



**EMERGENCY FINANCIAL MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN**

ORDER No. 1

PROCEDURES FOR PURCHASING

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY FINANCIAL MANAGER ("EMERGENCY FINANCIAL MANAGER") FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO PUBLIC ACT 72 OF 1990, THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT, MCL 141.1201 *et seq* ("PUBLIC ACT 72"), EDWARD J. KURTZ, THE EMERGENCY FINANCIAL MANAGER, ISSUES THE FOLLOWING ORDER:

On May 15, 1990, the Local Government Fiscal Responsibility Act, Public Act 72 of 1990, ("Public Act 72") was enacted to provide for review, management, planning, and control of the financial operation of units of local government; to provide criteria to be used in determining the financial condition of a local government; to permit a declaration of the existence of a local government financial emergency and to prescribe the powers and duties of the governor, other state boards, agencies, and officials, and officials and employees of units of local government; and

On August 8, 2012, the Local Emergency Financial Assistance Loan Board appointed Edward J. Kurtz as the Emergency Financial Manager for the City of Flint; and

Pursuant to Public Act 72, the Emergency Financial Manager exercises the authority and responsibilities of the Mayor and City Council concerning the adoption, amendment, and enforcement of ordinances and resolutions affecting the financial condition of City of Flint; and

Pursuant to Public Act 72, the Emergency Financial Manager has the authority to approve or disapprove all outstanding financial obligations of the City of Flint; and

Pursuant to Public Act 72, the Emergency Financial Manager has the authority to approve or disapprove any appropriations, contract, expenditure or loan; and

Based on the foregoing, it is hereby ordered that requests to procure goods and services, in any amount, are to be forwarded to the Purchasing Department for processing. Departments shall not procure any goods or contract any services without the proper authorization from the Emergency Financial Manager or Purchasing Department. Any procured goods or contracted services made without proper authorization shall not be approved and the City shall not be bound.

The Purchasing Department has the authority to review, approve, and process any purchasing request with an accumulated value of \$10,000 or less without the approval of the Emergency Financial Manager.

A. Process to Submit Requisitions for Procurement of Goods and Services with a Value of Less Than \$10,000

Departments are to prepare a requisition for all purchases of goods and services and wait for a purchase order or notice to proceed into a contract letter from the Purchasing Department before goods are ordered. A Department may receive quotes from a vendor; however, it must be stressed to the vendor that the department is ascertaining pricing information only and not placing an order.

Department

1. Prepare a requisition through the BS&A system, which should include the following:
 - Vendor (if known, otherwise use the “UNKNOWN” vendor in the system)
 - Quantity
 - Description of item
 - Account number
 - Price
2. Sign the requisition (Requestor and/or Department Head);
3. Submit the requisition to Purchasing Department.

B. Process for Issuance of Purchase Order

Purchasing

1. Review the requisition for completeness;

2. Convert the requisition into a purchase order, which will be signed by the Purchasing Manager or designee;
3. Send copy of purchase order to vendor, requesting Department and Finance;
4. Forward a report to Emergency Financial Manager reflecting all purchase orders issued from previous week.

Department

1. Review purchase order for correctness;
2. Receive goods or services;
3. Verify goods and services;
4. Process a receiver into the BS&A system.

Finance

1. Reviews receiver;
2. Receives and matches invoice to receiver;
3. Process payment to vendor.

C. Process for Issuance of Contract

Purchasing

1. Review the requisition for completeness;
2. Issue a notice to proceed into a contract letter to selected vendor;
3. Forward letter to requesting department.

Department

1. Receive and review letter for correctness;
2. Assemble three contracts for signature (contract should include notice to proceed letter, City's boiler plate contract form, copies of vendor's pricing, and any relevant attachments);
3. Forward contracts to Legal Department for review and signature;

4. Forward contract to Emergency Financial Manager for signature;
5. Forward contract to selected vendor for signature;
6. Take the three executed contracts to the Clerk's office for recording;
7. Disseminate a copy of the recorded contract to Finance and the other copy to the vendor (it is suggested that department make a copy of the contract for reference);
8. Review invoice for services rendered (verify that services were rendered as agreed);
9. Process a receiver for issuance of payment.

Finance

1. Receives copy of contract;
2. Reviews contract;
3. Reviews receiver from department;
4. Verifies receiver matches terms and conditions of the contract;
5. Process payment to vendor.

D. Process to Submit Requisitions for Procurement of Goods and Services with a Value of More Than \$10,001

Departments are to prepare a requisition for all purchases of goods and services and wait for appropriate authorization from the Purchasing Department before goods are ordered.

Department

1. Prepare a requisition through the BS&A system which should include the following:
 - Vendor (use the "UNKNOWN" vendor in the system)
 - Quantity
 - Description of item
 - Account number
 - Price (you may enter zero or budgeted amount for said request)

- If services are currently being provided by City employees, Department must contact the Emergency Financial Manager & Human Resources Department for further instructions before preparing requisition and forwarding to Purchasing Department.

2. Attach any specifications for request;
3. Sign the requisition (Requestor and/or Department Head);
4. Submit the requisition to Purchasing Department

Purchasing

1. Review requisition for completeness;
2. Prepare a bid/proposal for said request;
3. Receive bids/proposals;
4. Read bids/proposals during public opening;
5. Record bids/proposals on City's website;
6. Send bids/proposals to Department along with letter of instructions.

