporation Counsel before inclusion by the Oakland County Purchasing Division.

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2400.6: Duration of Contracts

PURPOSE

To establish formal guidelines and uniform time periods for all contractual agreements.

APPLICATION

All contractual agreements to procure goods and services.

PROCEDURE

The majority of contractual agreements run for a period of one to three years. In some instances, the Oakland County Purchasing Division may consider longer contractual terms when advantageous, up to a total of five years. Such considerations include anticipated price increases or the vendor requires a lengthy start up time for the delivery of goods and services.

Contracts, which exceed three years, shall require the approval of the Purchasing Division manager. The Board of Commissioners shall approve contracts beyond five years.

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2400.7: Contract Administration

PURPOSE

To provide guidelines to establish the duties and responsibilities of a contract administrator with regard to compliance with contractual agreements between the County of Oakland and vendors in the procurement of goods and services.

APPLICATION

Applies to all contracts which exceed \$5,000.00 annually issued by the Oakland County Purchasing Division.

PROCEDURE

The following procedures shall apply to contract administration:

2400.7.1 The using department head/director shall designate a contract administrator before or during the award of a contract to procure goods and services.

2400.7.2 The using department head/director shall notify the Oakland County Purchasing Division of the designated contract administrator for inclusion in contractual language.

2400.7.3 The designated contract administrator shall perform the following with regard to:

2400.7.3.1 Contract change orders/amendments:

2400.7.3.1.1 Administer and approve proposed contract changes;

2400.7.3.1.2 Create an audit trail to document proposed contract changes;

2400.7.3.1.3 Forward proposed contract changes to the Oakland County Purchasing Division for the administration of the contract concerning change orders/amendments for review and action as deemed appropriate.

2400.7.3.2 Contract compliance:

2400.7.3.2.1 The contract administrator shall notify the Oakland County Purchasing Division if the contracted vendor is non-compliant. Any item stated in the contractual language that is not being adhered to by the contractor is reason for non-compliance. Listed below are possible reasons, but not limited to, for non-compliance:

- When it is apparent the Contracted employee(s) do not possess the required skill set to accomplish the service or task outlined in the contract;
- The contractor employee(s) can not pass background checks prior to commencement of scheduled work;
- The contractor requests additional tools or services to be provided by the County of Oakland;

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- The Contractor has no regard for safety issues that would put their employees, any County personnel, or the public in danger;
- The Contractor or any employee is abusive to any County employee or public citizen in the work area;
- Any equipment or commodity provided to the County that appears to be or is sub-standard to the specifications delineated in the contract;
- Any license or permit required for the contracted employee(s) or project that has not been documented;

2400.7.3.3 Scope of services:

2400.7.3.3.1 The contract administrator shall notify the Oakland County Purchasing Division if the scope of contracted services is changed in any way. This may include, but is not limited to:

- Change of designated contracted personnel as indicated in the contract;
- Agreed upon implementation schedule or response times that need to be changed. This includes delays caused by the contractor, the County, or other factor;
- An agreed upon, but not approved change in the procedure to perform the same task;
- A substitute item or product that can be used in requested service;
- All and any requests that incur a cost change to the contract;
- During the course of the Contract, if applicable, the billable hours shall exceed the designated "Not to Exceed" amount of the contract. Purchasing shall be notified prior to this occurrence;

2400.7.3.4 Other considerations:

- The Purchasing Division shall notify the department head/director of contractor complaints during the contract period in a timely manner;
- The Purchasing Division shall notify the contract administrator if vendor insurance coverage expires;
- The contract administrator shall notify the Purchasing Division if the vendor or the vendor's employees are revealed to be family members of any County employee;
- The contract administrator shall notify the Purchasing Division immediately if any other County department/division, not authorized to utilize the Contract, requests services from the vendor;
- The contract administrator shall confirm with written notification to the Purchasing Division any and all proposed contractual changes for review and approval of the manager or chief of the Purchasing Division;
- The manager or chief of the Purchasing Division shall notify the using department/division head and the Auditing Division of contract requests that seem inconsistent with the contracted scope of services and/or terms and conditions;
- The department/division head shall inform the Purchasing Division if there is a change in the designated contract administrator.

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2400.8: Ordering – Procurement Documents (Description)

PURPOSE

To provide guidance and definition for the different types of orders used by Oakland County in the procurement of goods and services.

APPLICATION

Applies to all County procurement of goods and services.

PROCEDURE

After specification development, competitive bidding and bid evaluation, an order is normally processed for goods and/or services. The type of order processed is determined by the type of commodity or service required and the term or period the purchase will be made. Types of orders are listed below with their particular criteria for usage.

- **Purchase Orders** are normally processed for a one-item purchase of material and/or equipment used.
- **Blanket Orders** are normally processed where material or equipment will be procured on a frequent or repetitive schedule. This order normally covers an annual period for specific items at unit prices. In many instances, blanket orders include more than one using department. Blanket orders promote volume purchases and expedite department needs. Blanket orders that cover equipment purchases normally require direct purchase orders.
- **Maintenance Contracts** are used for procuring outside services or goods and services in combination. In procurement of services on County premises, precautions protecting against negligence by the contractor must be taken. Maintenance contracts differ from purchase orders or blanket orders as follows:
 - Contractor must sign before the manager or chief of the Oakland County Purchasing Division signs and delivers.
 - Workman's compensation insurance and liability insurance must be on file prior to signature by the Purchasing Division.
 - Additional terms and conditions must be carried out as required by the service provided, i.e. permits or inspection required, etc.
 - Major contracts, where extensive department/division involvement is required, must also be approved by the using department head/division manager before processing.
- **Professional Service Contracts** are used for procurement of professional services such as doctors, lawyers, nurses, architects, engineers, public relation firms, accountants, facility managers, consultants, etc. Depending on the type of service required or the liability incurred, the Risk Management Division may require sufficient insurance limits to cover items such as malpractice, etc. Professional service contracts are signed by Purchasing Division manager or chief, awarded vendor, contract administrator, and the using department/division. All professional service contracts should clearly define the costs to be paid to the contractor. In addition to a total amount or expenditure, (such as a "not to exceed" amount) a specific hourly rate should be included. If applicable, a complete schedule of labor charges may be provided by

