

GST MICHIGAN WORKS!

PROCUREMENT POLICIES AND PROCEDURES

Adopted October 1, 2015

TABLE OF CONTENTS

PAGE 3	.....FEDERAL PROCUREMENT POLICY
PAGE 10	.....STATE OF MICHIGAN/WDA PROCUREMENT POLICY
PAGE 31	..... GST MICHIGAN WORKS PROCUREMENT POLICY
PAGE 31	.....GENERAL
PAGE 32	.....PROCUREMENT PLANNING AND STANDARDS
PAGE 33	..... PROCUREMENT METHODS
PAGE 39	.....LEASES AND RENT
PAGE 41	..... CAPITAL ASSETS AND CAPITAL IMPROVEMENTS
PAGE 42	..... METRIC SYSTEM OF MEASUREMENT
PAGE 42	.....RESOURCE CONSERVATION & RECOVERY ACT
PAGE 42	.....DEBARMENT AND SUSPENSION
PAGE 42	.....PRICE/COST ANALYSIS
PAGE 44	.....CONTRACTOR RESPONSIBILITY
PAGE 44	..... CONTRACT TYPE
PAGE 45	..... FILES
PAGE 46	.....APPEAL AND PROTEST
PAGE 46	..... CONTRACT REQUIREMENTS
PAGE 47	..... CONTRACT ADMINISTRATION
PAGE 48	..... CONTRACTOR AND AGENCY DISPUTES
PAGE 49	..... ATTACHMENTS
PAGE 50	.....APPEAL PROCESS
PAGE 51	.....CONFLICT OF INTEREST/CODE OF CONDUCT
PAGE 54	.....INDEPENDENT COST ESTIMATE
PAGE 55	..... LEASE VS. PURCHASE ANALYSIS

2CFR Part 200.317-326 FEDERAL PROCUREMENT POLICY

§200.317 PROCUREMENTS BY STATES.

When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered *materials* and ensure that every purchase order or other contract includes any clauses required by section §200.326 Contract provisions. All other non-Federal entities, including sub-recipients of a state, will follow §§200.318 General procurement standards through 200.326 Contract provisions.

§200.318 GENERAL PROCUREMENT STANDARDS.

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.213 Suspension and debarment.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)(1) The non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014; 80 FR 43309, July 22, 2015]

§200.319 COMPETITION.

(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(d) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.320 METHODS OF PROCUREMENT TO BE FOLLOWED.

The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

- (i) A complete, adequate, and realistic specification or purchase description is available;
- (ii) Two or more responsible bidders are willing and able to compete effectively for the business; and
- (iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(2) Proposals must be solicited from an adequate number of qualified sources;

(3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

(4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications

are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) [Reserved]

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

(1) The item is available only from a single source;

(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or

(4) After solicitation of a number of sources, competition is determined inadequate.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014; 80 FR 54409, Sept. 10, 2015]

§200.321 CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

(1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

§200.322 PROCUREMENT OF RECOVERED MATERIALS.

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource

Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.323 CONTRACT COST AND PRICE.

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

§200.324 FEDERAL AWARDING AGENCY OR PASS-THROUGH ENTITY REVIEW.

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a “brand name” product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency’s right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

§200.325 BONDING REQUIREMENTS.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

§200.326 CONTRACT PROVISIONS.

The non-Federal entity’s contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.



OFFICIAL

E-mailed 07/17/15 (cjb)

Workforce Development Agency, State of Michigan (WDA)
Policy Issuance (PI): 15-12

Date: July 17, 2015

To: Michigan Works! Agency (MWA) Directors

From: Mike Wurmlinger, Director (**SIGNED**)
Office of Audit and Finance

Subject: Procurement

Programs Affected: All programs and grants administered by the Workforce Development Agency (WDA)

Rescissions: WDA PI 15-12, issued March 5, 2013

References: Code of Federal Regulations (CFR), Title 2 – Grants and Agreements

CFR, Title 48 – Federal Acquisition Regulations System

Workforce Innovation and Opportunity Act (WIOA)

U.S. Department of Labor, Employment and Training Administration, One-Stop Comprehensive Financial Management Technical Assistance Guide

Background: This policy establishes WDA requirements and highlights federal requirements for procurements. The information provided in this policy issuance is intended to aid grantees and subgrantees in administering WDA funded formula grants and, as applicable, other WDA grants. It is not intended to unduly supplant or replace federal or state regulations and requirements contained in applicable federal and state statutes. If in any instance the use of this policy issuance appears to be in conflict with the rights and authorities given to WDA under the regulations, such conflict must be resolved in favor of the applicable federal or state regulation.

Policy: All procurements made in whole or in part with funds administered by WDA shall be conducted in a manner that provides full and open competition.

Grantees and subgrantees shall establish, maintain, and follow written procurement standards and procedures that are in compliance with all applicable local, state, and federal laws and regulations.

I. Simplified Acquisition Threshold

Unless otherwise prescribed by the specific grant or funding source, the WDA simplified

acquisition threshold for procurements made in whole or in part with funds administered by WDA is set at \$150,000. Grantees and subgrantees may establish a lower simplified acquisition threshold.

II. Capital Assets and Capital Improvements

Procurement of capital assets (e.g., equipment, buildings, and land) and capital improvements (cost of improvements to capital assets that materially increase their value or useful life) require special treatment.

A. Buildings and Land

With limited exceptions, the purchase or construction of buildings and the purchase of land is prohibited under federal grants. Therefore, regardless of the amount, prior WDA approval is required for all procurements (including capital leases) for the construction or purchase of buildings and land that is to be made in whole or in part with funds administered by WDA.

B. Equipment and Capital Improvements

1. Formula Grants

Under formula grants awarded to the state and administered by WDA, the procurement of all equipment, capital improvements, and other capital expenditures in excess of the WDA simplified acquisition threshold require prior WDA approval.

2. Discretionary Grants

Discretionary grants and other non-formula grants administered by WDA may have lower thresholds for which prior WDA and/or federal awarding agency approval is required. Lacking specific guidance, approval from the federal awarding agency is required for capital expenditures, including equipment, of \$5,000 or more.

C. Approval Requests

It is incumbent upon the grantee or subgrantee making the procurement to follow the applicable approval requirements under the grant in which the procurement is made. All necessary approvals must be obtained and documented prior to initiating the purchase.

1. WDA approval requests shall contain:

- a. How the item benefits the program(s) for which it is being purchased.
- b. An independent estimate of the expected cost/price of the item.
- c. A copy of the solicitation that will be used for the procurement.

- d. Bidder's list and how the solicitation will be publicized.
2. Submit WDA approval requests to:

Workforce Development Agency
Executive Office
Victor Office Center
201 North Washington Square
Lansing, Michigan 48913

D. Bonding Requirements

Bonding requirements for construction or facility improvement contracts/subcontracts exceeding the WDA simplified acquisition threshold must be imposed to ensure the interests of the federal funds are protected. [2 CFR Part 200.325]

III. Procurement Methods

- A. Before determining which procurement method is appropriate for the identified need, the Entity is to consider:

1. The total value of the procurement. For example:

- a. A two-year contract at \$80,000 per year with the option for a third year is a procurement valued at \$240,000.
- b. An item's cost is \$140,000, but delivery, set-up, and other ancillary charges necessary for the purchase are another \$20,000. The total value of the procurement is \$160,000.
- c. The procurement value of computers, phone systems, network devices, etc. will include the cost of application and system software to make the items usable for the purpose in which it is being purchased.

2. Procurements cannot be separated into multiple processes or purchases unless it is documented that the multiple processes resulted in a more economical purchase.

3. Rebates, trade-in amounts, sale proceeds, etc. may be used to reduce the cost of the new purchase.

- B. There are five approved methods of procurement:

1. Micro-Purchase

Procurement by micro-purchase is the acquisition of supplies or services when the aggregate dollar amount does not exceed \$3,000 (or \$2,000 in the case the acquisitions for construction subject to the Davis-Bacon Act). To the extent practical, micro-purchases are to be distributed

equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotes if the price is considered to be reasonable. [2 CFR Part 200.320(a)]

The micro-purchase method can be an effective tool for procuring items, such as, participant supportive services and office supplies. However, caution is advised as this method is not appropriate for every situation in which the cost will not exceed \$3,000. Planned reoccurring services such as payroll, accounting, security, lawn care, janitorial, etc. are not viewed as separate purchases each time the service is rendered. Therefore, if the aggregate value of the individual purchased service exceeds \$3,000 in a 12-month period, the micro-purchase method cannot be used.

2. Small Purchase

This is a relatively informal method used primarily to procure standardized goods and services that do not cost more than the WDA simplified acquisition threshold. [2 CFR Part 200.320(b)]

The small purchase method is not appropriate for all procurements that do not cost more than the WDA simplified acquisition threshold. It is only appropriate when price is the overriding factor and may be easily quoted and compared, delivery is standardized, and performance outcomes are not dependent upon the content of the goods or services being procured.