Department

1. Review bid/proposal for completeness;
2. Contact vendor, if necessary, to ask any questions about bid/proposal;
3. Prepare a memo from the Department Head, or designee, with a recommendation which should include:
 - Name of vendor
 - Explanation of why vendor was selected
 - Dollar amount to be awarded to selected vendor
 - Any additional information
4. Update requisition by entering dollar amount of request;
5. Prepare a staff review form to include department head's signature only;
6. Forward information to Purchasing Department.

Purchasing

1. Review recommendation from Department;
2. Prepare a resolution;
3. Circulate the resolution for review and signature to the following departments:
 - Legal
 - Finance
4. Assemble all resolutions to submit to the Finance Director;
5. Prepare a cover memo to the Finance Director listing all resolutions being submitted;
6. Submit memo and resolutions to the Finance Director.

Purchasing Department

1. Receives approved resolution by Finance Director;
2. Process either a purchase order or a notice to proceed into contract letter for approved resolution;
3. Forward appropriate information to department.

E. Process to Submit Requisitions for Procurement of Goods and Services with a Value of More Than \$25,001

Departments are to prepare a requisition for all purchases of goods and services and wait for appropriate authorization from the Purchasing Department before goods are ordered.

Department

1. Prepare a requisition through the BS&A system which should include the following:
 - Vendor (use the "UNKNOWN" vendor in the system)
 - Quantity
 - Description of item
 - Account number
 - Price (you may enter zero or budgeted amount for said request)
 - If services are currently being provided by City employees, Department must contact the Emergency Financial Manager & Human Resources

Department for further instructions before preparing requisition and forwarding to Purchasing Department.

2. Attach any specifications for request;
3. Sign the requisition (Requestor and/or Department Head);
4. Submit the requisition to Purchasing Department

Purchasing

1. Review requisition for completeness;
2. Prepare a bid/proposal for said request;
3. Receive bids/proposals;
4. Read bids/proposals during public opening;
5. Record bids/proposals on City's website;
6. Send bids/proposals to Department along with letter of instructions.

Department

1. Review bid/proposal for completeness;
2. Contact vendor, if necessary, to ask any questions about bid/proposal;
3. Prepare a memo from the Department Head, or designee, with a recommendation which should include:
 - Name of vendor
 - Explanation of why vendor was selected
 - Dollar amount to be awarded to selected vendor
 - Any additional information
4. Update requisition by entering dollar amount of request;
5. Prepare a staff review form to include department head's signature only;
6. Forward information to Purchasing Department.

Purchasing

1. Review recommendation from Department;
2. Prepare a resolution;
3. Circulate the resolution for review and signature to the following departments:
 - Legal
 - Finance
4. Assemble all resolutions to submit to the Emergency Financial Manager;
5. Prepare a cover memo to the Emergency Financial Manager listing all resolutions being submitted;
6. Submit memo and resolutions to the Emergency Financial Manager.

Purchasing Department

1. Receives approved resolution by Emergency Financial Manager;
2. Process either a purchase order or a notice to proceed into contract letter for approved resolution;
3. Forward appropriate information to department.

F. Process to Submit Request for an Emergency Purchase

An emergency purchase is an unforeseen emergency in which there is an imminent danger to the health and welfare of the public. These requests exceed the approved dollar threshold, and require immediate action.

- The Department head shall, when the circumstances permit, request in writing why the head of Purchasing should evoke the emergency purchase provision;
- A complete purchasing requisition, identifying and securing funding, should be forwarded with the request;
- A firm price should be identified, however, an estimate will be reviewed;
- If there are not sufficient funds to handle the emergency, steps should be taken to gain written approval from the appropriate officials to proceed;
- Written approval should be immediately forwarded to the Purchasing Department;

- The Purchasing Department will review request and if approved, will process a purchase order or notice to proceed into a contract memo to the requesting Department. The Purchasing Department will also send a notification to Emergency Financial Manager of the emergency action;
- Each department should designate a person (project manager), who is responsible for checking and following the vendor to insure that the City's best interests are protected. In the event that this contract involves repairing a City facility, the City Engineer should be involved in the total process.
- Failure to comply with the above procedures may result in termination.

F. Requirements of Competition

The following are the requirements for competition:

\$0 to 100

A department/division head can make this procurement activity via petty cash. To the extent practicable, such purchases should be made from vendors with whom the City maintains blanket purchases orders, a list of which can be obtained from the Purchasing Director.

\$101 to 10,000

Competition for this range is not required but may be required at the discretion of the Purchasing Manager.

\$10,001 to 50,000

May be informal competition with appropriate documentation. Competition may be by verbal, written or electronic quotations by the Purchasing Manager. Prior favorable solicitation with vendor for like requirements may aide in minimizing solicitation process.

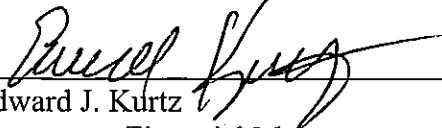
\$50,001 and over

Formal bidding shall be used for any purchase over \$50,001, unless it is determined to be single source procurement or the Purchasing Manager, in his or her discretion, determines that formal sealed bids or sealed proposals are not appropriate.

This Order may be amended, modified, repealed or terminated by any subsequent order issued by the Emergency Financial Manager.

Dated: 8-21-12

By:



Edward J. Kurtz
Emergency Financial Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

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