

4.8 Purchasing Policy

4.8(a) Purpose

The purchasing policy is used to initiate and control purchases. The purpose of the purchasing policy procedure is to facilitate a more complete accounting control and the preparation of accurate, up-to-date, financial reports. The program allows the issuance of purchases with pre-defined terms. This will assist in making purchases at the best price possible and the best terms.

4.8(b) Purchasing Procedure

For all purchases, the Department Head must ensure that budgeted funds are available before the purchase can be ordered. Once the item is received by the department the shipping receipt along with the invoice should be approved by the Department Head and the expense account listed. Then the invoice will be forwarded to the Accounting Department for processing. Purchases up to \$7,501.00 (provided that the funds are available pursuant to the approved department budget) are approved by the Department Heads. Purchases between \$7,501.00 and \$10,000.00 will require the additional approval of Executive Team member. Purchases exceeding \$10,000.00 must receive Township Board approval except in cases where the expense is considered an emergency – to protect the health, welfare, safety and wellbeing of the community. In this case, the purchase may be authorized by the Executive Team. . Check Township Emergency Management Plan. Expenditures necessary to perform the daily operation functions, i.e: monthly utilities, membership, yearly maintenance agreements, software renewals and professional services previously approved will not require any additional Board approval.

4.8(c) Vendor List

A W9 form must be obtained from all vendors before the vendor information can be entered into the Accounts Payable program. Service-providing vendors must also provide proof of liability/casualty insurance and workers comp insurance with the Township to be named as an additional insured on the vendor's insurance policy. If the vendor company is licensed as an LLC they must obtain a Certificate of Liability from their insurance company for workers compensation even if they do not have any employees. Sole proprietors and contractors with no employees are eligible with a waiver from the township attorney. Upon collection of the necessary documentation by the Department, the vendor information shall be forwarded to the Accounting Specialist to enter new vendors into the Accounts Payable program.

Below are samples of what we call different hazard levels for contractors.

That doesn't mean that other contractors don't fall into these categories, or these may move categories depending on the work being done. I will say that

the minimum requirement for contractors has always been Workers Comp, \$1M of General Liability, and Auto if they use any in their line of work. For some Members, they have opted out of requiring Workers Comp for sole proprietors, but I would talk with your Work Comp carrier about a form they can complete for that, otherwise you will be charged for that exposure.

Low Hazard might include supply vendors= artisan type contractors such as carpenters, plumbers (no digging or trenching), painters, and small repair type contractors.

Medium Hazard would include staffing companies, roofers, plumbing with minor digging, cement contractors, grading of land, landscapers, building maintenance and cleaning contractors.

High/Special Hazard includes excavation and underground contractors, road contractors, erection and remodeling projects, all major building or parks and recreation playground construction and renovation, all infrastructure construction and renovation, including removal of contaminants or pollutants, and all Cyber liability exposures.

As for the limits, I offer the attached Matrix as a sample. I'd be happy to work with the Township to come up with a custom one for you, which I have done a lot with various Members. It truly is up to the Township on what they want to require of contractors, I just caution you to be consistent with the requirements, so you aren't sued for discriminating against one contractor.

SPECIAL EVENTS INSURANCE REQUIREMENTS MATRIX

Required Insurance, Waiver Documents, and Limits						
EVENT TYPE	Hold Harmless Agreement	General Liability Insurance	Auto Liability Insurance	Workers Compensation Insurance	Liquor Liability Insurance	Special Hazard
Private Party (family picnic, etc.)	X				\$1,000,000*	Depends on Event
Non-profit Groups Low/Med Hazard events	X	\$1,000,000			\$1,000,000*	Depends on Event
For-profit Businesses Low/Med Hazard events	X	\$1,000,000	\$1,000,000	Statutory	\$1,000,000*	Depends on Event
Low/Med-Hazard Event (attendance> 1000)	X	\$3,000,000	\$3,000,000	Statutory	\$3,000,000*	Depends on Event
High/Special Hazard Event (1000 < attendance < 5000)	X	\$3,000,000	\$3,000,000	Statutory	\$3,000,000*	Depends on Event
High/Special Hazard Event (attendance> 5000)	X	\$5,000,000	\$5,000,000	Statutory	\$3,000,000*	Depends on Event
* Required if money is exchanged IN ANY WAY between sponsor and participants for alcoholic beverages. (liquor license is required)						

**CONTRACTOR
WAIVER OF LIABILITY & WORKERS'
COMPENSATION (LOW-RISK)**

Contractor: _____

Date of Event: _____

Time of Event: _____

Location of Event: _____

I/We, _____, hereby acknowledge and agree that Contractor's relationship with Hamburg Township is and shall continue to be that of an independent contractor. Contractor is not an employee or agent of Hamburg Township, and no liability or other benefits of any kind, such as unemployment or workers compensation, retirement, insurance benefits, tenure rights or tax withholdings shall be made by or accrue to Contractor. In the event that Contractor is a sole proprietor and has not purchased Workers Compensation Insurance, Contractor hereby accepts full responsibility for any accidents or injuries to himself/herself while operating on or about the premises of Hamburg Township as an independent contractor. Furthermore, Contractor hereby acknowledges and accepts that if Contractor has any employees that will be working on-site on or about the premises of Hamburg Township, Contractor has an obligation to purchase and maintain Workers Compensation Insurance, and in the event that he/she does not, hereby accepts full responsibility for any accidents or injuries to his or her employees while operating on or about the premises of Hamburg Township. Contractor is not authorized to enter into or sign any agreements or make any representations to third parties that are binding upon Hamburg Township.

Contractor

Address:

4.8(d) Receiving Goods Ordered

In most cases the goods ordered will be delivered directly to the Department from the source. Immediately check the goods for condition and quantity. If there are any issues with the shipment, contact the vendor.

