

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

2500: Contracts – Specific

2500.1: Professional Services Contracts

**Authority: Oakland County Board of Commissioners Miscellaneous Resolution #92027
adopted March 5, 1992**

PURPOSE

Recognizing the importance of a sound purchasing system, the Oakland County Board of Commissioners, adopted the following recommendations as they pertain to professional services contracts to ensure that the purchasing function be conducted in a fair and consistent manner.

APPLICATION

Applies to all professional services contracts as defined herein.

PROCEDURE

The following procedures shall be incorporated into this policies and procedures manual:

- All Request for Proposals (RFPs) for professional services require inclusion of the entire scope of services to be rendered and divided into phases, if appropriate, such that each phase may be bid on separately.
- All proposals and contracts for professional services shall specify the amounts and rates to be charged for services rendered, as well as a maximum amount, which cannot be exceeded without further authorization.
- All professional service contracts that affect services otherwise provided by County personnel shall be reported to the Personnel Committee.
- All RFPs shall require that professional service proposals and contracts clearly indicate any in-kind services, which may be necessary to the successful completion of the contract. The County shall determine the cost of these services and shall consider this in the proposal evaluation and selection process.
- All professional service contracts shall include a provision that authorizes the County's Auditing Division to perform financial and compliance audits as appropriate with authority to access all pertinent records and interview any of the contractor's employees throughout the term of the contract and for a period of three years after final payment to ensure a complete post-evaluation.
- There shall be monthly reports to the Finance Committee and appropriate liaison committee(s) of any contracts, which are exceptions to the policies and procedures including sole-source, sole-vendor and contracts awarded to other than low bidder.

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- Within the Purchasing Division there shall be a Summary Computer Program for all Professional Service Contracts which are cumulatively over \$5,000 annually. The Purchasing Division shall report to the Finance and General Government Committee in thirty days regarding the status of this program.

For purposes of these foregoing policies and procedures, the documents affected shall be those commonly known as professional services contracts, maintenance contracts, independent employment contracts, consulting services and agency-hired contractors or third parties.

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2500.2: Maintenance Contract Guidelines

PURPOSE

To define full or preventative maintenance contract guidelines.

APPLICATION

Applies to all equipment either owned or leased by the County of Oakland.

PROCEDURE

- No full or preventative maintenance contracts shall be issued on a single item with a replacement value less than \$5,000.00.
- Equipment having a replacement value in excess of \$5,000.00 shall be eligible for full, preventative or time and material maintenance coverage as deemed appropriate by the using department/division.
- The manager or chief of the Oakland County Purchasing Division under extraordinary circumstances may grant exceptions.

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2500.3: Contracting with Individuals

PURPOSE

To ensure proper classification of individuals providing services to the County of Oakland for employment tax treatment purposes.

APPLICATION

Applies to any County employee or official procuring goods and services on behalf of the County of Oakland.

PROCEDURE

Any individual involved in the procurement of services on behalf of the County of Oakland shall ensure that contractual agreements do not extend beyond guidelines proposed by the Department of Treasury Internal Revenue Service (IRS) for independent contractors. Generally, to substantiate the existence of the independent contractor relationship, the IRS considers facts associated with the following categories:

- Behavioral control;
- Financial control; and
- Type of relationship.

It is critical that individuals providing services to the County of Oakland are properly classified as independent contractors and that the conditions relating to the services provided satisfactorily comply with IRS independent contractor requirements. Failure to properly classify an individual(s) as an independent contractor may result in the County of Oakland incurring a liability for employment taxes for that individual(s) as well as penalties associated with the improper classification of that individual(s).

Prior to executing a contract for services to be provided by an independent contractor, the user department/division shall contact the Oakland County Department of Human Resources – General Human Resources Division. The user department/division shall describe the circumstances under which services are to be performed for an independent determination from Human Resources staff. Human Resources staff shall forward their determination in writing back to the user department/division and the assigned buyer in Purchasing.

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2500.4: Purchasing Cards (P-Cards) – Authorization to Purchase Goods Using Purchasing Cards

**Authority: P.A. 266 of the Public Acts of 1995;
Oakland County Board of Commissioners Miscellaneous Resolution #99168
adopted July 15, 1999;
Oakland County Board of Commissioners Miscellaneous Resolution #01147
adopted May 24, 2001**

PURPOSE

This policy was adopted to establish a purchasing card program for the purchase of goods amounting to less than \$1,500.00 to improve departmental operating efficiency, emergency response time, and reduce the number of associated financial transactions.