When small purchase procedures are used, price or rate quotations from a minimum of three qualified sources must be obtained; two quotes are sufficient if the value of the procurement does not exceed \$25,000. Quotes are to be dated and current for the purchase being made. Price quotes must also be viable, in that the Entity must be able to purchase the item for the quoted price.

Quotes in excess of the WDA simplified purchase threshold are not usable quotes in meeting the requirements of this method. If an adequate number of quotes cannot be obtained, this method cannot be used.

If this method is used to consolidate into a single process the procurement of frequently needed goods or services, the time period cannot exceed five years and the total costs during the time period cannot exceed the WDA simplified acquisition threshold. If actual costs exceed the dollar threshold originally procured, a new procurement process must be conducted. Example: \$30,000 procurement was done to cover legal services for two years. Sixteen-months into the procurement \$30,000 has been spent on legal services. Having reached the value of the original procurement, a new procurement process for legal services must be conducted at sixteen-months; rather than the two years originally planned.

3. Sealed Bids

Bids are publicly solicited and a firm fixed price contract (either lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest price. Sealed bid is the preferred method for procuring construction. [2 CFR Part 200.320(c)]

- a. In order for this process to be feasible, all of the following conditions must be met:
 - i. A complete, adequate, and realistic specification or purchase description is available and used in the solicitation. *[2 CFR Part 200.320(c)(1)(i)]*
 - ii. Two or more responsible bidders are willing and able to compete effectively for the business. *[2 CFR Part 200.320(c)(1)(ii)]*
 - iii. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price. *[2 CFR Part 200.320(c)(1)(iii)]*
- b. If sealed bids are used, all of the following requirements apply:
 - An independent estimate of the cost/price is made prior to receiving bids. *[2 CFR Part 200.323(a)]*
 - The Invitation for Bid (IFB) is publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids. *[2 CFR Part 200.320(c)(2)(i)]*
 - The IFB contains all specifications and pertinent attachments and defines the items or services to be procured in sufficient detail for the bidders to properly respond. *[2 CFR Part 200.320(c)(2)(ii)]*
 - All bids are publicly opened at the time and place prescribed in the IFB. *[2 CFR Part 200.320(c)(2)(iii)]*
 - A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken. *[2 CFR Part 200.320(c)(2)(iv)]*
 - Any or all bids may be rejected if there is a sound documented reason. *[2 CFR Part 200.320(c)(2)(v)]*

4. Competitive Proposals

Competitive proposals are used when there is more than one prospective bidder, the lowest price is not necessarily the determining factor for award, and either a fixed price or cost reimbursement agreement will be awarded. The competitive proposal is appropriate when evaluation factors focus on approach, program design and outcomes; innovation; coordination and experience, in addition to price. *[2 CFR Part 200.320(d)]*

The following requirements apply to competitive proposals:

- a. An independent estimate of the cost/price prior to receiving proposals. [2 CFR Part 200.323(a)]
- b. Request for Proposals (RFP) must be publicized. RFPs must contain the specifications that provide a common understanding for the proposed goods or services and identify all the evaluation factors and their relative importance or weight in selection of successful bidders. Any response to publicized RFPs must be considered to the maximum extent practical. [2 CFR Part 200.320(d)(1)]
- c. Proposals will be solicited from an adequate number of qualified sources. [2 CFR Part 200.320(d)(2)]
- d. A written method for conducting technical evaluations of proposals received and for selecting recipients. [2 CFR Part 200.320(d)(3)]
- e. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program based on price and other evaluation factors. [2 CFR Part 200.320(d)(4)]
- f. Competitive proposal procedures may be used for qualifications-based procurement of architectural/engineering professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. [2 CFR Part 200.320(d)(5)]

5. Noncompetitive Proposals

Procurement by noncompetitive proposals is the solicitation of a proposal from only a single source, or the solicitation of a proposal from more than one source and competition is determined to be inadequate to fulfill the requirements of the funding agency. [2 CFR Part 200.320(f)]

This method may only be used when the procurement is not practical using one of the four other methods discussed above, and one of the following conditions apply:

- a. The item is available from only one source. [2 CFR Part 200.320(f)(1)]
- b. A public emergency for the requirement will not permit a delay resulting from a competitive solicitation. [2 CFR Part 200.320(f)(2)]

A public emergency must meet one of the following criteria:

- i. Necessary for the imminent protection of public health.
 - ii. Emergency repairs to protect life or property.
 - iii. Unforeseen crisis requiring immediate procurement.
- c. The federal awarding agency or WDA expressly authorizes noncompetitive proposals in response to a written request from the Entity. [2 CFR Part 200.320(f)(3)]
 - d. After solicitation of a number of sources competition is determined inadequate. This usually occurs after a competitive process has been used and there are insufficient bidders. [2 CFR Part 200.320(f)(4)]

A cost analysis is required for all noncompetitive procurement actions. This entails verification of the proposed cost data and evaluation of the specific elements of costs and profits; including comparison with the independent price estimate.

Noncompetitive procurements are considered a last resort option and used only when there is a documented reason for sole-source selection. Grantees and subgrantees are required to ensure the procurement process is open and fair; therefore, caution is advised when using noncompetitive procurements.

Prior approval is required for all sole-source awards in excess of the WDA simplified acquisition threshold when Sealed Bids or Competitive Proposals were not used. [2 CFR Part 200.324(b)(2)]

Approval requests are to include a description or specifications of the item to be purchased, the independent cost estimate, purpose of the proposed purchase, cost and/or price analysis, an explanation on why another procurement method is not viable, and supporting documentation as to how the purchase meets one of the conditions described above. Submit requests to:

Workforce Development Agency
Executive Office
Victor Office Center
201 North Washington Square
Lansing, Michigan 48913

IV. Partner Organizations

If two or more organizations plan to share responsibility for carrying out the main work of the grant, then those organizations may partner as co-grantees or co-subgrantees with one organization being designated as the “lead.” However, each organization will be equally responsible for performance and financial obligations. This relationship need not result

in a new legal entity being formed, but some form of a contractual relationship must be documented and submitted that reflects the roles and responsibilities of the parties.

In the alternative, if one organization will be responsible for the overall work of the grant, with other organizations performing separate and distinct functions to serve or aid that principal effort, then such other organizations must be procured by the Entity as subcontractors or subgrantees.

Subcontractors and subgrantees cannot be identified in a bid or proposal unless they were competitively procured for the intended purpose prior to the submission of the bid/proposal. To do so would jeopardize full and open competition. If a bid or proposal is submitted that identifies subcontractors or subgrantees, the grantee must ensure that the identified parties were properly procured or the bid/proposal must be rejected.

V. Third-Party Procurements

The Michigan Legislature has authorized two programs in which eligible grantees and subgrantees may utilize third-party procurements:

A. MiDEAL

Authorized under Public Act 431 of 1984, Section 263, MiDEAL allows local units of government in Michigan to use state procured contracts to buy goods and services. For more information please refer to the MiDEAL website at <http://www.michigan.gov/localgov>.

B. REMC Association of Michigan

Authorized under Public Act 451 of 1976, Section 380.671, the REMC Statewide \$AVE (Schools Aggregated Volume in Education) Bid Project allows the following to purchase a variety of supplies, equipment, software, computer, and networking items through its procured vendors.

1. Public, non-public and private schools (K-12, preschools)
2. Community Colleges, Universities, and Colleges
3. Public Libraries and Museums (local, county, state)
4. State, County, and Local Government Agencies

For more information on the REMC \$AVE Bid Project please refer to its website at <http://remcbids.org/>.

Entities are cautioned against using other third-party procurements in place of their own procurement processes. To do so will require the Entity to ensure and document the procurement met their need and all federal, state, and local procurement standards were followed. This includes being able to document competition was not limited in the original procurement and subsequent purchases. Simply using the same vendor or product a third-party procured will not meet these requirements.

VI. Leases

Leases are subject to all procurement standards and lease payments (i.e., rent) must be allowable under the applicable federal cost principles. Factors such as, location, parking, access to public transportation, maintenance, security, telecommunications, and other included services are normally considered when selecting office space or service center locations. Due to this unique and

customizable nature, office and building leases typically do not qualify for procurement under the micro-purchase or small purchase methods.

A new lease must be procured when an existing lease expires and all of its options have been exhausted. It cannot be renewed, extended, or otherwise amended without the support of an appropriate procurement process. For example: A three-year lease with the option of two, one-year extensions. If both option years are sequentially picked-up, the lease will need to be procured again in five years. In addition, a cost/price analysis (i.e., market analysis) for each option year entered into is needed to ensure that the rental costs are still competitive.

At a minimum, leases shall contain:

- a. The agency or organization name and business address of the lessee and the lessor.
- b. The signatures of authorized representatives of both the lessee and the lessor.
- c. The effective dates of the agreement (beginning and ending dates).
- d. Specific items covered by the agreement, i.e., address of the facility, quantity and description of equipment items, quantity and type of motor vehicles, specific maintenance, insurance, and operating costs which are included or excluded.
- e. Conditions for termination of the lease without penalty costs or fees should federal funds become unavailable.