4.8(e) Invoice Approval

Once the invoice is received, it must be approved by the Department Head and forwarded to the Accounting Department for payment.

4.8(f) Petty Cash & Petty Cash Purchases

The Treasurer shall maintain petty cash for small emergency purchases, reimbursements to employees, or to pay for a service where payment is demanded prior to delivery.

Petty cash will not be used for purchases that exceed \$100.00. A copy of each receipt and a receipt signed by the recipient of a petty cash disbursement shall accompany all disbursements.

Petty cash accounts are maintained at \$200 for General Fund, \$200 for Police Department, \$300 for Senior Center, and \$300 for Fire Department and may be used by Departments for small purchases, reimbursements and other transactions for which the use of Township checking accounts would be inefficient or impractical.

1. Petty cash funds are "impress" accounts. This means that a specific amount of cash is provided to a Department to be used for departmental business. The petty cash amount is established by the Township Board. One departmental employee must be designated as the "Petty Cash Custodian". This person will be responsible for the Department's petty cash balance.
2. Original requests for petty cash funds must be submitted to the Department Head for approval using the "Petty Cash Request/Replenishment Form".
3. There are two methods of withdrawing funds from petty cash:
 - a. The reimbursement method: Petty cash may be used to reimburse an individual for a purchase that was made using his/her personal funds. Upon presentation of an original receipt, vendor invoice, or other adequate documentation to support the expenditure, the petty cash custodian will reimburse the individual for the exact amount of the purchase.
 - b. The petty cash custodian may advance petty cash to an individual in anticipation of a purchase. Since the purchase has not yet been made at the time of the petty cash withdrawal, the amount withdrawn may vary from the amount of the actual

purchase. Documentation must be submitted to the petty cash custodian within three days of purchase. If the actual expenditure is less than the amount advanced, the individual must return the excess cash together with valid documentation of the expenditure. If the actual expenditure was more than the amount advanced, the individual may be reimbursed for the excess amount after submitting adequate documentation to support the expenditure.

4. When the fund needs replenishing, the petty cash custodian will summarize all expenditures on the "Petty Cash Request/Replenishment Form". The total of all invoices and petty cash vouchers must equal the total of the summarized expenditures. The completed "Petty Cash Request/Replenishment Form" must be signed by the petty cash custodian and approved by the Department Head and submitted to the Accounting Department.
5. Once the Accounting Department has reconciled the activity, they will process the replenishment of the petty cash balance.
6. Petty cash should be secured at all times.
7. A petty cash expenditure is no different from any other expenditure in that all withdrawals from petty cash must be supported by adequate vendor documentation and budgeted funds must be available for the purchase. The employee making the purchase must write on the receipt what was purchased and for what purpose.

4.8(g) Credit Card and Charge Account Use Policy

This policy is in accordance with Michigan Public Act 266 of 1995, which requires that all municipalities have a written policy when authorizing the use of credit cards to purchase goods and services for official business of the municipalities. This policy also authorizes the use of charge accounts to purchase goods and services for official business of the municipality.

This policy applies to all employees, officials, and departments of Hamburg Township.

1. The Director of Accounting with the approval of the Executive Team, is responsible for issuing, accounting for, monitoring, retrieving and generally overseeing compliance with the Township's Credit Card and Charge Account Use Policy.
2. The Director of Accounting shall maintain a list of all credit cards owned and charge accounts used by the Township, along with the name of the officials or employee who have been issued the credit card, the credit limit established, the date issued and the date returned, or the date access was granted, and the date access was terminated for charge accounts.
3. An official or employee who is issued a credit card is responsible for its protection and custody. If a credit card is lost or stolen, the Director of Accounting shall be notified immediately. The entity issuing the lost or stolen credit card shall be

immediately notified to cancel the card. The officials or employee must immediately surrender the card upon termination from employment.

4. The official or employee using the credit card or charge account must submit documentation detailing the goods or services purchased, cost, date of purchase, necessary approval(s) and the official business to the Accounting Department.
5. The Director of Accounting shall monitor the use of credit cards and charge accounts, and shall review each credit card and charge account statement as soon as possible to ensure that transactions comply with this policy. Transactions that do not comply with this policy shall be reported to the Township Supervisor.
6. Employees who use a Township credit card and/or charge account in a manner contrary to this policy shall be subject to disciplinary action and/or termination of employment, as well as to legal action to recover losses incurred by such use.

Authorized use of Township credit cards and charge accounts may be used only by an official or employee of the Township under the following conditions.

1. The purchased goods and/or services are for the official business of the Township.
2. The types of goods and/or services to be purchased are those established by the department heads and the Township's purchasing policy and procedures.
3. The cost of the proposed purchase does not exceed the purchasing policy and procedures.

Payment of Credit Cards and charge account charges:

1. The department head will ensure that sufficient funds are available to pay for each purchase and must approve credit card and charge account purchases prior to payment of the invoice.
2. The balance including any interest due on an extension of credit shall be paid for within not more than 60 days of the initial statement.

CREDIT CARD AND CHARGE ACCOUNT USER AGREEMENT

Requirements of the use of Township-issued credit card and charge account:

1. The credit card and charge account is to be used only to make legal purchases for the legitimate business of Hamburg Township.
2. The credit card and charge account must be used in accordance with the provisions of the adopted credit card and charge account use policy established by Hamburg Township.

Violation of these requirements will result in disciplinary measures up to and including dismissal, appropriate criminal and/or civil action.

I have read and understand the Hamburg Township Credit Card AND CHARGE ACCOUNT USE Policy and Procedures and I agree to adhere to them.

Signature

Date