This resolution grants authority to the Department of Management and Budget to enter into an agreement on behalf of Oakland County to establish a purchasing card program to be administered by a designated program administrator in accordance with the procedure outlined in Attachment “A.”

APPLICATION

Applies toward all County employees and officials authorized to procure goods and services through the purchasing card program outlined in the paragraphs below known as Attachment “A.”

PROCEDURE

All purchasing cards, credit cards and charge accounts in the name of Oakland County must be reviewed, processed and monitored by the Program Administrator as specified in the Purchasing Card Policy.

Purchasing Card Policies & Procedures: Attachment “A.”

1.0 PURPOSE:

To set forth the Policies and Procedures for the Oakland County Purchasing Card Program.

2.0 INTRODUCTION:

Oakland County Purchasing Card Program has been established to provide a convenient means with which to make purchases and, at the same time, reduce the costs associated with initiating and paying for those purchases. The County Purchasing Division is responsible for managing the program and each division is responsible for managing its Cardholder accounts. Three areas of responsibility have been defined within each division to assist in this management effort: the Cardholder, Card Administrator, and Division Contact. It is important to understand that these three areas of responsibility do not necessarily equate to three separate individuals within the division. It is permissible for one individual to be assigned one or more of these responsibilities as defined in these Policies and Procedures. The ultimate decision as to how each of these responsibilities is assigned shall be made within each division.

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3.0 DEFINITIONS:

- 3.1 Purchasing Card: A charge card issued to an employee of Oakland County for the purpose of making authorized purchases on the County's behalf. The County shall issue payment for charges made with the Purchasing Card.
- 3.2 Cardholder: County Employee whose name appears on the Purchasing Card and is accountable for all charges made with that card.
- 3.3 Card Administrator: County employee(s) within each division responsible for verifying that all charges against the Cardholder's account are backed with support documentation and that the documentation is retained within the division. Card Administrators shall allocate individual charges to the appropriate account numbers. Cardholders may be their own Card Administrators and a Card Administrator may oversee more than one Cardholder account depending on how the division elects to manage its accounts. A division may also have more than one Card Administrator.
- 3.4 Independent Review Committee: All transactions and card-related activities may be subjected to review by an Independent Review Committee. The Committee shall consist of members from Auditing, Treasurer, Fiscal Services and Purchasing.
- 3.5 Division Contact: County employee within each division responsible for receiving and disseminating Purchasing Card information within their division and for relaying Purchasing Card information from their division to the Program Administrator. It is recommended that each division have only one Division Contact.
- 3.6 Program Administrator: County Purchasing Division employee responsible for administering the Purchasing Card Program for the County and acting as the main contact between the County and the Bank.
- 3.7 Transaction / Charge Limit: A dollar limitation of purchasing authority assigned to the Cardholder for each total charge made with the Purchasing Card.
- 3.8 Spending Limit: A dollar limitation of purchasing authority assigned to the Cardholder on the Cardholder Enrollment form for the total of all charges made during a specified time period. Maximum limits for all cardholders except the County travel card are as follows:
- A. Daily charges may not exceed \$1,000.00.
 - B. Monthly charges may not exceed \$10,000.00.

Divisions may establish lower limits on a per Cardholder basis.

- 3.9 Statement of Account: A listing of all transactions charged to the Cardholder's card account up to the end of the weekly billing cycle. An electronic statement will be provided to each division on a weekly basis.