VII. Rent

Rent must be reasonable in light of such factors as comparable property, market conditions in the area, alternatives available, as well as, type, life expectancy, condition, and value of the leased property. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available. In addition, if there is idle capacity or idle facilities, rent must be reassessed to ensure its allowability under federal programs. [2 CFR Part 200.465(a) and .446]

Use allowance is no longer identified by the federal regulations as an acceptable alternative to depreciation. The depreciation method must be followed when determining allowable rent charged to federal programs. [2 CFR Part 200.436(a),(d)(5) and .443(b)(4)]

The rental of any property owned by any individual or parties affiliated with the Entity, including commercial or residential real estate, for purposes such as home office workspace is unallowable. [2 CFR Part 200.465(c)(6)]

The amount of rent that can be charged to federal programs is further limited under “sale

and lease back” arrangements, “less-than-arm’s-length” leases, and capital leases.

A. “Sale and Lease Back” Arrangements

Rental costs under “sale and lease back” arrangements are allowable only up to the amount that would be allowed had the non-Federal entity continued to own the property. This amount would include expenses such as depreciation, maintenance, taxes, and insurance.

[2 CFR Part 200.436 and .465(b)]

B. Less-Than-Arm’s-Length Leases

As with “sale and lease back” arrangements, rental costs under “less-than-arm’s-length” leases are allowable only up to the amount that would be allowed had the non-Federal entity continued to own the property. This amount would include expenses such as depreciation, maintenance, taxes, and insurance. *[2 CFR Part 200.436 and .465(c)]*

A “less-than-arm’s-length” lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to those between:

1. Divisions of the Entity. *[2 CFR Part 200.436 and .465(c)(1)]*
2. The Entity under common control through common officers, directors, or members. *[2 CFR Part 200.436 and .465(c)(2)]*
3. The Entity and a director, trustee, officer, or key employee of the Entity or an immediate family member, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, the Entity may establish a separate corporation for the sole purpose of owning property and leasing it back to the Entity. *[2 CFR Part 200.436 and .465(c)(3)]*
4. Family members include one party with any of the following relationships to another party: *[2 CFR Part 200.436 and .465(c)(4)]*
 - i. Spouse, and parents thereof;
 - ii. Children, and spouses thereof;
 - iii. Parents, and spouses thereof;
 - iv. Siblings, and spouses thereof;
 - v. Grandparents and grandchildren, and spouses thereof;
 - vi. Domestic partner and parents thereof, including domestic partners of any individual in 2 through 4 (ii-v) of this definition; and

- vii. Any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

C. Capital Leases

Rental costs for leases that are required to be treated as capital leases under Generally Accepted Accounting Principles (GAAP) are allowable only up to the amount that would have been allowed had the Entity purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation, maintenance, taxes, and insurance. The provisions of GAAP must be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in 2 CFR Part 200.449. Unallowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the non-Federal entity purchased the property. [2 CFR Part 200.436, .449, and .465(c)(5)]

With limited exceptions, capital leases for land, buildings, and other real property are prohibited under federal programs administered by WDA. If permitted under the federal program, prior WDA approval is required.

VIII. Documentation

Documentation must be maintained for each step in the procurement process to sufficiently detail the history of the procurement. This documentation includes, but is not limited to, the rationale for the method of procurement, independent estimates, cost/price analysis, solicitations, bids, proposals, justifications, profit, bidder lists, approvals, contracts, etc. [2 CFR Part 200.318(i)]

At a minimum, all procurement records must be retained for three years after final disposition of the item procured. If any litigation, audit, or claim is initiated involving the item procured during the three-year retention period, the procurement records must be retained until resolution of all issues and final action is taken or until the end of the three-year retention period; whichever is later. For example, the retention period for procurement documentation on a five-year lease starts at the end of the lease, not from the date the lease was procured. [2 CFR Part 200.333]

IX. Standards of Conduct

A. Written standards of conduct that are in compliance with the federal and state regulations are required for employees engaged in the selection, award and administration of contracts. At a minimum, the written standards of conduct will be disseminated to all appropriate parties engaged in the selection, award and administration of contracts and shall address: [2 CFR Part 200.318(c); WIOA Section 101(f) and 107(h)]

- 1. No employee, officer or agent of the grantee or subgrantee (including, as applicable, Workforce Development Board members) shall participate in the selection, award or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the stated parties, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

2. The grantee's or subgrantee's officers, employees and agents must neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. The grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal value.
3. Disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the grantee and subgrantee.
4. If the Entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, it must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the Entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

X. General Procurement Standards

The Entity must use its own documented (i.e., written) procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the following standards: [2 CFR Part 200.318(a)]

- A. Entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. [2 CFR Part 200.318(b)]
- B. A review of proposed procurements to avoid purchase of unnecessary or duplicative items. [2 CFR Part 200.318(d)]
- C. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. [2 CFR Part 200.318(d)]
- D. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other analysis to determine the most economical approach. [2 CFR Part 200.318(d)]
- E. To foster greater economy and efficiency, the Entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. [2 CFR Part 200.318(e)]
- F. The Entity is encouraged to use federal or state excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. [2 CFR Part 200.318(f)]
- G. The Entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. [2 CFR Part 200.318(g)]

- H. A documented process to ensure that awards are made to only responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. *[2 CFR Part 200.318(h)]*
- I. A documented process to maintain records sufficient to detail the significant history of all procurements. At a minimum, these records will include rationale for the method of procurement, selection of contract type, contractor selection or rejection criteria, and the basis for the contract price, including the independent estimate of price.
[2 CFR Part 200.318(i)]
- J. The Entity may use time and material type contracts only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.
[2 CFR Part 200.318(j)]
- K. A documented settlement process. The Entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the Entity of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction. *[2 CFR Part 200.318(k)]*
- L. Compliance with the “Buy American Act” (41 U.S.C. 8301-8303). Only American-made equipment or products should be purchased with funds made available under WIOA Title I or II or under the Wagner-Peyser Act (29 U.S.C. 49 et seq.). *[WIOA Section 502]*

XI. Competition

A. Full and Open Competition

All procurement transactions are to be conducted in a manner that will provide full and open competition. Contractors that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals must be excluded from competing for such procurements. *[2 CFR Part 200.319(a)]*

The following are a few examples that would restrict competition.

1. Placing unreasonable or overly restrictive requirements on firms in order for them to qualify to do business. *[2 CFR Part 200.319(a)(1)]*
2. Requiring unnecessary experience and excessive bonding. *[2 CFR Part 200.319(a)(2)]*
3. Noncompetitive pricing practices between firms or between affiliated companies. *[2 CFR Part 200.319(a)(3)]*

4. Noncompetitive awards to consultants that are on retainer contracts. [2 CFR Part 200.319(a)(4)]
5. Awards that would create organizational conflicts of interest. [2 CFR Part 200.319(a)(5)]
6. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance of other relevant requirements of the procurement. [2 CFR Part 200.319(a)(6)]
7. Any arbitrary action in the procurement process. [2 CFR Part 200.319(a)(7)]

B. State or Local Geographical Preference

The Entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. [2 CFR Part 200.319(b)]

C. Solicitations

The Entity must have written procedures that ensures all solicitations:

1. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated. [2 CFR Part 200.319(c)(1)]
2. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. [2 CFR Part 200.319(c)(2)]

D. Prequalified Bidders Lists

The Entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The Entity must also not preclude potential bidders from qualifying during the solicitation period. [2 CFR Part 200.319(d)]

XII. Small and Minority Businesses

The Entity must take all necessary affirmative steps to assure that small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible. [2 CFR Part 200.321(a)]

Affirmative steps must include:

- A. Placing qualified small and minority businesses and women's business enterprises on solicitation lists. [2 CFR Part 200.321(b)(1)]
- B. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources. [2 CFR Part 200.321(b)(2)]
- C. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises. [2 CFR Part 200.321(b)(3)]
- D. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises. [2 CFR Part 200.321(b)(4)]
- E. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce. [2 CFR Part 200.321(b)(5)]
- F. Requiring the prime contractor, if subcontracts are to be let, to take these same affirmative steps. [2 CFR Part 200.321(b)(6)]

XIII. Recovered Materials

When the value of the item being purchased exceeds \$10,000 (or the aggregate value in a fiscal year exceeds \$10,000), entities are required to establish an affirmative procurement program to procure items that contain the highest percentage practical of Environmental Protection Agency identified recovered materials. A satisfactory level of competition must be maintained. [2 CFR 200.322]

XIV. Contract Cost and Price

- A. The Entity must perform a cost or price analysis in connection with every procurement action in excess of the WDA simplified acquisition threshold, including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the Entity must make independent estimates before receiving bids or proposals. [2 CFR Part 200.323(a)]
1. Cost Analysis – is the element-by-element review and evaluation of each item of cost and related information presented in the bidder’s proposal. Cost analysis is necessary when the bidder is required to submit the elements of the estimated costs, or when adequate price competition is lacking.

