

## **Raintree Lake Property Owners Association**

### **RLPOA Purchasing Policy and Procedure**

Date: 08/11/15

**Title:** RLPOA Purchasing Policy, Procedure and Authorization

**Purpose:** Identify the types of purchases RLPOA makes, identify the most effective and fiscally responsible method of affecting those purchases and identifying those having the authority to make those purchases.

**Responsibility:** RLPOA Board of Directors, RLPOA Committee Chairpersons, RLPOA Committee members (as authorized by their appropriate chairperson), RLPOA General Manager and RLPOA staff members as designated by the General Manager.

### **Definitions:**

- **RFP** – **Request for Proposal** - For the purpose of communication consistency, this term shall be used when soliciting costs for “services” eg; water testing services, insurance coverage, etc.
- **RFQ** – **Request for Quotation** - For the purpose of communication consistency, this term shall be used when soliciting costs for “goods” eg; new mower, picnic benches, etc.

**Use of Contracts:** The use of contracts should be considered when purchasing services of significant value and/or liability exposure to either Raintree Lake Property Owners, the Association, or the vendor may exist. The contract document can be drafted by either the vendor or RLPOA (sample draft document is attached) but should be reviewed by RLPOA council prior to executing.

### **Spending Authority and Limitations:**

- The RLPOA General Manager shall have the authority to purchase goods or services with an anticipated value of \$2,000.00 or less without prior RLPOA Board approval for budgeted expenditures. It shall also be left to the General Manager’s discretion whether or not to obtain competitive costing.
- Amounts from \$2,001.00 to \$3,000.00 require Board approval only.
- All expenditures with an anticipated value of between \$3,001.00 and \$9,999.00 shall require at least 2 competitive bids (using the appropriate RFP or RFQ) and RLPOA Board approval for budgeted expenditures.
- All expenditures with an anticipated value greater than \$10,000.00 shall require at least 3 competitive bids (using the appropriate RFP or RFQ) and must have RLPOA Board approval. If 3 competitive quotes cannot be obtained, a written

- record must be kept of the attempt which explains why the quotes were unavailable.
- Critical equipment or repair expenditures up to \$6,000.00 that are essential for the operation of Raintree Lake may be authorized by the General Manager, Treasurer and/or President without Board approval. The General Manager shall then be responsible to notify the remaining Board members in a timely manner by phone, email or fax.

**Specifications and/or Descriptive References:** It shall be the responsibility of the person initiating the RFP, RFQ and/or Purchase Order to obtain and communicate an adequate description of the anticipated expenditure. This can be accomplished using many methods:

- Develop specifications internally using various committees, Board, legal and or local expertise.
- Using the verbiage from a vendor's final negotiated proposal or quotation.
- Using commercially acceptable descriptions for standard items or material.

The specification can be either performance-based or output-based and should use clear language. It is important that the potential supplier knows exactly what is required. In general, the specification will be written in two parts. Firstly, the essential criteria - what the equipment must do, and secondly, the desirable criteria - any extras or factors which could enhance its operation and suitability.

**Note:** Always consider the liability factor to the RLPOA when communicating specification requirements to vendors so that risk is reduced or eliminated.

**Vendor Qualification:** The General Manager shall be responsible for maintaining a Qualified Vendor List. This list shall include current and past vendors that the RLPOA has had successful and competitive relationships. This list shall also reference the type of service and/or goods these vendors have or are capable of providing. When project managers or the General Manager is qualifying a new vendor, it will be advisable to have the prospective vendor complete the Vendors Information Questionnaire and check all references before they can be added to the RLPOA qualified vendor list. All vendor Information Forms shall be kept in a "Vendor File" for future reference.

**Quotation and Bidding Process:** The keystone of the quotation procedure is that potential suppliers are given an equal opportunity to bid for RLPOA requirements. The procedures should be transparent and non-discriminatory. It is necessary, therefore, that all suppliers receive the inquiry at the same time, have the same opportunity to discuss the requirement and submit the sealed, secret bids on or before a stated date and time. Dealings with suppliers must be honest, fair and even-handed at all times. Staff and project managers should clearly communicate deadlines and expectations.

Any information provided by vendors should be regarded and treated as confidential.

The Project Coordinator or committee will review the bids, follow up and resolve any questions and ensure the proposals meet the project specifications. They will make a

recommendation, supported by cost, quality, or terms that exceed the basic specifications. If the selection is not based solely on cost, the reason must be supported and documented.

**Award and Execution Process:**

- In accordance with the Spending Authority section above, the project coordinator and/or the General Manager will select the vendor. In the event a contract is to be awarded or the spending limit requires, the Board will select the winning bidder and direct the General Manager to award the project.
- The General Manager will handle all the financial business, the scheduling and the legal aspects of the contract.
- The General Manager may delegate the responsibility of being the “Site Contact” to the Project Coordinator or any other qualified individual. The Site Contact will provide field support as requested by the vendor, ensure the vendor adheres to all the RLPOA rules and contractor’s guidelines, and act as a liaison to the General Manager.
- The General Manager will be responsible for arranging and documenting the inspection and acceptance of the project. The actual site inspection may be delegated to the Project Coordinator or another qualified individual.
- Invoices will be submitted to the General Manager for payment or approval by the Board of Directors if necessary.

**Note: Authority to amend RLPOA Policies and Procedures shall rest solely with the RLPOA Board of Directors. All recommendations to amend Policies and Procedures shall be brought before the Board in regularly scheduled meetings.**