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- 3.10 Default Account: The County account number assigned to an individual Cardholder's Purchasing Card. Only one Default Account can be assigned to any one Purchasing Card and all charges made with the Purchasing Card shall be posted into that Default Account unless those charges are reallocated. (See Section 13.0)
- 3.11 Support Documentation: A merchant produced or non-County document that records the relevant details for each item purchased including quantities, amounts, a description of what was purchased, the total charge amount and the merchant's name and address (e.g. sales receipt, original invoice, packing slip, credit receipt, etc.).
- 4.0 CARDHOLDER ENROLLMENT:
- 4.1 A complete Cardholder Enrollment Form must be submitted for each prospective Cardholder.
- 4.2 All prospective Cardholders must attend an orientation session and sign a Cardholder Agreement Form to be eligible to receive a Purchasing Card. (See Attachment B)
- 5.0 AUTHORIZED CARD USE:
- 5.1 A. Cardholders are authorized to use the Purchasing Card to purchase any merchandise required as a function of their duties at the County *with the exception* of the following:
1. Items For Personal Use
 2. Items For Non-County Purposes
 3. Cash Advances
 4. Food and Beverages including Alcoholic Beverages
 5. Travel Related Expenses
 6. Entertainment
 7. Recreation
 8. Contracting
 9. Gasoline (To be purchased with County Fleet Card.)
 10. Motorized Vehicles
 11. Capital Equipment
 12. Any purchases prohibited by County policy or not related to County business.
- 5.1.1 Cardholders issued a Purchasing Card specifically for travel-related expenses are to follow the procedures and guidelines per Oakland County Business Expense Reimbursement Regulations. Authorized cardholders may use the card for hotel accommodations, conference reservations, and airfare charges. Car rental expenses may be charged to the card for the purposes of extradition only. County travel regulations shall govern the allowable limits for all travel expenses.
- 5.1.2 All County Travel Forms must be submitted properly by the cardholder to Fiscal Services within a maximum of fifteen (15) working days for any and all travel expenses charged to the card.

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- 5.1.3 Travel expenses charged by the Cardholder to the card that upon subsequent review are determined not allowable under the Travel Regulations; shall be paid to Oakland County by the Cardholder upon submission of all required travel forms.
 - 5.2 Only the Cardholder whose name is embossed on the Purchasing Card is authorized to use the card and is responsible for ensuring that all charges made with the card are in compliance with these Policies and Procedures.
 - 5.3 The total value of any one charge made with the Purchasing Card may not exceed the single transaction limit stipulated on the Cardholder's Enrollment Form.
- 6.0 UNAUTHORIZED AND/OR INAPPROPRIATE CARD USE:
- 6.1 The Purchasing Card must never be used to purchase items, as listed under section 5.1, even if the Cardholder intends to reimburse the County.
 - 6.2 The Purchasing Card shall not be used to supersede blanket orders and other purchase orders currently in place.
 - 6.3 ***VIOLATION OF THIS POLICY, INCLUDING UNAUTHORIZED PURCHASES BY A CARDHOLDER AS DEFINED IN SECTION 5.0, SHALL RESULT IN CARD CANCELLATION, DISCIPLINARY ACTION UP TO AND INCLUDING DISMISSAL FROM COUNTY EMPLOYMENT, AND CRIMINAL PROSECUTION.***
- 7.0 MAKING A PURCHASE WITH THE PURCHASING CARD:
- 7.1 Confirm that the selected merchant accepts MasterCard. If not, choose another vendor or submit a requisition to Purchasing so that the purchase can be made via a Purchase Order.
 - 7.2 When making purchases in person, the Cardholder must sign the charge receipt and retain the customer copy. The Cardholder should verify that either the charge receipt or sales receipt complies with the requirements for support documentation set forth in Section 3.0 (paragraph 3.11).
 - 7.3 When making purchases via telephone, computer, mail order, etc., Cardholders should give the merchant the account number embossed on their card and direct the merchant to include the following on the shipping label and/or packing slip:
 - 1. Cardholder name and phone number
 - 2. Division name
 - 3. Complete delivery address, including building name
 - 4. The words "MasterCard Purchase"

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Cardholders are encouraged to receive their own shipments; however, if someone will be receiving a shipment on the Cardholder's behalf, the Cardholder must notify them in advance. Regardless of who receives the shipment, the Cardholder is responsible for obtaining all documentation (packing slips, mail order form copies, etc.) related to the purchase and verifying that the documentation complies with the requirements for support documentation set forth in Section 3.0 (paragraph 3.11).

8.0 MERCHANDISE RETURNS AND EXCHANGES:

- 8.1 The Cardholder is responsible for contacting the merchant when merchandise purchased with the Purchasing Card is not acceptable (incorrect, damaged, defective, etc.) and arranging a return for credit or an exchange.
- 8.2 If merchandise is returned for credit, the Cardholder is responsible for obtaining a credit receipt from the merchant and retaining that receipt with the documentation for that purchase. ***Receiving cash or checks to resolve a credit is prohibited.***
- 8.3 If merchandise must be exchanged, the Cardholder is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange is to be retained with the support documentation for that purchase.
- 8.4 In the event of a return, exchange or other credit transaction, the Cardholder is responsible for notifying the Card Administrator of any dispute within seven (7) days.