A certification should be submitted by the bidder stating that the cost data is accurate, complete, and current at the time of agreement. Awards or modifications negotiated in reliance on such data should provide a right to a price adjustment in cases where the awardee submitted data that was not accurate, complete, or current as certified. The price adjustment shall at a minimum exclude any significant sum by which the price was increased by the suspect data.
 2. Price Analysis – is the process of examining and evaluating a price without looking at individual elements of cost. The focus is the “bottom-line” price. The method and degree of the analysis depends on the particular procurement and pricing situation. Price analysis shall be used when price reasonableness can be established on the basis of the catalog or market price of a product or is based on prices set by law or regulation.
- B. Cost reimbursement is the preferred method of contracting and is the only method allowable for contracts with state and local governments (e.g., cities, counties, school districts) when reimbursements are made in whole or in part with Workforce Investment Act (WIA) or WIOA funding. [WIA and WIOA Section 184(a)(3)(B)]
- C. Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the Entity under 2 CFR Part 200 Subpart E—Cost Principles. [2 CFR Part 200.323(c)]
- D. Cost plus a percentage of cost contracts and percentage of construction cost methods of contracting must not be used. [2 CFR Part 200.323(d)]
- E. Under fixed-price and performance-based contracts, governmental and non-profit agencies must treat and report any revenue in excess of its actual costs as program income. Therefore, it is recommended that a provision is included in this type of contract that limits the recovery of costs to the lesser of actual costs incurred or the cumulative increments earned for less than full performance. [2 CFR Part 200.307]

XV. Profit

- A. Profit is an allowable cost payable only to commercial organizations. The profit must be separately negotiated from the contract's price and cannot be based on a percentage of costs budgeted or expended in the agreement. Profit must be tied to performance and cannot be paid as a guaranteed fixed fee. Profit is only earned when performance outcomes are attained and can only be disbursed when those outcomes are validated. Profit cannot be paid in addition to performance payments or incentive payments. [2 CFR Part 200.323(b); 48 CFR Part 15.404-4]
- B. Factors to consider when negotiating profit are the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work. [2 CFR Part 200.323(b);48 CFR Part 15.404-4(d)]
- C. Profit rates can be negotiated up to a maximum of ten percent. Profit rates can only be applied against the commercial organization's personnel-related costs (i.e., salaries, wages, and benefits) for the staff that contributed to the organization's unique capacity to manage and achieve the performance of the contract. [48 CFR Part 15.404-4(c)(4)(i)]
- D. Under cost reimbursement contracts there is little to no risk to the commercial organization. Therefore, profit is usually not warranted.

XVI. Debarment and Suspension

- A. Entities must verify that procurements of \$25,000 or more do not result in an award to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs. [2 CFR Part 180; 2 CFR Part 200.205(d)]
- B. Verification can be accomplished by: [2 CFR Part 180.300]
 - 1. Checking if the party is excluded. This is the preferred method as it does not rely on self-certification by the party. Excluded parties are listed on the federal System for Award Management (SAM) website at www.sam.gov.
 - 2. Collecting a certification from the party. (See 48 CFR Part 52.209-5 for an example)
 - 3. Adding a clause to the contract or grant.

XVII. Contract Provisions

- A. There must be sufficient language in the contract to protect the federal funds and the interests of the Entity. Provisions should ensure compliance with all applicable federal, state, and local laws.
- B. At a minimum, contract clauses must be sufficient to address the following, as applicable to the contract: [2 CFR Part 200.326]

1. Contracts for more than the WDA simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate. *[2 CFR Part 200 Appendix II (A)]*
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
[2 CFR Part 200 Appendix II (B)]
3. Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR Part 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR Part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.” *[2 CFR Part 200 Appendix II (C)]*
4. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the

compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. [2 CFR Part 200 Appendix II (D)]

5. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence. [2 CFR Part 200 Appendix II (E)]
6. Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR Part 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency. [2 CFR Part 200 Appendix II (F)]
7. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA). [2 CFR Part 200 Appendix II (G)]
8. Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR Part 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR Part 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235),

“Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. [2 CFR Part 200 Appendix II (H)]

9. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier, up to the non-Federal award. [2 CFR Part 200 Appendix II (I)]

10. A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the EPA at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines. [2 CFR Part 200 Appendix II (J); 2 CFR Part 200.322]

11. Other requirements as defined by the federal awarding agency. These include provisions related to program and administrative regulations, such as:
 - a. Compliance with the “Buy American Act.” None of the funds made available under WIOA Title I or II or under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 8301 through 8303 of Title 41, United States Code (commonly known as the “Buy American Act”). [WIOA Section 502]

 - b. The awardee agrees to comply with the required financial and compliance audits in accordance with the Single Audit Act of 1984.

 - c. Notice of awarding agency requirements and regulations pertaining to reporting.

- d. Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
- e. Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.
- f. Salary and Bonus Limitations: Under Public Law 109-234 and Public Law 111-8, Section 111, none of the funds appropriated in Public Law 111-5 or prior Acts under the heading "Employment and Training" that are available for expenditure on or after June 15, 2006, shall be used by a recipient or sub-recipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II. The salary and bonus limitation does not apply to vendors providing goods and services.

Action: Grantees and subgrantees shall establish, maintain, and follow written procurement standards and procedures that are in compliance with all applicable local, state, and federal laws and regulations.

Inquiries: Questions regarding this policy issuance should be directed to the Office of Audit and Finance at (517) 373-8293.

The information contained in this policy issuance will be made available in alternative format (large type, audio tape, etc.) upon request to this office.

Expiration Date: Continuing.

MW:cjb

GST MICHIGAN WORKS!
Procurement Policy
Adopted October 1, 2015

BACKGROUND:

All procurements utilizing funds received from the Workforce Development Agency (WDA) must comply with specific grant requirements, all applicable CFR's, all regulations specific to the funding sources used and WDA policy letters and guidelines for procurement.

This policy covers all procurements including acquisitions of equipment, leases or related facilities, services and supplies, and the selection of service providers and vendors. This policy also applies for procurement for repair, maintenance, accounting, audit services, legal, bookkeeping, printing, insurance, consultant/consulting and other services required for administration and overall operation. GST Michigan Works! (GSTMW) will conduct procurement procedures in such a manner that provides full and open competition.

In selecting service providers, GSTMW offers proper consideration to community based organizations with programs of demonstrated effectiveness in the delivery of workforce development services. Consideration shall be given to making use of appropriate services currently available in the community with or without reimbursement, which GSTMW has determined to be effective. The purpose of this consideration shall be to avoid the purchase of unnecessary or duplicative items and to obtain such services at a cost saving over establishing another such service or activity. When appropriate, an analysis will be made of lease versus purchase alternatives, and any other analysis to determine the most economical approach.

In compliance with Section 104 of PRWORA, the Charitable Choice provision, GSTMW will consider religious organizations on an equal, nondiscriminatory basis with other groups when deciding to contract with private institutions for welfare services funded by TANF or Food Assistance programs.

I. General

1. GSTMW, in accordance with the minimum requirements established in 2 CFR, part 200, shall prescribe and implement procurement standards to ensure fiscal accountability and prevent waste, fraud, and abuse in programs administered under this Act.
2. When procuring goods and services, GSTMW shall follow the same policies and procedures it uses for procurement from its Non-Federal funds, provided that GSTMW's procurement procedures also comply with the minimum requirements of this section.
3. Each sub-recipient shall use GSTMW's procurement procedures, which reflect applicable State and local laws and regulations. Sub-recipients may utilize their own procurement policy provided that the sub-recipient's procurement procedures also comply with the requirements of this section and the standards established by the GSTMW, pursuant to paragraph (a)(1).

4. GSTMW and sub-recipients shall not use funds to duplicate goods or services available in the area (with or without reimbursement) from Federal, State, or local sources, unless it is demonstrated that the alternative goods or services would be more effective or more likely to achieve performance goals.
5. All programs administered through WDA shall conduct procurement in accordance with Policy Issuance 15-12 and subsequent letters.
6. A cost or price analysis shall be performed for every procurement action in excess of \$150,000, including contract modifications, and those which have no monetary impact. (PI 15-12)

II. Procurement Planning and Standards

- A. **Planning** – Workforce development needs in the MWA area shall be identified through strategic planning with the Workforce Development Board and will be contained in the Local Area Plan. How these needs will be met shall be identified within the various types of programs and activities planned. Provisions shall be made to avoid the purchase of, or contracting for, unnecessary or duplicative services. The MWA staff shall be responsible for establishing sufficient time for all phases of the procurement process in accordance with statutory and regulatory requirements to ensure program continuity and fair treatment of potential service providers.
- B. **Standards** – All procurements will be conducted in compliance with all applicable Federal, State and local laws, policies and regulations. Each procurement shall clearly specify deliverables and the basis for payment. GSTMW and sub-recipients, to the degree possible, shall conduct procurement in a manner that provides full and open competition. Such transactions shall not, in competitive procurements, contain features which unduly restrict competition. No unreasonable qualifications or requirements will be stipulated that will qualify or disqualify a potential service provider. In order to ensure that unfair requirements are not placed on procurement procedures, the following situations that are considered restrictive of competition **are prohibited**: (PI 15-12)
 - Placing unreasonable requirements on firms or organizations in order to qualify to do business;
 - Requiring unnecessary experience and/or excessive bonding;
 - Noncompetitive pricing practices between firms or organizations or between affiliated companies or organizations;
 - Noncompetitive awards to consultants that are on retainer contracts;
 - Awards that would create organizational conflicts of interest;
 - Specifying brand name products instead of allowing a similar product of equal quality and describing the performance of other relevant requirements of the procurement;

- Overly restrictive specifications; and
- Any arbitrary action in the procurement process.

