

COMPETITIVE BIDDING POLICY

A competitive bidding policy is designed for use when a project warrants the time expended by both the vendor and the purchaser. Typically, these are large dollar purchases. For the purposes of this policy, we will use a minimum amount of \$25,000 when implementing the competitive bidding policy.

When the ACBL is interested in purchasing a produce or service and the cost of that product warrants a competitive bid, the following will be followed.

- A. Determine detailed specifications and criteria that will be established for the produce or service.
- B. Ensure the market consists of an adequate number of sellers to warrant the procedure. Three to eight sellers is the acceptable number of suppliers to query. If not enough sellers in the market, revert to the operating bidding policy.
- C. Verify the validity of the sellers' ability to supply the known quality and specifications of the desired produce or service.
- D. Allow sufficient time for the seller to gather the necessary information to adequately respond to the request for proposal. Adequately define the due date for receiving responses.
- E. Require a sample of the product being purchased from each bidder for comparison purposes.
- F. Request a written response when clarification is needed from a bidder on some element of the proposal.
- G. Bids will be extensively reviewed and compared to specifications and to each other as to cost and quality. A report will be written to the CEO/CFO comparing the proposals by cost and by the important elements of the specifications. Important deficiencies of the proposal must be prominently mentioned. The report will make a recommendation to the CEO/CFO, giving reasons for the selection that was made, as well as reason why the other top bidders were not selected.
- H. In those situations where sufficient expertise is not available within Management to properly evaluate the product or service, Management will seek out that expertise from members of the Board of Directors or from members of the ACBL. On those few instances where the needed expertise cannot be found there, Management will consider using an outside independent paid consultant.
- I. Management at all times retains the right to refuse any and/or all bids.

OPERATING PURCHASING POLICY

User Departments at ACBL initiate request for materials, equipment, merchandise, supplies or service. The Purchasing Department obtains information as to available and approved suppliers, prices and is responsible for the placement of orders for these goods or services.

ACBL user departments must submit a purchase requisition for equipment, merchandise,

suppliers or services needed to the Purchasing Manager. In order to be processed, the requisitions must be approved by the requesting Department Manager, contain the date which the item is required and the proper general ledger account distribution. At this point, the best possible supplier is determined. Bids are obtained (a) two bids for items \$1,000 or greater and (b) three bids for items greater than or equal to \$1,500. Once the supplier has been determined, a purchase order is generated, if applicable, and the item is purchased.

A purchase order is generated for any inventoriable item and for any other purchase in excess of \$750. All purchase orders in excess of \$1,000 also require the approval of the Chief Financial Officer. The purchase order is a three part form with copies distributed to the purchasing files, accounting department and vendor.

PURCHASING

DETERMINATION OF NEEDS

Policy Determination of company needs for goods and services will be made by appropriate personnel and according to company guidelines.

Procedures **Determination of Needs**

Purchasing requirements, categorized by the type of goods or service, will be determined. This will include inventory replenishment needs, supply replenishment needs, services provided on a recurring basis, specialized services (e.g., legal, accounting, advertising, insurance) and occasional goods and services. Recurring services will be determined initially by authorized persons and, thereafter, provided continuously or not redetermined until the end of the contract period. Specialized services will be the responsibility of designated individuals or committees. The need for occasional goods and services will be identified by the user and approved by a supervisor.

Preparation of Requisition Forms

Requisitions for routine goods or services will be prepared by the user department. The following information will be completed on the requisition:

- A. date requested
- B. requesting department
- C. Desired vendor, if known
- D. item description
- E. quantity
- F. unit of measure
- G. accounting distribution
- H. approval of department supervisor or manager
- I. estimate of the approximate cost

Requisitions for property and equipment will also be completed as noted above and in accordance with the capital budget.

Placement of Orders

Policy Proper approval will be obtained prior to the establishment of a firm order or contract to purchase. Administrative control will be established over orders placed.

Procedures **Capable Purchasing Personnel**

All purchases will be made through the Purchasing Manager.

Establishment of Purchasing Guidelines

The Purchasing Manager will obtain appropriate approvals prior to the establishment of a firm order or contract. (See4 below for Spending Authorization Limits).

Any contracts entered into should be documented in writing and the approval of the CEO/CFO will be obtained before a firm contract is signed.

In order to avoid losses from inappropriate commitments, a reasonable projection of the company's requirements for the specified goods or services will be prepared.

Preparation of Purchase Orders

Pre-numbered, multiple-copy purchase order forms should be prepared for purchases of:

- A. Any inventoriable item
- B. Any capital asset
- C. Any other merchandise or service greater than \$750. For recurring services, the annual amount of the expenditure will be used as the determining factor.

Purchase orders \$1,000 or greater and any capital asset purchase orders require the approval of the Chief Financial Officer.

Purchase orders \$25,000 or greater require the approval of the Chief Executive Officer.

Before the purchase orders are released, the dates and quantities should be reconciled to requisition, prices compared to master files or standards, and extensions and footings should be checked.

The purchase order will be distributed as follows:

1. Original to vendor
2. Purchasing department tickler file to allow follow-up on a timely basis for shipments or orders not received on a specified date
3. Accounts payable department

On a monthly basis, a review will be performed of any commitments that have not been matched with receiving reports.