9.0 RECORD RETENTION:

- 9.1 **Cardholder Responsibility:** The Cardholder is responsible for obtaining purchase documentation from the merchant (sales receipt, packing slip, etc.) to support all purchases made with the Purchasing Card and verifying that documentation complies with the requirements for support documentation set forth in Section 3.0 (paragraph 3.11).

Note: In addition to obtaining the documentation, it is recommended that the Cardholder also record the details of each purchase in a transaction log.

- 9.2 **Card Administrator Responsibility:** It is the Card Administrator's responsibility to assure that all support documentation and the corresponding Cardholder Statement of Account is retained within the division.

10.0 VERIFICATION OF CHARGES:

- 10.1 Cardholders are accountable for all charges made with their Purchasing Cards. The Cardholder or department designee, if applicable, is responsible for checking all transactions against the corresponding support documentation to verify their accuracy and propriety. This check should be done regularly using the County's on-line transaction review system and/or the Cardholder's printed Statement of Account.

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- 10.2 If a particular charge or credit does not appear on-line or on the Statement of Account, it should be checked against future on-line transaction information and/or the next Statement of Account. If the charge or credit does not appear within 60 days after the original charge was made, the Cardholder must notify the Program Administrator.
- 10.3 If the Cardholder disputes a charge, the nature of the dispute and the final resolution must be documented. This documentation must be retained with the Statement of Account on which the disputed charge appears. (See Section 11.0)
- 10.4 After all transactions have been checked, the Cardholder or their supervisor must sign the Statement of Account. The signed statement and all support documentation must be forwarded to the Card Administrator.
- 10.5 The Cardholder is responsible for notifying merchants that County purchases are not subject to sales tax. A statement regarding the County's tax liability shall be provided to each Cardholder.
- 10.6 All purchase documentation must be submitted by the Cardholder to the Card Administrator within 30 days of transaction.
- 11.0 **RESOLVING ERRORS, DISPUTES, RETURNS AND CREDITS:**
- 11.1 Cardholder: There may be occasions where items on the statement do not correlate with receipts. The transaction may not have been made by the Cardholder, the amount may be incorrect or there is a quality issue. In the event of a disputed charge, the Cardholder must try to resolve the dispute directly with the merchant. If the merchant agrees that an error has been made, they shall credit the account. The Cardholder or Card Administrator must verify the credit has occurred the following month. If the Cardholder is unable to resolve the issue, the Program Administrator must be notified.
- 11.2 Program Administrator: If the dispute cannot be resolved, the merchant must be notified in writing that the County is questioning the charge or is dissatisfied with the purchase. The dispute must also be submitted in writing to Comerica within 60 days of the date of the statement listing the disputed charge. The inquiry document submitted to the Comerica Customer Service Department should ask that the charge be verified or the purchase removed from the account until the dispute is resolved.
- 12.0 **CARD ADMINISTRATOR VERIFICATION OF CARDHOLDER CHARGES:**
- 12.1 The Card Administrator is responsible for reviewing all transactions on a weekly basis to verify that each transaction is supported by adequate documentation and meets all the criteria for authorized card use set forth in Section 5.0. In the event of questionable transactions, the Card Administrator must contact the Cardholder to obtain an explanation, supporting documentation and/or reimbursement.

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12.2 Discrepancies associated with a charge may result from:

1. Insufficient support documentation.
2. Not meeting one or more of the criteria for authorized card use set forth in Section 5.0.
3. The Cardholder disputing the charge. (See Section 11.0)

All discrepancies must be investigated and resolved. The disposition of each discrepancy must be documented and retained with the Support Documentation and/or Statement of Account. Cardholders are accountable for all discrepancies.

Note: If a discrepancy cannot be resolved, the Program Administrator must be notified. Discrepancies resulting from unauthorized card usage as outlined in Section 5.0, must also be reported to the Division Manager.

17.0 CARDHOLDER TRANSFER OR SEPARATION FROM THE COUNTY:

Prior to transferring from the division or separating from the County, Cardholders must surrender their Purchasing Cards and corresponding support documentation to the Card Administrator. If the Cardholder is the Card Administrator, the Purchasing Card and support documentation must be surrendered to the Cardholder's immediate supervisor. In either case, the card must be canceled as per the instructions in Section 18.0.

18.0 PURCHASING CARD CANCELLATION:

The Program Administrator must be notified immediately when a Purchasing Card is to be canceled. The card must be destroyed by cutting it in half. Both card halves must be forwarded to the Program Administrator.