The following affirmative action steps shall be taken to ensure that minority firms, women's business enterprises, and labor surplus area firms are used when possible. (PI 15-12)

- Placing qualified small, minority, and women's businesses on solicitation lists;
- Ensuring that small, minority owned, and women's business enterprises are solicited whenever they are potential sources; Sites to check:
 - www.co.genesee.mi.us/oed/MinBusDir.htm
 - www.sba8a.com
 - www.puremichiganb2b.com/b2b-web/#finddashboard
- Dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by small, minority, and women's businesses;
- Establishing delivery schedules, where the requirements permit, which encourage participation by small, minority, and women's businesses;
- Using the services and assistance of the United States Small Business Administration and the Minority Business Development Agency of the United States Department of Commerce;
- Requiring the prime contractor, if subcontracts are to be let, to take the same affirmative steps; and

Amendments to solicitations will be accepted if submitted within the time frames of the original solicitation requirement. Procurements shall not permit excess profit for private for-profit entities.

III. Procurement Methods

There are five types of procurements: micro-purchase, informal for small purchases, sealed bid, competitive and non-competitive. Before determining which type of procurement is appropriate, the total value of the procurement must be considered (See PI 15-12 for examples of determining total value). Regardless of the method of procurement used, the following should be done for all procurements:

- Documentation must be maintained for each step in the procurement process; including independent cost estimates (if applicable), cost/price analysis, solicitations, bids, proposals, justifications, profit, bidder lists, approvals, contracts, etc.

- At a minimum, all procurement records must be retained for three years after final disposition of the item procured. If any litigation, audit, or claim, is initiated involving the item procured during the three year retention period, the procurement records must be retained until resolution of all issues and final action is taken or until the end of the three year retention period; whichever is later. For example, the retention period for procurement documentation on a five year lease starts at the end of the lease, not from the date the lease was procured.

- With the exception of the non-competitive (sole source) procurement, a minimum of two documented quotes should be obtained. In certain situations, a minimum of three documented quotes are required. (see PI 15-12).

A. Micro Purchase

Micro purchase procedures may be utilized for the acquisition of supplies or services and participant support services when the aggregate dollar amount does not exceed \$3,000. To the extent practical, micro-purchases are to be distributed equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotes if the price is considered to be reasonable. Participant support services must be obtained in conjunction with applicable grant requirements and may be subject to more restrictive practices based on grant rules and regulations.

Planned reoccurring services such as payroll, accounting, security, lawn care, janitorial, etc. are not viewed as separate purchases each time the service is rendered (PI 15-12). Therefore, if the aggregate value of the individual purchased service exceeds \$3,000 in a 12-month period, the micro-purchase method cannot be used.

B. Small Purchase (Informal Method)

Informal procurement procedures may be utilized for small purchases of standardized goods and services with an aggregate value *under* \$150,000. When informal procurements are used, the purchase shall not be broken down into several purchases merely to be able to use small purchase procedures, and to avoid competitive procurement. Procurement by small purchase may **not** be used when securing workforce program/activity service providers. Documentation of price rates or quotes shall be obtained from at least two vendors.

For "documented quotes," the documentation can include product or service catalogs, current price lists, email, website documents and documented telephone contact with the vendors to obtain quotes. Catalogs and price lists should be determined to be current at least annually. The price quotes must be viable, in that the good or service can be purchased for the quoted price.

For "written quotes" a Request for Quote (RFQ) is required. The RFQ should specify the quantity, time frames, and all the requirements of the product or service. Quotes must be solicited from vendors that can reasonably be expected to provide the goods or services needed. The identification of sources and solicitation of quotes must be supported by

documentation. The RFQ must either be provided in writing to the vendor or transmitted as uniformly as possible over the telephone, FAX or email. The written response must indicate the entities logo or business name, address, contact information and date.

The purchase of the personal services of consultants is allowed when the deliverables are specifically defined and priced.

C. Sealed Bids

Sealed bids are publicly solicited procurements for which a firm fixed-price (lump sum or unit price) or other fixed price arrangement is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. Invitations for bids shall be publicly advertised, and solicited from at least two or more vendors. The invitation for bids shall include any specifications and pertinent attachments, and shall define the items or services in order for the bidder to properly respond. All bids shall be publicly opened at the time and place prescribed in the invitation for bids. (PI 15-12)

If sealed bids are used, all of the following requirements apply:

- An independent estimate of the cost/price is made prior to receiving bids.
- The Invitation for Bid (IFB) is publicly advertised and bids are solicited from an adequate (more than one) number of known suppliers.
- The IFB contains all specifications and pertinent attachments and defines the items or services to be procured in sufficient detail for the bidders to respond properly.
- All bids are publicly opened.
- A firm fixed-price contract is awarded to the lowest responsive and responsible bidder.

Any or all bids may be rejected if there is a sound documented reason.

D. Competitive Proposals

Competitive procurement is used when the lowest price is not necessarily the determining factor for the award, there is more than one bidder and either a fixed-price or cost-reimbursement agreement will be awarded. Competitive procurement should be used when evaluation factors focus on approach, program design and outcomes, innovation, coordination and experience in addition to price. All procurement transactions, regardless of dollar amount, will be conducted in a manner that provides open and free competition. An independent cost/price estimate must be completed prior to receiving proposals.

Competitive procurement shall be the method of procurement of workforce program/activity service providers regardless of the amounts, except as provided for in situations described under the noncompetitive procurement section.

The following detail the specific requirements related to competitive proposals:

1. Solicitations

STMW and sub-recipients shall have written procedures for procurement transactions. Those procedures shall ensure that all solicitations, RFP/Q will minimally contain the following:

- Clear and accurate description of technical requirements for goods or services to be procured. The description shall not contain features that restrict competition.
- Identify all the requirements the bidders must fulfill and all other factors to be used in evaluating bids or proposals.
- Solicitations will include a description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- Solicitation for goods and services shall provide for the specific features of brand name or equal descriptions that bidders are required to meet when such items are included in the solicitation.
- Description of the requirements for time, place, and methods or performance of services.
- General description of the sub-grant program, including identification of the applicable Federal and State laws and regulations with which the selected contractor must comply.
- Contract clauses that will be included in any resulting contract.
- Certifications, assurances, and representations.
- Instruction on how to prepare and submit the technical and cost/price proposals/quotes or bids.
- Due date and submission requirements.
- Solicitation provisions.
- GSTMW and sub-recipient shall ensure that all pre-qualified lists of persons, firms, or other organizations used in acquiring goods and services are current and include sufficient numbers of qualified sources to ensure maximum open and free competition;
- Solicitations will include the acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
- Solicitations will include preference, to the extent practicable and economically feasible, for the products and services that conserve natural resources and protect the environment and are energy efficient.
- Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other analysis to determine the most economical approach.
- Solicitations may be required to provide proof of insurances and business license;
- Solicitations shall be performed minimally every 3 years, some exceptions may apply.

All RFPs/RFQs shall be posted to the general public on the GSTMW website. A bidder's list shall be maintained of all entities that have indicated in writing an interest in providing services in the MWA's service area. This list shall be updated as entities indicate interest. A notice indicating the service or activity being procured, date, time, location of the RFP/Q release, etc., shall be sent to all individuals on this list.

A potential bidders' conference may be held after the RFP/Q becomes publically

available. To maintain fair and open competition, the answers to questions that arise from the bidders' shall be provided to all entities by posting the information on the MWA's website.

The closing submission date must be clearly stated in the RFP/Q. When late proposals come in or are sent to the incorrect address, they will be date and time recorded. The proposal will be returned unopened with a letter explaining why it is not being considered. GSTMW reserves the right to accept or reject any and all proposals received in response to the RFP/Q. Obligation to the bidder is contingent upon the availability of grant funds. No legal liability on the part of the GSTMW Governing Board for payment of any money shall arise unless and until funds are made available to the Governing Board for procurement. The bidders shall be responsible for all costs involved in the development of the proposal.

2. Evaluation Process

The intent of the evaluation process is to certify that each proposal received meets the basic submission requirements and to determine the quality of each proposal. GSTMW will review the proposal for completeness of required documents.

Using the evaluation criteria contained in the RFP/Q, the proposal review will be conducted by raters. A GSTMW evaluation team will combine the ratings to calculate an overall rating and make recommendations to the appropriate Board(appropriate). The two boards will have the final authority for selection of provider(s).