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the contractor. In any event, specific hourly rates may be required in the contract document. The Purchasing Division reserves the right to withhold contract authorization when, in its opinion, the pricing information does not provide sufficient detail. Maintenance contracts differ from purchase orders or blanket orders as follows:

- Contractor must sign before the manager or chief of the Oakland County Purchasing Division signs and delivers.
- Workman's compensation insurance and liability insurance must be on file prior to signature by the Purchasing Division.
- Major contracts, where extensive department/division involvement is required, must also be approved by the using department head/division manager before processing.
- **Change Orders** are used as amendments to contracts. Changes are requested by the using departments/divisions or contract administrators and may specify price changes, specification changes, shipping charges, delivery charges, payment term changes, duration of contract, etc.

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2400.9: Receiving

PURPOSE

To establish a uniform method of receiving and accounting for all materials and services delivered to the County of Oakland.

APPLICATION

Applies to the receipt of all goods and services procured by employees and officials of the County of Oakland.

PROCEDURE

Refer to the Department of Management and Budget Fiscal Services policy and procedure manual for the appropriate receipting procedures to employ in receipting for goods and services procured by employees and official of the County of Oakland.

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2400.10: Vendor Performance

Authority: Guide to State Government #0510.11 Vendor Performance

PURPOSE

To provide a uniform standard for documenting and monitoring vendor performance. This data should assist the Oakland County Purchasing Division in objectively assessing vendor performance. This procedure shall also serve as notice to the Purchasing Division of inadequate vendor performance with the opportunity to correct or dispute the allegation.

APPLICATION

Applies to all acquisitions. Applies to all registered vendors of the County of Oakland.

PROCEDURE

Measuring a vendor's performance or non-conformance, should lead the County and the vendor to take action based upon the data. The user department/division must define what constitutes acceptable performance. This can be as simple as delivery of a product by a specified date. Or, this can be as complex as a highly evolved set of performance criterion and measures.

In the event that a County employee experiences a problem with a vendor's performance, the following steps should be performed:

- 2400.10.1** The employee shall contact the vendor to try to resolve the problem. If the problem cannot be resolved, the employee shall contact the assigned buyer.
- 2400.10.2** The employee shall then complete and forward the "Vendor Non-Conformance Report" as described here:
 - 2400.10.2.1** In most circumstances, this form would be completed after the product is delivered or the service is rendered and the initial contact to the vendor is made without successful problem resolution.
 - 2400.10.2.2** The original user or coordinator of the requested product should complete the form.
 - 2400.10.2.2.1** All lines must be completed, including a detailed explanation of the problem and steps taken to resolve the issue.
 - 2400.10.2.2.2** The form must be counter-signed by the division manager or department head.
- 2400.10.3** The completed form shall be forwarded to the Purchasing Division for further review.
- 2400.10.4** The assigned buyer for that commodity shall compare the reported non-conformance with contractual requirements.
 - 2400.10.4.1** If the reported non-conformance is not required under contractual obligations, the assigned buyer shall notify the contract administrator and the division manager/department head of the determination.

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2400.10.4.2 If the performance is required, the assigned buyer shall contact the vendor to attempt to resolve the issue and advise the employee and the division manager/department head of the action taken and expected resolution.

2400.10.4.2.1 If the assigned buyer cannot resolve the issue, the assigned buyer shall file the "Vendor Non-Conformance Report" in the vendor file and notify the vendor in writing or electronically of the corrective action required to resolve the problem and the date by which the corrective action must be taken. The assigned buyer shall also inform the vendor of the consequences of not correcting the problem, which may include, but is not limited to, cancellation of any existing contract and the de-activation of the vendor from the master vendor file.

2400.10.4.3 The assigned buyer shall notify the employee and the division manager/department head of the corrective action taken to resolve the problem.

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2400.10.1: Vendor Performance Form

Department/Division Name: _____ Telephone: (____) _____

Department/Division Contact: _____ E-mail: _____

Date of Complaint: _____ Purchase Order No: _____

Contract Award No: _____ Contract No: _____

Vendor Name: _____ Vendor Phone: (____) _____

Vendor Address: _____

Commodity or Service covered by Complaint: _____

Complete this form to report any complaints against vendors, commodities, or poor unsatisfactory service.

Delivery

- | | |
|---|--|
| <input type="checkbox"/> Delivery not made on time | <input type="checkbox"/> Delivery of damaged goods |
| <input type="checkbox"/> Delivery not made on date promised | <input type="checkbox"/> Improper method of delivery or handling |
| <input type="checkbox"/> Delivery to wrong destination | <input type="checkbox"/> Delivery by unauthorized person/vendor |

Quality

- | | |
|--|---|
| <input type="checkbox"/> Quality commodity is inferior | <input type="checkbox"/> Improper packaging |
| <input type="checkbox"/> Unauthorized item(s) delivery by vendor | <input type="checkbox"/> Poor workmanship in installation |

Other

- | | |
|---|--|
| <input type="checkbox"/> Unsatisfactory service response | <input type="checkbox"/> Quality delivery in excess of order |
| <input type="checkbox"/> Invoice price higher than authorized | <input type="checkbox"/> Quality delivery less than order |

Give detailed explanation of complaint in the space below, use back of form if necessary.

Complaint By: _____
(name) (title) (phone)