The factors that will be considered in evaluating proposals will be tailored to each acquisition and will include only those factors that will have an impact on the source selection decision. The RFP/Q will clearly state the evaluation factors to be considered and their relative importance. Such factors **may** include the following:

- Program Design/Technical Approach or Methodology
- Performance Measures/ Past Performance
- Organizational Capability
- Cost Effectiveness/Budget Accuracy/Budget Consideration
- Qualifications of Personnel
- Management/Administration / Experience of Responder
- Facilities/Equipment
- Understanding the Requirements
- Completeness of Training
- Compliance with Public Policy
- Other program specific or service factors may be considered where appropriate.

The evaluation process may be divided into the following major steps: 1) a general review of the proposals; 2) an evaluation of the vendor's qualifications; 3) an evaluation of the technical aspects of the proposal; 4) an evaluation of the cost aspects of each proposal (i.e. cost/price analysis); and 5) an evaluation of demonstrated performance, effectiveness, potential for meeting performance goals, costs, and quality of training.

The normal threshold required to consider a proposal for an award of a contract is 70 percent of the total points available. This threshold may be adjusted if in the best interest of GSTMW.

Award of a contract will be to a source whose offer, price and other factors considered, will be most advantageous to GSTMW. Final selections will primarily be based on, yet not limited to, effectiveness, demonstrated performance, potential for meeting performance goals, costs, quality of training, customer service, participant characteristics, past workforce development experience and performance of the bidder and non-duplication of services.

Contracting will not occur with debarred, suspended parties or parties otherwise excluded from or ineligible for participation in Federal assistance programs. Contractors are required to sign a certification stating they are not on the list of parties excluded from federal procurement or non-procurement programs as a method of ensuring assistance is not awarded to listed parties. GSTMW will review the System for Award Management (SAM) located on the Web at: <https://www.sam.gov>. This website will be reviewed prior to entering into a contract.

A letter will be sent to each successful and unsuccessful bidder that contains the boards' decisions related to that procurement.

3. Contract Finalization

Following approval by the Boards, GSTMW will proceed with contract finalization with approved contractors. GSTMW will schedule the finalization meetings with these contractor representatives at the earliest opportunity of both parties. Letters and or emails will be sent to these contractors providing advance notice pointing out information required prior to the meeting, technical deficiencies, questions regarding cost/price data, and other clarification that may be requested concerning the proposals. The information included in these letters need not be inclusive of all items to be discussed at the finalization meeting. The contract finalization meeting may involve best and final proposal requests and evaluation at the discretion of the review team and GSTMW staff.

The contract finalization meeting will be directed to resolve all the terms and conditions of the proposed contract. Any new or changed GSTMW policies will be presented. Any questions by the Contractor will be entertained. All terms and conditions will be agreed upon; all ambiguities are fully clarified.

The contract finalization meeting will result in the best buy of services being procured. Award of a contract will be to a source whose offer, price and other factors considered, will be most advantageous to GSTMW. In the event only one source responds, the proposal must be reasonably acceptable. At that point, definitive contract finalization meeting leading to contract award would be held.

E. Noncompetitive Proposals (Sole Source)

Noncompetitive procurement is the solicitation of a proposal from a single source, or the solicitation of a proposal from more than one source and competition is determined to be inadequate to fulfill the requirements of the funding agency. Justification that competition is inadequate shall be minimized, justified and documented. The procedure may be used only when the award is not feasible under the other three procurement methods due to one of the following circumstances: (PI 15-12)

- The item or service is available from a single source; or
- There is a public emergency need for the item or service which does not permit a delay resulting from competitive procedure. A public emergency must meet one of the following:
 - Necessary for the imminent protection of public health
 - Emergency repairs to protect life or property
 - Unforeseen crisis requiring immediate procurement
- The awarding agency (federal or state government) authorizes the noncompetitive procurement; or
- After solicitation of a number of sources only one bid is received and/or competition is determined inadequate;
- Prior approval is required for all sole-source awards in excess of \$150,000 when Sealed Bids or Competitive Proposals were not used. (PI 15-12)

Documentation of sole source files should include at a minimum:

- The awardee's capabilities and qualifications;
- Efforts made to seek other qualified bidders;
- Specifications of the procured item or service; and
- Where/when the item or service is to be used.

Staff shall conduct a cost analysis and contract negotiation process for all noncompetitive procurements. The termination or suspension of a current contractor shall be considered as an emergency under certain conditions; however, termination of an existing contract should not be used to circumvent competitive solicitation. Final approval will be made by the Boards. GSTMW is responsible for fully documenting this method of procurement. Special attention shall be given to code of standards of conduct, conflict of interest, and safeguarding values normally achieved through competition.

IV. Leases and Rent

A. Leases

Leases are subject to all procurement standards and lease payments (i.e., rent) must be allowable under the applicable federal cost principles. Factors such as, location, parking, access to public transportation, maintenance, security, telecommunications, and other included services are normally considered when selecting office space or service center locations. Due to this unique and customizable nature, office and building leases typically do not qualify for procurement under the micro-purchase or small purchase methods. Procurements with WDA funds are to be covered by a written contractual agreement. Leases are subject to procurement standards and lease payments (i.e., rent) must be allowable under the applicable federal cost

principles. The aggregate cost of lease payments thru the term of the lease is used to determine the total value for procurement purposes.

A new lease must be procured when an existing lease expires and all of its options have been exhausted. It cannot be renewed, extended, or otherwise amended without the support of an appropriate procurement process. For example: A three year lease with the option of two, one year extensions. If both option years are sequentially picked-up, the lease will need to be procured again in five years. In addition, a cost/price analysis (i.e., market analysis) for each option year entered into is needed to ensure that the rental costs are still competitive. Leases must contain the following: (PI 15-12)

The agency or organization name and business address of the lessee and the lessor;

- The signatures of authorized representatives of both the lessee and the lessor;
- The effective dates of the agreement (beginning and ending dates);
- Specific items covered by the agreement, i.e., address of the facility, quantity and description of equipment items, quantity and type of motor vehicles, specific maintenance and operating costs which are included or excluded;
- Insurance costs;
- Lease insurance for motor vehicles, if applicable; and
- Conditions for termination of the lease without penalty costs or fees should federal funds become unavailable.

B. Rent

Rent must be reasonable in light of such factors as comparable property, market conditions, and value. If there is idle capacity or idle facilities, rent must be reassessed to ensure its allowability under federal programs.

The amount of rent that can be charged to federal programs is further limited under less-than-arm's-length and capital leases.

C. Less-Than-Arms's-Length Leases

When one party to the lease agreement is able to control or substantially influence the actions of the other party, a less-than-arm's-length lease exists. Examples include rent paid to the same governmental unit, school district, or non-profit; or rent paid to other entities that are under common control through common officers, directors, immediate family members.

In these cases, rent is allowable up to the actual cost for maintenance, taxes, insurance, and either (1) depreciation, or (2) a use allowance. If the building is fully depreciated, then a use allowance is required. The use allowance rate cannot exceed 2 percent of the acquisition cost.

D. Capital Leases

Rental costs for leases that are required to be treated as capital leases under Generally Accepted Accounting Principles are allowable only up to the amount that would have been allowed had the grantee or subgrantee purchased the property on the date the lease agreement was executed. With limited exceptions, capital leases for land, buildings, and other real property are prohibited under federal programs administered by WDA. If permitted under the federal program, prior WDA approval is required.

V. Capital Assets and Capital Improvements

All capital asset procurements, regardless of cost, are only allowable costs if they are necessary and reasonable for proper and efficient performance and administration of the grant award. Procurements of equipment, capital improvements, and other capital expenditures of \$150,000 or more are subject to approval by WDA. No procurement of equipment of \$150,000 or more or any capital improvements can be made prior to the date of approval by WDA. (PI 15-12)

The Michigan Works Agency's (MWA) request for approval should include at a minimum the following applicable information: (PI 15-12)

- A description of the proposed capital improvement or equipment to be procured.
- A discussion of how the proposed capital improvement or equipment will benefit the MWA's program(s).
- The expected cost of the procurement with a cost or price analysis.
- A copy of the technical specifications or other pertinent information given to prospective bidders that explains in sufficient detail what is being procured.
- Copies of at least two bids secured by using the competitive bid process with the preferred bid indicated. If the preferred bid is not the lowest bid, the reason for selection should be noted. If only one bid is secured, a brief description of the competitive procurement efforts made should be documented. And, if sole source procurement will be utilized, documentation that gives the rationale for sole source acquisition is required.
- For a capital improvement, the date it will begin, when it will be completed, the location of the building, and the site.

The above information, along with a cover letter requesting approval should be submitted to:

Workforce Development Agency Director
Victor Office Center, 5th Floor
201 N. Washington Square
Lansing, Michigan 48913

Facility Construction or Purchase

Procurement for the purchase or construction of buildings and the purchase of land (including capital leases) are usually prohibited under federal grants and therefore require WDA approval regardless of the amount.

VI. Metric System of Measurement

The Metric Conversion Act, as amended by the Omnibus Trade and Competitiveness Act, 15 U.S.C. 205, declares that the metric system is the preferred measurement system for U.S. Trade and commerce. Therefore, in GSTMW procurement of goods, the metric system as well as inches will be used to allow companies to better compete.

VII. Resource Conservation and Recovery Act (RCRA), Section 6002 of Public Law 94-580 (codified at 42 U.S.C. 6962)

To be in compliance with the Resource Conservation and Recovery Act (RCRA), GSTMW will, in consideration of purchasing of goods, give preferences to vendors of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (EPA) (40 CFR parts 247-254) where all other things being of equal value.

VIII. Debarment and Suspension

The MWA shall not contract with any party which is debarred or suspended or is otherwise excluded from, or ineligible for, participation in federal assistance programs. A party's eligibility for participation in federal assistance programs can be determined by accessing the federal System for Award Management (SAM) located on the internet at <https://www.sam.gov>. The MWA and its sub-recipients will check this internet site to search for parties that are excluded from federal assistance programs to ensure that listed parties in violation of this requirement are not awarded assistance. (PI 15-12). This is required for all procurements that exceed \$150,000.

IX. Price/Cost Analysis

GSTMW will perform an independent cost estimate for competitive and sealed bid procurements prior to accepting proposals or procuring of goods. An independent cost estimate is an in-house estimate of the likely cost and price of the procurement. It provides a yardstick by which responders cost and prices shall be measured. The independent cost estimate will be prepared by GSTMW prior to issuing a solicitation for bids or proposals. A number of sources can be used to develop the independent cost estimate, such as 1) past and current contracts for the same or similar services; 2) contractor financial reports to develop estimates of labor, materials, and other direct costs for each segment of the requirements; and 3) historical costs that have been adjusted for inflation and upward or downward price trends.

A price or cost analysis shall be performed for every procurement action except micro purchases, including contract modifications, except those which have no monetary impact (PI 15-12). The Cost Analysis form is attached to this policy.

A. Price Analysis

Price Analysis shall be used when price reasonableness can be established on the basis of the catalog or market price of a product or is based on prices set by law or regulation. Price analysis is the process of examining and evaluating a price without looking at individual cost elements. The focus is the “bottom-line” price. The method and degree of the analysis depends on the particular procurement and pricing situation. At a minimum, the awarding agency shall make independent estimates before receiving bids or proposals. (PI 15-12)

A certification should be submitted by the responder to the MWA, stating that the cost data is accurate, complete, and current at the time of agreement, in all cases where a cost analysis is necessary and there is inadequate price competition. Awards or modifications negotiated in reliance on such data should provide the MWA a right to a price adjustment to exclude any significant sum by which the price was increased in cases where the awardees had knowingly submitted data that was not accurate, complete, or current as certified. (PI 15-12)

B. Cost Analysis

A cost analysis will be used to establish the basis for negotiation of contract prices where price competition is not adequate or is lacking altogether, and where price analysis, by itself, does not ensure the reasonableness of prices. Cost analysis will review and evaluate element by element, the cost estimate supporting a company proposal for the purpose of pricing a contract. This review will include analysis and evaluation of (1) the supporting data submitted by the responder, (2) the cost elements, and (3) the factors the responder considered in projecting from that data to develop the estimate of the cost to perform the specified work.

A cost analysis will be conducted for contract modifications and sole source procurements. Cost analysis will also determine if the proposed costs are allowed. Allowance is measured by the following standards:

- Necessity
- Reasonableness
- Allocable
- Terms of the contract
- Cost principles
- Funding Source regulations/policies

The general approach to analyzing proposed costs may include:

- Insurance of non-duplication
- Checking computations
- Reviewing for completeness of information
- Reviewing for proper categorization
- Determining the estimating basis
- Determining the allowability of the estimate
- Determination that excess program income and excess profit are not present
- Cost/price analysis will be documented for cases where a cost analysis is necessary and there is inadequate price competition. A certification will be required by the

responder that the cost data are accurate, current, and complete at the time of agreement. Awards or modifications negotiated in reliance on such data provides GSTMW a right to a price adjustment and exclude any significant sum by which the price increased when it can be demonstrated that the awardee knowingly submitted data that was not accurate, complete, or current as certified.

X. Contractor Responsibility

Prior to contract award, GSTMW should determine whether the prospective responder is a responsible source. In procurement parlance, responsibility pertains to a prospective responder's ability and capacity to perform the proposed work. GSTMW will document answers to the following questions:

- Federal Funds Eligibility Status - Has the prospective responder filed the required certification that it is not debarred or suspended from receiving federal funds? (29 CFR 98)
- Resources - Does the prospective responder have adequate personnel, facilities, and financing to complete the contract? If not, does it have the ability to obtain them? For this question, the evaluator must consider the existing work being performed by the source, as well as the proposed additional work.
- Capability - Does the prospective responder have the capability, in terms of skills and experience, to perform the work?
- Integrity and Business Ethics - Does the prospective responder have a record of sound integrity and business ethics?
- Organization - Does the prospective responder have the management, accounting and business systems necessary to perform the work?
- Past Experience - Does the prospective responder have a record of satisfactory past performance?
- Cost Certification - The prospective responder must submit a certification that the cost data information is correct, complete, and current at the time of the agreement on price in cases where a cost analysis is necessary and there is inadequate price competition. Awards or modifications negotiated in reliance on such data should provide the awarding agency a right to a price adjustment to exclude any significant sum by which the price was increased because the awardee had knowingly submitted data that was not accurate, complete, or current as certified.
- Other - Is the prospective responder otherwise eligible to receive the award under applicable laws and regulations?

XI. Contract Type

All contracts written by GSTMW will be written on a cost reimbursement basis, unless funding does not prohibit performance based contracts. Contracts written for proposers may be considered high-risk under certain situations. These situations may include:

- A history of unsatisfactory performance;
- Is not financially stable;
- Has a management system that does not meet the management standards set forth by the Regulations;

- Has not conformed to the terms and conditions of a previously awarded grant or sub-grant;
- Has not met the negotiation threshold in the evaluation process.

At the MWA's discretion, they may procure either single or multi-year program proposals and enter single or multi-year contracts. Multi-year contracts may not exceed a three (3) year period. Such multi-year contracts shall include provisions for first year funding and activity levels and provisions and conditions for the negotiation of subsequent year funding and activity levels.

XII. Files

A. Procurement and Vendor Files

Procurement and vendor files will be maintained for goods and services purchased of \$150,000 or less which used the Small Purchase procurement methods. These files will at a minimum include the following:

- Cost/Price Analysis
- Documented Quotes
- Business License and Insurance (if applicable)
- Completed "Procurement Procedures" form
- System for Award Management located on the Internet at <https://www.sam.gov>. (if applicable)

B. RFP/Q Procurement Files

RFP/Q Procurement files will be maintained for goods and services purchased over \$150,000, and other procurements where the Sealed Bid or Competitive procurement methods are used. These files will at a minimum include the following:

- Independent Cost Estimate to set baseline for reasonable costs
- System for Award Management located on the Internet at <https://www.sam.gov>.
- Copy of Public Notice to include dates printed and sources utilizing mailing list
- Bidders List and Bidders letter
- Request for Proposal or Quote
- Business License and Insurance (if applicable)
- Proposals Received
- Proposal Rating Sheets for all reviewers
- Summary of Ratings
- Cost/Price Analysis
- Justification of Selection
- Completed "Procurement Procedures" form
- Request for State Approval for procurement of equipment or capital improvements \$150,000 and over.
- State Approval Letter
- Board Agenda and Minutes showing recommendations and approvals.

C. Contract Files

- Negotiation Documents
- Letter to Incur Costs
- Extension Letter to Incur Costs (If applicable)
- Signed contract
- Signed modifications and the cost/price analysis for the modification (If applicable)
- All correspondence related to contract
- Copies of Insurance policy(s) if applicable
- Documentation relating to termination actions
- Any other documentation related to contract

XIII. Appeal and Protest

All appeals and protests will be handled in accordance with current Federal, State, and local guidelines. The Appeal Process is attached to this policy.

XIV. Contract Requirements

All contracts over \$100,000 written by GSTMW will minimally include the following:

- Clauses that provide clear specifications of the deliverables and the basis for payment;
- Compliance with Funding Source regulations;
- For contracts other than small purchases, administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, which shall provide for such sanctions and penalties as may be appropriate;
- Notice of Funding Source requirements pertaining to patent rights;
- Notice of Funding Source requirements pertaining to copyrights and rights in data; and
- Termination for cause and for convenience by the awarding agency, including the manner by which the termination will be effected and the basis for settlement.

GST Michigan Works!, the Workforce Development Agency, (WDA), the United States Department of Labor, or any of their duly authorized representatives will be granted access to any books, documents, papers, and records (including computer records) of the contractor or subcontractor which are directly pertinent to charges to the program, in order to conduct audits and examinations, and make excerpts, transcripts, and photocopies. This right also includes timely and reasonable access to contractor's and subcontractor's personnel for the purpose of interviews and discussions related to such documents (vendor contract):

- Notice of awarding agency requirements and regulations pertaining to reporting;
- Audit rights and requirements;
- Payment conditions and delivery terms;
- Process and authority for contract changes;
- Provision against assignment;
- The assurance of nondiscrimination and equal opportunity as found in 29 CFR 37.20, assurance required; duration of obligation, covenants;
- Compliance with Equal Employment Opportunity (for constructions contracts in excess

- of \$10,000);
- Compliance with the Copeland Anti-Kickback Act;
- Compliance with the Davis-Bacon Act (for construction contracts in excess of \$2,000 and when required by Federal grant program legislation);
- Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (for construction contracts in excess of \$2,000 and in excess of \$2,500 for other contracts which involve the employment of mechanics or laborers);
- Retention of records as required by the contracted funding source;
- Compliance with applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act, Section 508 of the Clean Water Act and Environmental Protection Agency Regulations (for contracts in excess of \$100,000);
- Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued for compliance with the Energy Policy and Conservation Act;
- Compliance with The Metric Conversion Act, regarding acceptance of metric measurements in procurement of goods;
- Compliance with Resource Conservation and Recovery Act, that requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (EPA); and
- Compliance with Fair Labor Standards Act (FLSA).

An example boilerplate for all contracts written by GSTMW for participant services and other procurements is available in the Workforce Training Department.

XV. Contract Administration

Payments to contractors for services will only be made according to the terms of the contract. This procedure is also outlined in a separate policy directive. Documents with original signature must be on file before checks in payment will be released. Standard payment date is three weeks from receipt of the expenditure report.

Requests for modifications by the Subcontractor must be in writing to the CEO. Upon approval of the modification by the CEO, responsible staff will issue a modification to the contractor for signature. This will include signature sheets and replacement pages for those pages of the contract affected by the modification. The CEO or assigned GSTMW staff will sign the modification as the representative of GST Michigan Works.

A contractor must include in their proposal any intent to subcontract any of the services proposed. Approval of GSTMW is required for all subcontracts. These procurement policies must be followed in any and all procurement of contractors. Failure to request approval of subcontracts is grounds for termination.

XVI. Contractor and Agency Disputes

All agency/contractor disputes arising from the terms of the contract must be addressed in writing to the CEO of the GSTMW. Correspondence must include the contract clause in dispute, the nature of the dispute, and any potential solution. Disputes will be processed in accordance with State and local policy.

ATTACHMENTS

**GST MICHIGAN WORKS! (GSTMW)
REQUEST FOR PROPOSAL (RFP) APPEAL PROCESS**

In accordance with applicable regulations, proposers who are denied funding have the right to appeal. The following steps must be taken for organizations to appeal funding decisions.

1. Submit a letter within three business days from the date of the contract award to the Chief Executive Officer of GSTMW stating that an appeal to the contract award is being filed and the specific reasons for that appeal based on the four criteria below:
 - a. Clear and substantial error or misstated facts upon which the decision was made by the WDB. An appeal will not be accepted if it attempts to modify or include additional information to the original proposal.
 - b. Unfair competition or conflict of interest in decision making process.
 - c. Any illegal or improper act or violation of law. The basis shall be explicitly stated and make specific reference to appropriate sections of law, regulations and/or contracts.
 - d. Other legal basis on grounds that may substantially alter the WDB decision.
2. The Chief Executive Officer will review the appeal and respond within 10 business days.
3. In the event the Chief Executive Officer's response is not satisfactory to the proposer, an appeal to the appropriate GSTMW Executive Committee (Board Officers) may be requested. The request must be addressed in writing within 10 business days from receipt of response from the CEO. The appeal will be heard by members of the Executive Committee at a time set by the Chair. The decision of the Executive Committee will be issued within five business days. This decision is final. No additional appeal process is available.

GST Michigan Works Conflict of Interest/Code of Conduct

I. Ethical Standards

A. Conflict of Interest

No individual in a decision-making capacity, (including a Workforce Development Board or Governing Board member, an MWA/service provider, TDCC member, chief elected officials, local elected officials, MWA employee, officer or agent, or grant recipient) shall engage in any conflict of interest, actual or apparent, in the selection, award or administration of a contract or grant under any funds received by GSTMW.

It is a breach of ethical standards for any of the above individuals to participate directly or indirectly in procurement transactions when:

- An immediate member of his/her family has a financial or other interest in the firm selected for the award;
- A business organization in which any of the individuals listed above or a member of his/her immediate family has a financial interest pertaining to the procurement, including business partner; or,
- Any other person, business, or organization with whom the individual or any immediate family member is negotiating or has an arrangement concerning prospective employment is involved in the procurement.

When the employee or immediate family member holds financial interest in blind trust, there will be no conflict of interest, provided that the blind trust has been disclosed to the organization governing procurement ethics.

Whenever the employee discovers, or becomes aware, of such an actual or potential conflict, he/she should promptly withdraw from the procurement, or seek guidance on participation from the Chief Executive Officer of GSTMW.

Any person involved with the procurement, which has or obtains any benefit from any contract with a business in which he/she has a financial interest must report this to the appropriate official or group, except when the interest has been placed in a disclosed blind trust.

Immediate family member includes the employee's spouse, children, foster children, step-children, parents, step-parents, grandparents, step-grandparents, spouse's grandparents, grandchildren, brother, step-brother, sister, step-sister, significant other and any immediate relative by blood or marriage (i.e., in-laws, cousins, nieces, nephews, aunts and uncles). A "significant other" is defined as a person with whom an employee is in a permanent relationship who resides at the same address as the individual in a decision-making capacity.

B. Gratuities and Kickbacks

It is a breach of ethical standards for anyone to offer, give or agree to give, any GSTMW employee, former GSTMW employee, Governing Board or Workforce Development Board member, officer or agent or for an employee, former employee, Governing Board or Workforce Development Board member to accept from another person, a gratuity or an offer of employment in connection with any aspect of procurement.

It is a breach of ethical standards for any payment, gratuity, favor, anything with a monetary value, or offer of employment to be made by, or on behalf of, a subcontractor under a contract to the prime contractor or higher tier subcontractor, or any person associated with these, as an inducement of the award of a subcontract.

C. Contingent Fees

It is a breach of ethical standards for anyone to be retained, or to retain anyone, to solicit or secure a contract for a commission, brokerage or contingent fee or the promise of such payments. This prohibition does not apply to the hiring of bona fide employees of an organization, or to retaining a bona fide commercial selling organization.

D. Confidential Information

It is a breach of ethical standards for any employee, former employee, Governing Board or Workforce Development Board member, officer, or agent to use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

E. Fairness and Impartiality

Everyone involved in the procurement process should be fair to all responders and contractors. In the event where a reviewer is so opposed to a responder before he or she goes into the review and that reviewer cannot rise above this feeling, then the reviewer should withdraw from the review group.

F. Less-than-arm's length

A less-than-arm's length situation for any procurement is not permitted utilizing governmental funds. A less-than-arm's length arrangement is defined as follows:

- One party to the agreement is able to control or substantially influence the actions of the other.
- Both parties are parts of the same government unit; or
- An agency creates an authority or similar entity to acquire and lease back equipment, space, or facilities to the agency or other parties.

G. GSTMW Governing Board/Workforce Development Board Members Conflict of Interest

No member of either board shall cast a vote on or participate in any decision-making capacity or the provision of services by that member (or any organization which that member directly represents) or on any matter which would provide direct financial benefit to that member or member of his/her immediate family.

II. Sanctions and Remedies for Breach/Violation of Code of Conduct Standards

Administrative remedies against non-employees:

- The first violation may result in a written warning outlining violation and request for suspension of said activity.
- The second violation may result in a written reprimand indicating violation and resultant debarment/suspension if activity continues.
- The third violation may result in debarment or suspension from being a committee member of the Board or subcontractor. (For Board members: An affirmative vote of 51% of the Board members present at a meeting in which there is a quorum and all members have been provided a notice of the meeting which specifies the proposed removal.)

Administrative remedies against employees:

- The first violation may result in an oral or written warning.
- The second violation may result in a written reprimand.
- The third violation may result in suspension, with or without pay for specified periods of time; and possible termination from employment.

Due Process:

All procedures under this policy shall be in accordance with due process requirements. Notice and opportunity for a hearing shall be provided prior to imposition of any suspension or termination of employment.

GST MICHIGAN WORKS Independent Cost Estimate Form

(List item being procured.)

Independent Cost Estimate

Determine the estimated cost that would be expected as a result of this procurement based on the review of the various factors noted below **and attach documentation** for the procurement file:

1. Cost in prior year:

2. Cost current surveyed:

3. Other factors that may affect the costs (please list factors identified:

Projected cost (total):

GST MICHIGAN WORKS

Lease vs. Purchase Analysis

When applicable a Lease vs. Purchase analysis should be performed. This documentation should include the price of the lease and the purchase price. If the lease is less expensive, then an explanation as to why the item is being purchased must be documented. If the purchase price is less expensive and a lease is being entered into, an explanation as to why the item is being leased must be documented.

(List item being procured.)

Lease Price:

Purchase Price:

Explanation: