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BOARD OF TRUSTEES SPECIAL MEETING

Tuesday, April 05, 2022 at 12:00 PM
Hamburg Township Hall Board Room

AGENDA

CALL TO ORDER

PLEDGE TO THE FLAG

ROLL CALL OF THE BOARD

CALL TO THE PUBLIC

CONSENT AGENDA

APPROVAL OF THE AGENDA

UNFINISHED BUSINESS

CURRENT BUSINESS

1. 4.0 Financial Administration

CALL TO THE PUBLIC

BOARD COMMENTS

ADJOURNMENT

HAMBURG TOWNSHIP



ADMINISTRATIVE POLICIES AND PROCEDURES MANUAL

Effective Date:

Rescinds:

Title: **FINANCIAL ADMINISTRATION**

No: **4.0**

4.0 FINANCIAL ADMINISTRATION

4.1 Accounts Payable

4.1(a) Department Head Authorization. All requests for payments, i.e., invoices or expense vouchers, shall be processed in accordance with Section 4.8(d) of this manual, and shall be approved by the department head responsible for the cost center to which the expense shall be posted. The department head shall indicate that the expense is authorized and correct by affixing the account number and his or her initials to the invoice. All approved bills must be submitted to the accounting department at least 5 days prior to the Board meeting at which claims will be audited for approval.

To review:

4.1(b) Warrant Reports. The Clerk shall ~~warrant~~ provide ~~prepare~~ an account payable listing ~~warrant~~ report to the Board showing the vendor name, nature of the expense, invoice number and account number. Any items paid prior to board audit, as discussed in Section 4.8(e), shall be noted on the warrant report.

The Clerk shall sign the accounts payable checks ~~warrant~~ for all claims approved by the Board. A copy of the warrant shall be filed in the Clerk's office.

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

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

The amount of petty cash to be retained for the general fund shall be \$200.00.

4.2 Payroll

4.2(a) Time Sheets. All completed time sheets shall be submitted to the payroll department Clerk on the Friday before the next payroll date. Time sheets will be signed by both the employee and the employee's department head. Time sheets are also required for per diem requests.

4.2(b) Deductions and Withholdings. The Human Resource Department shall be notified at least 5 days prior to the end of the pay period of any changes in voluntary deductions or withholding allowances desired by an employee. All voluntary deductions shall be authorized in writing.

4.2(c) Pay Advances. Pay advances shall not be authorized under any circumstances.

4.2(d) Payroll Problems. Employees will immediately notify the Human Resource Department of any problems or errors on their paychecks. A written account of the problem and its resolution shall be prepared by the Human Resource Department.

4.3 Cash Receipts

4.3(b) Fiduciary Bonds. All employees authorized to receive funds shall be bonded through our liability insurance provider.

4.3(c) Receipts. A Township receipt shall be issued for all cash, including checks, received by the Treasurer's office. The receipt shall include the amount received, name of the payer, and purpose.

4.3(d) Deposits. Total cash collected shall be reconciled to the sum of the receipts and shall be deposited in the appropriate Township bank account. The following positions are authorized to make bank deposits: Treasurer, Deputy Treasurer and Treasurer's Clerk.

4.3(e) Bank Reconciliations. The cash balances of the various fund ledgers shall be reconciled to the bank statements monthly. The cash balances should be the result of the cash receipts and disbursement activities and shall be derived from the same accounting records used in preparing the financial reports discussed in Section 4.5(a).

The bank reconciliation shall be prepared by the Accounting Specialist and approved by the Director of Accounting.

4.4 Accounts Receivable

4.4(a) Invoice Preparation. The Billing Clerk shall be responsible for preparing invoices for revenues due to the Township. All invoices shall include a remittance advice to be returned to the Township with payment. The remittance advice shall include the name, amount invoiced, and purpose. A copy of the invoice shall be supplied to the department responsible for generating the invoice.

4.4(b) Posting and Distribution. A copy of all invoices or bills for moneys received by the Township shall be given daily to the Billing Clerk who shall supply the information to the Accounting Department for posting receivables to the general ledger.

The Billing Clerk shall maintain a detailed subsidiary record by individual which shall be reconciled to the general ledger control on a monthly basis.

4.4(c) Method of Accounting. For all remittance advices received in accordance with Section 4.3(c), the accounting department shall credit the receivable. A monthly listing of all amounts invoiced but not yet received shall be prepared and reconciled to the general ledger as discussed in Section 4.4(b).

4.5 Financial Reporting

4.5(a) Finance Control Book ~~Periodic Expenditure and Revenue Report.~~ The Treasurer and the Accounting Director department shall prepare a monthly financial report (Finance Control Book) to the Board of Trustees each month. ~~the Board.~~ The report will be current through the last day of the previous month and shall be presented to the Board at its first meeting of each month. The Finance Control Book shall include the following: ~~financial report for each fund will show the following information for revenues and expenditures for each line item:~~

1. Account Number
2. Description of the Account
3. Amended Budget
4. Month to Date
5. Year to Date
6. Budget Balance
7. Percentage of Budget Balance

4.5(b) Periodic Balance Sheet Report. The accounting department shall prepare a quarterly balance sheet showing the assets, liabilities and equities for each fund.

4.5(c) Investment Performance Report. The Treasurer shall prepare a quarterly report of all interest-bearing activities, including the name of the financial institution, type of investment, anticipated yield and date of maturity.

4.5(d) Financial Reports Review. The Supervisor, Clerk, and Treasurer shall review the financial reports prior to the Board meeting and shall recommend to the Board any necessary budget amendments or fund transfers.

4.6 Inventory of Fixed Assets

4.6(a) Responsibility. The Finance Department Clerk shall maintain an inventory of the Township's fixed assets that are tangible, have an expected useful life of at least one year and have a value of at least \$2,500.00.

4.6(b) Updating. The Finance Department Clerk shall add or remove fixed assets from the inventory at the time of acquisition or disposal. The inventory shall include the following information on each asset:

1. 5-year Financial Projections ~~Acquisition Date~~
2. 10-year taxable values ~~Name and Address of Vendor~~
3. Cash Summary for Month ~~Description~~
4. Consolidated Cash Flow Statement ~~Responsible Department~~
5. Yearly Debt Schedule ~~Location~~
6. Fund Balance History ~~Acquisition Cost (if gift, estimated fair value at time of donation)~~
7. Millage Rate History ~~Fund (from which it was purchased)~~
8. Monthly Banking Report ~~How Acquired (purchase, lease/purchase, construction, condemnation, tax foreclosure, gift)~~
9. Monthly Revenue and Expenditure Reports ~~Estimated Life~~
10. Approved Financial Institution Report ~~Date and Method of Authorized Disposition~~
11. ~~Permanent Identification Number~~

4.6(d) Disposal of Fixed Assets. ~~Department heads shall make note on the annual inventory, or shall notify the Clerk sooner if desired, of any equipment that would be appropriate for disposal. The Department heads Clerk shall prepare a list of all such equipment recommended for disposal and shall submit the recommended disposal of fixed assets list to the Board for approval. The Board shall determine the method of disposal, which may include sealed bids, auction, negotiated sale, gift or disposal. Township officials and employees are not eligible to purchase Township fixed assets by negotiated sale without the approval of the Board. An elected official shall refrain from voting on any negotiated sale involving the elected official.~~

4.7 Budgeting

4.7(a) Designation of Budget Officer. ~~The Accounting Director Supervisor shall be the Township budget officer and shall be responsible for the development and administration of the Township budget.~~

4.7(b) Timetable. ~~The proposed budget schedule shall be developed according to by the following schedule the Supervisor and Accounting Director each year and approved by the Board:~~

_____ Date	_____ Activity
(1st meeting in Feb)	Budget policies developed by Township Board
(February 15th)	Informational meeting for department heads
(March 1st)	Department heads submit proposed revenue and

- ~~_____ expenditure plans to Supervisor~~
- ~~(April 1st) _____ Supervisor presents proposed budget to the Township Board~~
- ~~(May 15th) _____ Township Board adopts tentative budget~~
- ~~(June 1st) _____ Budget public hearing held by Township Board~~
- ~~(June 15th) _____ General Appropriations Act adopted~~

4.7(c) Adoption. Unless noted in the General Appropriations Act, all Township funds are adopted on a department of function basis.

4.7(d) Transfer Authority. The Accounting Director ~~budget officer~~ shall have authority to make transfers among the various line items within departments. Transfers between departments may be done by Board approval only. The Board shall be notified at its next meeting of any such transfers made, and the Board may modify, amend or nullify any such transfers made. Under no circumstance may the total amount of appropriations be changed without prior Board approval.

4.8 Purchasing Policy

A. Purpose

The purchasing policy ~~purchase order~~ is the legal document is used to initiate and control purchases. The purpose of the purchasing policy procedure is to facilitate a more complete accounting control and the preparation of accurate, up-to-date, financial reports. The program allows the issuance of purchases ~~orders to vendors~~ with pre-defined terms. It will provide a complete history of the purchases made from an individual vendor during the year. This will assist in making purchases at the best price possible and the best terms.

B. ~~Purchasing Procedure Order Request~~

For all purchases, the Department will generate a purchase order request with the exception of professional services, annual contracts and purchasing items from Central Stores which is documented in Section IV. the Department Head must ensure that budgeted funds are available before the purchase requisition can be ordered. Once the item is received by the department the shipping receipt along with the invoice should be approved by the Department Head and the expense account listed. Than the invoice will be forwarded to the Finance Department for processing. ~~Approved entered.~~ Purchases up to \$7,500.00 ~~\$1,000.00~~ (provided that the funds are available pursuant to the approved department budget) are approved by the Department Heads. Purchases between \$7,600.00 and \$10,000.00 ~~5,000.00~~ will require the additional approval of either the Supervisor, Clerk, and Treasurer. Purchases exceeding \$10,000.00 must receive Township Board approval except in cases where the expense is considered an emergency – to protect the health, welfare, safety and wellbeing of the community. In this case, the purchase may be authorized by the Supervisor, Clerk and Treasurer, collectively. If the Supervisor, Clerk and/or Treasurer are unavailable, then consent must be obtained from

one or more Trustees for a total of four (4) Board of Trustees members. Expenditures necessary to perform the daily operation functions, i.e. monthly utilities, membership, yearly maintenance agreements, software renewals and professional services previously approved will not require any additional Board approval. ~~monthly utilities, yearly maintenance agreements, professional services, assessment notices, tax bills, etc. require prior Board approval.~~

C. Preferred Vendor List

The Finance Department at the beginning of each fiscal year, will provide each Department Head with a Preferred Vendor List of business with which the Township has a verbal or written agreement negotiated which may include price discounts, simplified ordering methods, set delivery arrangements, or specialized customer service. The Department Heads are to use the list of preferred vendors.. If an additional outside vendor is identified to be a potential preferred source, the Department Head or his/her designee shall research the vendor for possible inclusion on the Preferred Vendor List. A W9 form must be obtained from the vendor before the vendor information can be entered into the Accounts Payable program. Where applicable, vendors must also provide proof of liability/casualty insurance and workers comp insurance with the Township to be named as an additional insured on the vendor's insurance policy. If the vendor has no employees they may provide the Township with a copy of a completed Sole Proprietor form, however; if the vendor company is licensed as an LLC they must obtain a Certificate of Liability from their insurance company for workers compensation even if they do not have any employees. Upon collection of the necessary documentation by the Department, the vendor information shall be forwarded to the Purchasing Agent to enter new vendors into the Accounts Payable program. Under no circumstances, is the Department Head or designee to enter a new vendor into the system when entering a purchase requisition.

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~~E. Purchase Order Data Entry~~

~~1. Logging On~~

~~Double click on the **Purchase Order.Net** icon to open software. When logging on, you will be prompted to enter your User Name and Password. Type your user name and press tab to move to the Password field then hit enter on the key board. If you have difficulty logging on, contact the BS&A software company. This company provides unlimited telephone support for this product as part of the Annual Support Agreement. Support staff can be reached at **517-641-8900** and are available between 8:30 a.m. and 5:00 p.m. EST, Monday Friday, with the exception of holidays. Ask for Purchase Order support. If you have difficulty logging on due to a network issue/error, please contact the Technical Services department. **NOTE:** If updates are available, the Purchase Order program will not allow you to log into the system until you have completed the automated update.~~

~~2. Entering Purchase Requisitions~~

Enter purchase requisitions through the Purchase Order Entry Menu. Click onto the "Add" button shown as a plus sign within a green circle found on the top tool bar. Here the Department Head or designee will enter information such as the vendor name, delivery/ship to address, product code, quantity, price, terms, etc. While entering information into the requisition summary page, the Department Head or his/her designee should note that the PO type box should show an "R" for a regular purchase order. The Purchasing Agent shall enter all blanket purchase order requests based upon information submitted by the Department Heads.

In addition to the purchase order information, the General Ledger expense account number for which the purchase will be charged needs to be entered. The Department must ensure that budgeted funds are available before the purchase requisition can be entered. Department Heads may still approve a purchase requisition even if the General Ledger line item is over budget. Once the information has been entered and saved, the Purchase Order program will send an e-mail to the Department Head to notify him/her that the purchase requisition has been entered and is ready for their approval.

If the purchase is for \$1,000 or less:

The Department Head should review the purchase requisition for his/her approval. The Department Head may choose to approve or deny/cancel the purchase requisition request. If approved, the Purchase Order program forwards an e-mail to the Purchasing Agent notifying him/her that the purchase requisition has been approved a P.O. can be issued. The Purchasing Agent will use this notification as authorization that the P.O. is ready for issuance and distribution to the vendor.

If the purchase is between \$1,000 and \$5,000:

The Purchase Order program will also e-mail the purchase requisition request to the designated Administrator (Supervisor, Clerk, Treasurer). The Administrator will respond by either approving or denying the request. If approved an e-mail will be generated by the Purchase Order program that will serve as authorization for the Purchasing Agent to proceed with issuing the purchase order.

If the purchase is greater than \$5,000:

Purchases greater than \$5,000 need at least three written quotes and purchases greater than \$20,000 require sealed competitive bids (the details on how to conduct the quoting and bidding process are included in the Township Administrative Policies and Procedures, Section 4.8 Expenditures Control).

The Department Head will use the current policy to determine the recommended vendor for the purchase. If the Department needs assistance in obtaining the required quotes or bids, he/she can request assistance from the Purchasing Agent so that a request for proposal or quote can be prepared and forwarded to the approved vendors. For those purchases over \$20,000 requiring a sealed competitive bid, a notice inviting bids or

requesting proposals shall be published as least once in the most appropriate medium or media, as determined by the Purchasing Agent, at least seven days before the last day set for receiving proposals or bids by the Township. This seven-day time period may be reduced if a written determination is made by the Purchasing Agent that the acquisition is urgent and sufficient vendors have been notified directly.

Sealed bids shall be submitted to the office of the Purchasing Agent on the prescribed forms, or another Township official as designated in the solicitation for bids, on or before the date and time specified for the receipt of bids or proposals in the invitations to bid and bidding instructions. Upon its receipt, each bid and modification shall be time-stamped but not opened and will be stored in a secure place by the Purchasing Agent until the time and date set for bid opening. A tabulation of all bids shall be made by the Purchasing Agent and be available for public inspection. A copy of the bid tabulation will be forward to the Department Head who requested the quote and/or bid.

The Department Head will prepare the required quote and/or bid purchasing request information needed for Township Board approval. A detailed report/request including all back-up bidding information is to be prepared and turned over to the Township Clerk for placement on the next Township Board agenda for action. The Township Board of Trustees or designee of the Board shall examine all bid tabulations and recommendations from the Purchasing Agent to select the lowest responsible bidder.

Once the Township Board has authorized the purchase, the Department Head or his/her designee will then enter the purchase requisition into the Purchase Order program. After all of the necessary approvals are made through the P.O. program the Purchasing Agent will process a Purchase Order for distribution to the vendor.

3. — Purchase Requisition Reports

After the purchase requisition request has been entered and saved by the Department Head or his/her designee, a purchase requisition report should be printed out and signed by the Department Head. To print out the report, click on "Reports" on the top tool bar. Next click onto "Purchase Requisition Reports". Make sure the category shows the same name and that the name of the report is "Standard Requisition Multi-GL 1". Set the destination of the report to "printer" and click on "run report". The signed Purchase Requisition report should then be forwarded to the Purchasing Agent for attachment to the Purchase Order.

F. — Finalizing Purchase Orders

The Purchasing Agent will log on to the program and call up the purchase requisitions to complete the process. The Purchase Order program will create encumbering journal entries that can be appended and posted to the General Ledger and made available for use in Accounts Payable. If a purchase order needs to be changed after it has been issued, the Purchasing Agent may edit the P.O. to correct any errors or omissions. The revised

~~journal entries transmitted to Accounts Payable will also be updated with the corrected information.~~

~~At this point, the order will be placed for goods or services. The purchase order indicates the number, type, and unit cost of the item(s) needed and the full cost of the order. A copy of the purchase order, initialed by the purchasing agent indicating that the order has been placed, is then forwarded to the initiating department and a copy is sent to the vendor.~~

G. Receiving Goods Ordered

In most cases the goods ordered will be delivered directly to the Department from the source. Immediately check the goods for condition and quantity. Compare them to the copy of the purchase order. If there are any issues with the shipment, contact the Purchasing Agent, who will resolve them with the vendor. After examining the goods, sign and date the shipper and return it to the Purchasing Agent who will log it has received and forward to the Accounting Department.

H. Invoice Approval

Once the invoice is received, it must be approved by the Department Head and forwarded to the Accounting Department for payment. If the invoice is within \$100.00 of the original purchase order, no additional approvals are necessary. If the actual purchase exceeds the original purchase order by more than \$100.00 (and does not exceed the approved spending limit) documentation/justification and appropriate approvals will be required.

I. Petty Cash Purchases

Petty cash accounts are used by Departments for small purchases, reimbursements and other transactions for which the use of Township checking accounts would be inefficient or impractical.

- A. Petty cash funds are "imprest" accounts. This means that a specific amount of cash is provided to a Department to be used for departmental business. The petty cash amount is established by the Township Board. One departmental employee must be designated as the "Petty Cash Custodian". This person will be responsible for the Department's petty cash balance.
- B. Original requests for petty cash funds must be submitted to the Department Head for approval using the "Petty Cash Request/Replenishment Form".
- C. There are two methods of withdrawing funds from petty cash:
 1. The reimbursement method: Petty cash may be used to reimburse an individual for a purchase that was made using his/her personal funds. Upon presentation of

an original receipt, vendor invoice, or other adequate documentation to support the expenditure, the petty cash custodian will reimburse the individual for the exact amount of the purchase, less any sales tax.

2. The petty cash custodian may advance petty cash to an individual in anticipation of a purchase. Since the purchase has not yet been made at the time of the petty cash withdrawal, the amount withdrawn may vary from the amount of the actual purchase. Documentation must be submitted to the petty cash custodian within three days of purchase. If the actual expenditure is less than the amount advanced, the individual must return the excess cash together with valid documentation of the expenditure. If the actual expenditure was more than the amount advanced, the individual may be reimbursed for the excess amount after submitting adequate documentation to support the expenditure.
- D. When the fund needs replenishing, the petty cash custodian will summarize all expenditures on the "Petty Cash Request/ Replenishment Form". The total of all invoices and petty cash vouchers must equal the total of the summarized expenditures. The completed "Petty Cash Request/Replenishment Form" must be signed by the petty cash custodian and approved by the Department Head and submitted to the Accounting Department.
- E. Once the Accounting Department has reconciled the activity, they will process the replenishment of the petty cash balance.
- F. Petty cash should be secured at all times.
- G. A petty cash expenditure is no different from any other expenditure in that all withdrawals from petty cash must be supported by adequate vendor documentation and budgeted funds must be available for the purchase. The employee making the purchase must write on the receipt what was purchased and for what purpose.

J. Credit Card Purchase

The Hamburg Township Supervisor is responsible for issuing, accounting for, monitoring, retrieving and generally overseeing compliance with the Township's credit card policy. Hamburg Township credit cards may be used only by an officer or employee of the Township for the purchase of goods or services for the official business of the Township. Township officers and employees who use a Township credit card shall, as soon as possible, submit a copy of the vendor's credit card slip to the Township Purchasing Agent. If no credit card slip was obtained that described the transaction, the employee shall submit a signed voucher that shows the name of the vendor or entity from which goods or services were purchased, the date and the amount of the transaction, the official business that required the transaction, and the chart of account number indicated the line item to which the transaction is to be charged. All credit card slips shall include this information as well. Vouchers shall also include a statement why a credit card slip was not obtained.

An official or employee who is issued a credit card is responsible for its protection and custody. If a credit card is lost or stolen, the Hamburg Township Supervisor shall be notified immediately. The entity issuing the lost or stolen credit card shall be immediately notified to cancel the card.

~~An officer or employee issued a credit card shall return the credit card to the Township Purchasing Agent upon the completion of the transaction.~~

The Hamburg Township Accounting Director shall maintain a list of all credit cards owned by the Township, along with the name of the officer and/or employee who has been issued the credit card, the limit established, the date issued, and the date returned. Each employee shall initial the list beside his/her name to indicate agreement that the credit card has been issued, and the employee has received a copy of this policy. The Township Purchasing Agent shall review each credit card statement as soon as possible to ensure that transactions comply with this policy. Any transactions that appear on the statements that are not documented with a credit card slip or a signed voucher shall be immediately investigated. Transactions that do not appear to comply with this policy shall be reported to the Township Board. Credit card purchases require purchase requisitions and purchase orders.

The Township Board shall not approve a payment to the entity issuing the credit card until all transactions have been verified, including the approval of all transaction invoices if issued. The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within not more than 60 days of the initial statement date.

Officers and employees who use a Township credit card in a manner contrary to this policy shall be subject to the following disciplinary actions, as deemed appropriate by the Township Board:

- a) Verbal Counseling,
- b) Written Reprimand,
- c) Suspension,
- d) Termination, and
- e) Reimbursement to the Township for unauthorized expenditures.

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4.9 EXPENDITURES CONTROL

(a) **Written Contract Required.** Except as otherwise provided, all supplies and contractual services, when the estimated cost thereof exceeds twenty thousand dollars (\$20,000.00), shall be let only after received sealed competitive bids or sealed proposals, resulting in a written contract. Such purchases shall be from the lowest responsive, responsible bidder, or from the proposal of best value, except as otherwise provided in this Section.

(b) **Exceptions.** Contracts for professional services; emergency and/or Township owned vehicle purchases (three (3) written quotes shall still be required); emergency repairs or replacements; routine and operational services; sole-source contracts; small purchases; and when such procedures are deemed unnecessary and burdensome and not in the best interests of the Township by the Township Board of Trustees are exceptions to the sealed bid and sealed proposal requirements of this Section.

(c) **Purchases Exceeding \$30,000.00 for Vehicles and/or Equipment.** Any Township vehicle or equipment purchase, i.e. fire truck, vactor truck, backhoe, etc., when the estimated cost thereof exceeds thirty thousand dollars (\$30,000.00), shall be let only after received sealed competitive bids or sealed proposals, resulting in a written contract. Such purchases shall be from the lowest responsive, responsible bidder, or from the proposal of best value, except as otherwise provided in this Section.

(d) **Purchases of \$20,000 or Less.** All supplies and contractual services not exceeding twenty thousand dollars (\$20,000) in cost may be made in accordance with purchase procedures established by the Township Board.

(See *Purchase Procedure* adopted February 15, 2011)

4.9(a) INVITATION FOR BIDS.

- (a) The Invitation for bids is used to initiate the competitive bid process.
- (b) The Invitation for Bids should generally include:
 1. Instructions to bidders (time and date set for receipt of bids, address where bids are to be delivered, other special information).
 2. Description of proposed purchase.
 3. Contract terms and conditions.
- (c) The Invitation for Bids should always reserve the municipality's right to reject any and all bidders.
- (d) The bidding time (the period of time between the date of distribution of the Invitation for Bids and the time and date set for receipt of bids) should be set to provide bidders a reasonable time to prepare their bids.
- (e) The Invitation for Bids may provide a form that includes a space in which the bid price may be inserted and which the bidder must sign and submit along with all other necessary submissions.

- (f) Invitations for Bids or notices of the availability of Invitations for Bids should be furnished to sufficient number of bidders for the purpose of securing competition. In the case of larger purchases, notices shall be placed in newspapers or applicable trade publications.

4.9(b) NOTICE SOLICITING BIDS OR PROPOSALS.

- (a) **Publication.** A notice inviting bids or requesting proposals shall be published as least once in the most appropriate medium or media, as determined by the Purchasing Agent, at least seven days before the last day set for receiving proposals or bids by the Township. This seven-day time period may be reduced if a written determination is made by the Purchasing Agent that the acquisition is urgent and sufficient vendors have been notified directly. The notice shall include a general description of the articles or services to be acquired and shall state where the complete solicitation package may be secured. The notice shall also include the time and place for submitting and opening bids.
- (b) **Vendor List.** The Purchasing Agent shall also solicit responsible prospective vendors who have requested their names to be added to a vendor list, by sending to such prospective vendors, in a timely manner, such notice as will acquaint them with the proposed acquisition of goods or services. In any case, invitations sent to the prospective suppliers on the vendor list shall be limited to commodities or services that are similar in character and ordinarily handled by the trade groups to which the invitations for bids or proposals are sent.
- (c) **Posting.** The Purchasing Agent shall also advertise all pending invitations for bid and requests for proposals by posting a notice on the Township's website and Cable TV channel.
- (d) **Definitions.** As used in this Section:
- (1) **"Medium or media"** means and includes, but is not limited to, website postings, Cable TV postings, advertisement in trade magazines, direct mailings, and advertisement in a newspaper of general circulation in The Township.
 - (2) **"Most appropriate medium or media"** means notification in a medium or combination of media which, in the best judgment of the Purchasing Agent, will result in the greatest number of responsible vendors.

4.9(c) PRE-BID CONFERENCES.

- (a) Pre-bid conferences may be conducted to explain the procurement requirements. If used, they should be announced to all prospective bidders known to have received an Invitation for Bids.

- (b) The conference should be held long enough after the Invitation for Bids has been issued to allow bidders to become familiar with it, but sufficiently before bid opening to allow consideration of the conference results in preparing their bids.
- (c) Nothing stated at the pre-bid conference should change the Invitation for Bids unless a change is made by written amendment.

4.9(d) PRE-OPENING MODIFICATION OR WITHDRAWAL OF BIDS.

- (a) Bids may be modified or withdrawn by written notice received in the office designated in the Invitation for Bids prior to the time and date set for bid opening.
- (b) **Disposition of Bid Security.** If a bid is withdrawn prior to the time and date set for bid opening, the bid security, if any, should be returned to the bidder.
- (c) **Records.** All documents relating to the modification or withdrawal of bids should be made a part of the appropriate procurement file.

4.9(e) LATE BIDS, LATE WITHDRAWALS AND LATE MODIFICATIONS

- (a) **General Discussion.** Any bid received after the time and date set for receipt of bids is late. Any withdrawal or modification of a bid received after the time and date set for opening of bids at the place designated for opening is late.
- (b) **Treatment.** No late bid, late modification or late withdrawal shall be considered unless received before contract award, and the bid modification or withdrawal would have been timely but for the action or inaction of municipal personnel directly serving the procurement activity.
- (c) **Records/Notice.** Bidders submitting late bids that will not be considered for award should be so notified as soon as practicable. Records shall be made and kept for each late bid, late modification, or late withdrawal.

4.9(f) MISTAKES IN BIDS.

- (a) **General Discussion.** Correction or withdrawal of a bid because of an inadvertent, non-judgmental mistake in the bid requires careful consideration to protect the integrity of the competitive bidding system, and to assure fairness.
 1. If the mistake is attributable to an error in judgment, the bid may not be corrected.
 2. Bid correction or withdrawal by reasons of a non-judgmental mistake is permissible, but only to the extent that it is not contrary to the interest of the Township or the fair treatment of other bidders.

- (b) **Mistakes discovered before opening.** A bidder may correct mistakes discovered before the time and date set for bid opening by withdrawing or correcting the bid.
- (c) **Confirmation of Bid.** When the Purchasing Agent knows or has reason to conclude that a mistake has been made, the Purchasing Agent should request a bidder to confirm the bid. Examples:
 1. Obvious apparent errors on the face of the bid, or
 2. Bid unreasonably lower than the other bids submitted.
- (d) **Mistakes discovered after Award.** Mistakes may not be corrected after award of the contract, except where the Township Board of Trustees makes the determination that it would be unconscionable not to allow the mistake to be corrected.

4.9(g) BID DEPOSITS.

Under certain circumstances, bid security (cash deposits, bonds, etc.) may be advisable.

When deemed necessary by the Purchasing Agent, bid deposits shall be required and shall be prescribed in any published notice inviting bids, as well as in the bidding documents. Unsuccessful bidders shall be entitled to return of such deposit or surety. A successful bidder shall forfeit any surety or deposit required by the Township if he fails to enter into the contract within the time required in the specifications or bidding documents, unless such forfeiture is waived or the time limit extended by the Township Supervisor or Board of Trustees.

4.9(h) RECEIPT, OPENING, AND RECORDING OF BIDS.

- (a) **Receipt.** Sealed bids shall be submitted only to the office of the Purchasing Agent on the prescribed forms, or another Township official as designated in the solicitation for bids, on or before the date and time specified for the receipt of bids or proposals in the invitations to bid and bidding instructions. Upon its receipt, each bid and modification should be time-stamped but not opened and should be stored in a secure place by the Purchasing Agent until the time and date set for bid opening.
- (b) **Opening and Recording.**
 1. Bids shall be publicly opened by the Purchasing Agent or the designee of the Purchasing Agent, in the presence of 1 or more witnesses, at the time, day and place specified in the invitation to bid and bidding instructions. All persons interested shall be allowed to be present at the bid opening. The names and addresses of witnesses shall be recorded at the opening.

2. The name of each bidder and the total amount of each bid shall be read aloud by the Purchasing Agent or his assistants, as well as, in appropriate cases, the unit cost of each substantial item making up the total amount of each bid.
3. All bids and specifications and invitations to bid shall be preserved and available for public inspection at the office of the Purchasing Agent for a period of not less than one year from the date the bids are submitted, with respect to any specific commodity or proposal.
 - (a) Exceptions shall be limited to the extent that trade secrets or other proprietary data may be confidential under the Freedom of Information Act. Confidential material that accompanies the bids must be readily separable from the bid in order to facilitate public inspection of the non-confidential portion of the bid.
 - (c) **Tabulation.** A tabulation of all bids shall be made by the Purchasing Agent and be available for public inspection. Tabulations shall be posted on the Township's website.
 - (d) **Analysis.** The Township Board of Trustees or designee of the Board shall examine all bid tabulations and recommendations from the Purchasing Agent to select the lowest responsible bidder.
 - (e) **Substantially Low Bid Review.** In the event the amount of the lowest bidder's bid appears disproportionately low when compared with estimates undertaken by or on behalf of the Township and/or compared to other bids submitted, the Purchasing Agent reserves the right to inquire further of the apparent lowest bidder to determine whether the bid contains mathematical errors, omissions, or erroneous assumptions and whether the apparent lowest bidder has the capacity to perform a complete contract for the bid amount.

4.9(i) REQUESTS FOR PROPOSAL (RFP) OPENING PROCEDURE.

Requests for proposals (RFP) are often used to solicit professional services, i.e. Engineers, Auditors, Attorneys, Planners, and other professional consultants; this process is referred to as Qualifications-Based Selection ("QBS").

An RFP should include as much detail about the proposed project or requested services as possible. More information will allow more complete and relevant proposals. Successful RFP's should include the following:

1. The RFP should solicit relevant information about the firms' personnel, their particular qualifications, and experience with similar engagements.
2. The Township may consider publishing the notice of RFP in relevant trade publications to increase the response rate.
3. Send the RFP to firms recommended by other municipalities (call around to other municipal officials or the applicable municipal association).
 - (a) **Receipt of Sealed Proposals.** Sealed proposals shall be submitted only to the office of the Purchasing Agent on the prescribed forms, or another Township official as designated in the solicitation for proposals on or before the date and time specified in the request for proposals and related instructions. Sealed proposals shall be marked as to the time and date received at the office of the Purchasing Agent or other designated Township official by someone in that office.
 - (b) **Opening.** Proposals shall not be considered fully received for the purpose of Freedom of Information Act requests until the Township has determined that no additional clarifications or revisions of offers shall be accepted; therefore, no details of proposals shall be released until contract award. After contract award, all proposals shall be preserved and available for public inspection at the office of the Purchasing Agent for a period of not less than one year from the date the proposals are submitted.
 - (c) **Analysis.** The Township Board of Trustees or designee of the Board shall examine all proposal recommendations from the Purchasing Agent to select the proposal of best value or to select those firms they wish to further review prior to awarding a contract. If the Board wishes to interview those selected firms, the following should be completed:
 1. Interview each firm, meet the professionals who will actually do the work.
 2. Contact references and past clients.
 3. Visit the firms' offices and specific projects they have handled (if applicable).
 4. Rank the firms based upon Board consensus.
 - (d) **Rejection of Proposals.** The Township Supervisor, Purchasing Agent, or the Township Board of Trustees has the authority to waive any irregularity of informality in any proposal and reject any or all proposals, in whole or in part.

4.9(j) AWARDING OF CONTRACTS.

- (a) **Authority.** Except as provided by subsection (b) of this section, the Township Board shall award all contracts after receiving the recommendation of the Purchasing Agent or other designated Township official.
- (b) **Exceptions.** A Township Administrator (Supervisor, Clerk and Treasurer) is authorized to enter:
- (1) All contracts that do not exceed five thousand dollars (\$5,000);
 - (2) All contracts for expenditures necessary to perform statutory functions, i.e. assessment notices, tax bills, etc. do not require prior Board approval provided that the goods or services are within budget, and if the contract adheres to current purchasing policies; and
 - (3) All sole-source contracts not more than five thousand dollars (\$5,000).
- (c) **Lowest Responsive Responsible Bidder.** Contracts, except as otherwise provided in this chapter, shall be awarded to the lowest responsive responsible bidder. In determining the lowest responsive responsible bidder, the Township Board shall consider, in addition to price:
- (1) The ability, capacity and skill of the bidder to perform the contract or provide the service required;
 - (2) Whether the bidder can perform the contract or provide the service promptly or within the time specified, without delay or interference;
 - (3) The character, integrity, reputation, judgment, experience and efficiency of the bidder;
 - a) The Township shall require the bidder to provide proof that they are responsible in paying their property taxes; both real and personal; whether it be in this township or other municipalities.
 - (4) The quality of performance of previous contracts or services;
 - (5) The previous and existing compliance by the bidder with laws and ordinances relating to any contract or service;
 - (6) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
 - (7) The quality, availability and adaptability of the supplies or contractual services to the particular use required;

- (8) The ability of the bidder to provide future maintenance and service for the use of the subject of the contact; and
- (9) The number and scope of conditions attached to the bid.
 - a) **Award to Other than Low Bidder.** When the award is not given to the lowest bidder, a full and complete statement of the reasons for placing the order elsewhere shall be prepared by the Purchasing Agent or the designee of the Purchasing Agent and filed with the other papers relating to the transaction.
 - b) **Tie Bids.** If two or more low bids are received for the same total amount or unit price, and the quality and service are equal, the contract shall be awarded to one of the tie bidders by drawing lots in public, unless one of the bidders is a taxpayer or resident of the Township, in which case such taxpayer or resident shall be awarded the contract.
 - c) **Default.** The Purchasing Agent shall not accept the bid or proposal of a vendor or Contractor who is in default to the Township.

4.9(k) AWARDING OF CONSTRUCTION PROJECT CONTRACTS.

- (a) **Responsive, Responsible Bidder.** The Township Board of Trustees shall award Municipal building construction project contracts in the amount of five thousand dollars (\$5,000) or more to the lowest responsive, responsible bidder as determined by this section.
- (b) **Definitions. As used in this section:**
 - (1) "Township" means the Township Board of Trustees, Township Supervisor, Purchasing Agent or their designees.
 - (2) "Construction project" means the labor and material necessary for the construction, renovation, repair or improvements of a Township-owned building, except repair in emergency situations.
 - (3) "Lowest responsive, responsible bidder" means the responsible contractor with the lowest bid which satisfies the requirements of all local, State and Federal laws, this section, any bid documents used to solicit bids, and any other guidelines and specifications required for the construction project.
 - (4) "Responsible contractor" means any contractor or sub-contractor who is sufficiently qualified to satisfactorily perform the construction project, or any relevant part of the construction project as determined by the Township, based on the following:

- A. An overall review of the contractor or subcontractor's evidence of compliance or lack of compliance with the responsibility criteria, as described in this section;
 - B. The contractor or sub-contractors' compliance with all applicable local, State and Federal laws; and
 - C. Input from the Township's architect and/or construction manager, if applicable.
- (c) **Responsibility Criteria.** The Township Supervisor and Board of Trustees shall consider at least each of the criteria listed in this section in determining whether a contractor is a responsible contractor. The list set forth in this section does not preclude any additional criteria that the Township may deem relevant for making a determination of contractor responsibility. Any criteria deemed relevant by the Township that is in addition to the items listed in this section shall be specified in the documents soliciting bids together with the requirements of this section.
- (d) **Bid Documents.** This bid documents for a construction project shall require any contractor or subcontractor bidding on the construction project, or any part of the construction project, to submit with its bid, written responses and other supporting or explanatory information demonstrating its compliance, or non-compliance and the reason for such non-compliance, with the listed responsibility criteria and any other criteria declared pertinent by the Township and included in the bid documents. For each separate bid package of a construction project, the Township may accord such weight as it deems appropriate to the responsibility criteria and any other criteria included in the bid documents for purposes of determining whether a contractor is a responsible contractor.
- (e) **Criteria.** The Township will consider the following information in determining whether or not a contractor is a responsible contractor. As used in this section, "contractor" includes any subcontractor holding a subcontract of five thousand dollars (\$5,000) or more. This list is not intended to be all inclusive or exhaustive:
- (1) General information about the contractor's company, its principles and its history, including the State and date of incorporation;
 - (2) Trade categories of contractor's employees and information regarding the State and local licenses and license numbers held by the contractor;
 - (3) A confirmation that all subcontractors, employees and other individuals working on the construction project will maintain current applicable licenses with the Michigan Bureau of Construction, Codes and Fire Safety, and as may otherwise be required by law for all licensed occupations and professions;

- (4) The ratio of masters or journey persons to apprentices proposed to be used on the construction project job site;
- (5) Documentation that the contractor maintains, participates in and contributes to a bona fide apprentice training program in which less than full journey-persons utilized on the project will be participants; as used in this section "bona fide apprentice training program" means a training program registered and approved by the United States Department of Labor, Bureau of Apprenticeship and Training Programs;
- (6) Documentation of a completed Michigan Occupational Safety and Health Administration approved safety training program for employees used on the proposed job site;
- (7) Evidence of the contractor's Workers' Compensation Experience Modification Rating (EMR). A bidder with a current EMR greater than 1.1 will not be considered a responsible contractor under this section;
- (8) A list of similar or comparable projects completed within the past five years, including dates of work and each project's approximate dollar value and size. Documentation from these previous projects of comparable size or complexity, including but not limited to all costs related to the bidder's timeliness, performance, quality of work, extension requests, contractual fines and penalties imposed, including proof of such fines and penalties, and liens filed, history of claims for extra work and any contract defaults with an explanation of the reason for the default and how the default was resolved;
- (9) Evidence of contractor's experience with construction techniques, trade standards, quality workmanship, project scheduling, cost control, management of projects of comparable size or complexity, and building codes by documenting the bidder's ability and capacity to perform the project. The bidder must identify those portions of the project it reasonably believes will be subcontracted and the names of the subcontractors;
- (10) A list of individuals or contact persons for entities that have received in the past five years, or are currently receiving, the contractor's services from which references may be obtained, which shall include contacts for any similar or comparable projects; and include information regarding the records of performance and job site cooperation;
- (11) Audited financial information current within the past twelve months, such as a balance sheet, statement of operations, and bonding capacity. Evidence that the applicant has financial resources to start up and follow through on the project and to respond to damages in case of default, as shown by written verification of bonding capacity equal to or exceeding the amount of the project. The written verification must be submitted by a licensed surety

company rated B+ or better in the current A.M. Best Guide and qualified to do business within the State of Michigan.

- (12) A warranty statement regarding labor and materials;
 - (13) A list of all litigation and arbitrations currently pending and within the past five years, including an explanation of each. Evidence of satisfactory resolution of claims filed by or against the contractor asserted on projects of the same or similar size within the past five years. Any claim against the contractor shall be deemed to have been satisfactorily resolved if final judgment is rendered in favor of the contractor or any final judgment rendered against the contractor is satisfied within ninety days of the date the judgment became final;
 - (14) Proof of insurance, including certificates of insurance naming the Township as an additional insured, confirming existence and the amount of coverage for liability, property damages, workers' compensation and any other insurances required by the proposed contract documents;
 - (15) Evidence of compliance with the Fair Labor Standards Act, and with regulatory agencies such as the Environmental Protection Agency; the Michigan Department of Labor and Economic Growth, including the Occupational Safety and Health Administration, Workers' Compensation Agency, the Wage and Hour Division; and all other applicable State and Federal laws or agencies;
 - (16) Evidence of any quality assurance program used by the contractor and the results of any such program on the contractor's previous projects;
 - (17) Contractor's policy addressing drugs and alcohol use for employees working on the project site;
 - (18) Documentation of whether the contractor provides health insurance and pension benefits to its employees;
 - (19) Assurance that all construction work for this project shall proceed economically, efficiently, continuously and without interruption.
- (f) Effective Date. This section is effective for any solicitation of bids or proposals for construction projects issued by the Township on or after _____ . (insert date)

4.9(I) PURCHASE ORDERS.

The purchase order is the legal document used by the Township to initiate and control purchases. A purchase order shall be deemed a sufficient written contract within the meaning of this Section when the interests of the Township are protected by its use.

4.9(m) RESPONSIBILITY FOR INSPECTION AND ACCEPTANCE.

The responsibility for the inspection and acceptance of all materials, supplies or services purchased by the Township shall rest with the Purchasing Agent or such other Administrative officer as may be designated by the Township Board, with respect to the particular commodity or service purchased.

4.9(n) PREVAILING WAGES ON TOWNSHIP PROJECTS.

- (a) No project, in an initial amount of _____ thousand dollars (\$_____) or more for the performance of services or work for and on behalf of the Township, involving craftsmen, mechanics and laborers employed directly upon the site of the work, shall be entered into, approved or executed unless a contract, agreement, understanding or arrangement provides and requires that all craftsmen, mechanics and laborers so employed are to be paid not less than the wages and fringe benefits prevailing in the locality of the building trades industry for corresponding classes of craftsmen, mechanics and laborers, as published as of the time of execution of the contract by the Michigan Department of Labor and Economic Growth, Wage and Hour Division. In addition, such contract, agreement, understanding or arrangement, shall provide that all subcontracts entered into by the contractor shall contain the provisions set forth in this subsection with respect to the contractor, and all such contracts, agreements, understandings or arrangements shall provide that all contractors and subcontractors engaged in the performance of services or work for the Township, to which this section applies, shall as required by this section, furnish payrolls to the Township if applicable.
- (b) As used in this section:
- (1) "Craftsmen, mechanics and laborers" means all skilled and unskilled craftsmen, mechanics, laborers, workers, and apprentices, but not executive, administrative, professional, supervisory, office or custodial employees.
 - (2) "Construction work" means new construction, alterations, repair, installation, completion, demolition, or improvement of a Township-owned or Township-occupied building or other public works.
 - (3) "Fringe benefits" means compensation due an employee pursuant to a written contract or written policy for holiday, time off for sickness or injury, time off for personal reasons or vacation, bonuses, authorized expenses incurred during the course of employment, and contributions made on behalf of an employee.
 - (4) "Locality" means the Township of Hamburg or Livingston County.
 - (5) "Project" means construction work to be contracted by the Township by one or more contracts for which the Township establishes a single budget; or

construction work to be contracted by the Township when the Township Board declares a contract or group of contracts to be a project. The Township Board shall make this declaration at the time of establishing the budget for the work or later, but before bidding the contracts for the construction work to be declared a project.

- (6) "Wages" means all earnings of an employee whether determined on the basis of time, task, piece, commission, or other method of calculation for labor or services except those defined as fringe benefits.
- (c) All solicitations for construction projects shall contain the prevailing wages and fringe benefits in effect at the time the solicitation is issued. The wage scales to be paid shall be posted by the contractor in a prominent and easily accessible place at the work site. The Township Supervisor is hereby directed to see that the provisions of this section are contained in and complied with in all contracts, agreements, understandings or arrangements for work or services to be performed for the Township in accordance with this section.
- (d) If applicable, certified weekly payrolls covering the project contractor's and each subcontractor's work force shall be submitted to the Township Director of Accounting or the Township's designee. All payrolls submitted shall identify by name all employees working on the project contract during the weekly reporting period, their place of residency, their trade, their classification within that trade, and all wages and fringe benefits paid. Supervisory personnel must be reported as well as craftsmen, mechanics and laborers to ensure full Township income tax compliance. Failure to make any such report can result in the Township withholding payments on the contract until such reports are filed, at the Township's option. In addition, each failure to file such payroll within seven (7) business days of the receipt of a notice from the Township of such failure, or any deliberate misrepresentation or false statement contained in such report, shall be deemed a violation of this section, punishable pursuant to guidelines established by the Township Board.
- (e) The Township Supervisor or his or her designee is hereby authorized to withhold payment to such project contractors or subcontractors who fail to pay prevailing wages and fringe benefits as required in subsection (a) hereof in such amounts as may be required to compensate such craftsmen, mechanics and laborers with the amount of money they should have received under subsection hereof.
- (f) This section shall not govern contracts subject to Federal Davis-Bacon requirements which contracts shall be enforced pursuant to Federal law.

4.9(o) EQUAL OPPORTUNITY AND FELONY RE-ENTRY EMPLOYMENT

- (a) The Township shall accept bids for goods and/or services in the amount of five thousand dollars (\$5,000) or more from only those persons, partnerships or corporations that are committed to equal opportunity employment of all persons, consistent with Article I, Section 26 of the Michigan Constitution and which has

adopted a hiring policy which does not preclude a person with a felony conviction from being considered for employment unless otherwise precluded by State or Federal law.

- (b) This section shall apply to all subcontractors holding subcontracts of five thousand dollars (\$5,000) or more when such subcontractors are a direct and inclusive result of a Township purchase or contract of five thousand dollars (\$5,000) or more.
- (c) Any contractor, subcontractor, supplier or vendor which is subject to this section and who employs fifteen or more employees, shall submit equal opportunity employment compliance documentation with their bid or proposal.
- (d) Any contractor, subcontractor, supplier or vendor which is subject to this section and who employs fifteen or more employees, shall submit in writing with its bid or proposal, its hiring policy which shall provide that a felony conviction is not an absolute bar to, or otherwise preclude, possible employment with the contractor, subcontractor, supplier or vendor.
- (e) Failure to submit the equal opportunity employment and felony conviction re-entry to employment policy documentation required by this section shall render the bid or proposal non-responsive.

4.9(p) DISPOSITION OF UNCLAIMED ABANDONED PROPERTY.

- (a) Stolen property recovered by a Township police officer or abandoned personal property discovered by a Township police officer, which property remains unclaimed for six months after recovery or discovery, and which property is not evidence in criminal litigation, shall be disposed of as provided in this section.
- (b) Any personal property, including money, which remains unclaimed for six months, may be converted to Township use pursuant to this subsection. The Township shall publish a notice in a newspaper of general circulation in the County describing the property, including money, to be converted to Township use. Within six (6) months after publication of such notice, a person may file a claim for the converted property and, upon proving a right to the property, shall be entitled to the return of such property. Claims for converted property may not be filed more than six months after the date of publication.
- (c) Any and all remaining unclaimed personal property not converted to Township use shall be disposed of at sale as provided in this section. Money which, because of age, origin, metal content or value as a collector's item, may be appraised to determine if it has a value other than its face value. Money which does not have a value other than its face value shall not be subject to public sale. The Township shall publish a notice in a newspaper of general circulation in the Township not less than five days before the proposed sale of property. The notice shall describe the property and shall state the time and place for the public sale at which the property may be purchased by the highest bidder. Until the date of sale, property may be claimed at

the Police Department. If ownership of the property is adequately proven, the property shall be turned over to the owner and the item removed from sale.

- (d) After the Township has conducted the sale of the remaining unclaimed property, the proceeds of the sale, along with money not subject to public sale, after deducting costs for the sale, including reasonable appraisal fees, shall be deposited with the Township Treasurer to be credited to the General Fund. If, within six months after the sale, the owner of the property files with the Township Clerk a claim for the property and proves a right to the property, the Township Treasurer shall pay the owner the amount out of the proceeds of the sale or the face value of money not subject to public sale. However, claims filed more than six months after the sale shall not be paid.
- (e) Any Township official or employee disposing of property as provided in this section shall not be liable to the owner of such property.
 - 1. Notwithstanding any provision in this section to the contrary, property of minor value, as defined by Act 273 of the Public Acts of 1987, being M.C.L.A. 434.21, shall be disposed of according to this subsection.
 - 2. Property of minor value recovered or found by a Township police officer, or by a person who has not expressed the wish to receive the property if not claimed by the legal owner, may, after a period of three months, be disposed of in any manner by the Police Department.
 - 3. Disposition by the Police Department of property of minor value may include, but is not limited to, retention by the Township for its use; public sale with proceeds deposited into the General Fund of the Township; or release to a charitable, educational or service organization.

4.9(q) DISPOSAL OF SURPLUS MATERIAL OR EQUIPMENT, SALVAGE AND UNCLAIMED PROPERTY

(a) **Definitions. As used in this section:**

- (1) "Salvage" means property or goods found in or on or connected to any real property acquired and owned by the Township, not including mineral rights.
- (2) "Surplus material or equipment" means outdated, unused, unneeded or overstocked property of the Township, which property retains some useful life.
- (3) "Township Supervisor" includes the person designated by the Township Supervisor to administer this section.

- (b) **Disposal Authorized.** The Township Supervisor is hereby given authority to sell or otherwise dispose of Township-owned surplus material or equipment, salvage from

Township-acquired real property, and unclaimed recovered stolen property or abandoned personal property held by the Police Department. The Township Supervisor shall conduct, at least once every twelve months or as needed, a Township auction to dispose of such material, equipment, salvage and goods.

- (c) **Manner of Disposal.** Any salvage or surplus material or equipment, the estimated value of which is ten thousand dollars (\$10,000) or more, shall be sold either by public auction or by sealed competitive bidding, as provided in subsection (e) hereof, or with Township Board approval in the absence of either a public auction or sealed competitive bids. Sales shall be to the highest responsible bidder.
- (d) **Publication.** All auction notices and invitations for bid shall be published at least once in a newspaper of general circulation in the Township at least seven days before the last day set for the auction or for receiving bids by the Township.
- (e) **Bid Procedures in Absence of Public Auction.**
- (1) An invitation to bid for the purchase of salvage, surplus material or equipment and recovered stolen items and abandoned personal property in the possession of the Police Department shall be published in at least one applicable publication, not less than seven days before the date set for receiving bids by the Township. Such notice shall include a general description of the item to be sold and shall state where specifications may be secured, where the property may be viewed and the time and place for submitting and opening bids.
 - (2) Sealed bids shall be submitted to the Township at the address and on or before the date and time specified for receipt of the bid in the notice.
 - (3) Timely received bids shall be publicly opened by the Purchasing Agent or the designee of the Purchasing Agent at the time, date and place specified in the notice. All persons interested shall be allowed to be present at the opening and the total amount of each bid shall be read aloud by the person opening bids.
 - (4) All bids shall be examined by the Township Board and the highest responsible bid shall be selected and a contract executed.
 - (5) The procedures of this subsection are not required to be followed when the salvage, surplus material or equipment does not have an estimated value of five thousand dollars (\$5,000) or more.
- (f) **Property Valued at Less Than Five Thousand Dollars (\$5,000).** Any salvage, surplus material or equipment which does not have an estimated value of five thousand dollars (\$5,000) or more may be disposed of in a manner which the Township Supervisor determines to be in the best interests of the Township.

- (g) **Stolen or Abandoned Property.** Recovered stolen property or abandoned personal property in the possession of the Police Department shall be disposed of pursuant to this section. In the event of any conflict between this section and existing Police Department policies and procedures, Section 4.8011 shall control.

4.10 Expense Reimbursements

4.10(a) Request Form. The Township shall reimburse all officials and employees for necessary expenses incurred in performing their duties. All requests for expense reimbursement shall be made on the proper expense reimbursement form.

4.10(b) Reimbursement Rates. Travel shall be reimbursed at the current IRS approved mileage rate when an employee uses his or her own vehicle on Township business. Reasonable meal and lodging expenses will be reimbursed.

4.10(c) Personal Expenses. Receipts shall accompany any reimbursement requests. Commuting from residence to the Township hall or the employee's official work station shall not be eligible for reimbursement. Board and committee members shall not receive mileage to attend Board meetings that are a statutory duty of their office. Personal expenses that are unnecessary in conducting Township business, such as entertainment and alcohol consumed, shall not be eligible for reimbursement.

4.10(d) Travel Advances. Travel advances may be requested from the Clerk's office. Receipts of all expenses incurred shall be submitted within three business days after concluding the trip, and any excess travel advance shall be reimbursed to the Township.

4.11 Investments

4.11(a) Purpose

It is the policy of Hamburg Township to invest public funds consistent with this section and conforming to all State statutes and local Ordinances governing the investment of funds.

4.11(b) Scope

This investment policy applies to all transactions involving the financial assets and related activity of the Township except for its employee pension funds and employee deferred compensation funds that are organized and administered separately. These funds are accounted for in the annual report and include the following funds:

- General Fund
- Enterprise Fund
- Capital Improvement Fund
- Trust and Agency Fund
- Road Fund
- Police Fund

- Fire Fund
- Park Land Purchase Fund
- Drug Enforcement Fund
- Special Assessment Funds
- Any new funds created by the Township Board, unless specifically exempted by the Township board

4.11(c) Investment Objectives

Funds of the Township will be invested in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, and in accordance with the following objectives in order of priority.

4.11(c)(1) Safety – Safety of principal is the foremost objective of the investment program. The primary objective of the Hamburg Township investment activities is the preservation of capital in the overall portfolio and the protection of investment principal.

4.11(c)(2) Diversification – The investments shall be diversified or restricted by specific maturity dates, individual financial institution(s) or a specific class of securities as may be set forth by Board amendment to this policy and in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.11(c)(3) Liquidity – The investment portfolio will remain sufficiently liquid to enable Hamburg Township to meet operating requirements that might be reasonably anticipated. Further, it is specifically intended that an investment strategy that ensures short term (two years or less) versus longer term be followed.

4.11(c)(4) Return on Investment – Subject to the foregoing constraints, Hamburg Township will strive to maximize the return on the investment portfolio. The portfolio shall be designed with the objective of obtaining a rate of return appropriate to existing budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

4.11(d) Delegation of Authority

Responsibility for the establishment of the Township's Investment Policy rests solely with the Township Board of Trustees.

Authority to manage the investment program related to implementation of the Township Investment Policy is derived from MCL 41.75, as amended. Management responsibility for the investment program is hereby delegated to the Township Treasurer (Investment Officer), who shall establish written procedures and internal controls for the operation of the investment program, consistent with this investment policy. No person may engage in investment transactions except as provided under the terms of this policy and the procedures established by the Investment Officer.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Board shall appoint an Investment Committee whose sole purpose shall be to advise the Treasurer on overall Banking, Depository and Investment strategy, Primary banking structure and relationship and specific investment selection and evaluation of the Township's Investment portfolio. The committee shall consist of the Director of Accounting, the Deputy Treasurer and at least one member of the Township's Board of Trustees.

4.11(e) Ethics and Conflict of Interest

Officers and employees, including any officials appointed to an Investment Committee by the Township Board, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees, Investment Committee members, and investment officials shall disclose to the Township Board any material financial interest in financial institutions that conduct business with this Township and they shall disclose any large personal financial/investment positions that could be related to the performance of the Township's portfolio. Employees, Investment Committee members, and officials shall subordinate their personal investment transactions to those of the Township particularly with regard to the timing of purchases and sales.

4.11(f) Qualified Financial Dealers and Institutions

The Township shall maintain a listing of depositories and financial institutions, which are approved by the Township Board for depository and investment services by the Board of Trustees. In addition, the list will include approved security broker/dealers, who maintain an office in the State of Michigan or who are "primary" dealers or regional dealers that qualify under Security & Exchange Commission Rule 15C3-1. No public deposit shall be made except in a qualified public depository as established by State statute.

All financial Institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply to the Treasurer and the Board, at minimum, their audited financial statements for the most recent fiscal year, certification of having read the Hamburg Township investment policy and the pertinent State statutes, proof of National Association of Security Dealers certification if appropriate and proof of State registration, where applicable. In addition, they must provide schedules of rates and fees for all transaction types and investment products.

A periodic review of the financial condition and registration of qualified bidders will be conducted by the Township Treasurer and the Investment Committee who shall at a minimum conduct a quarterly evaluation of each bank's credit worthiness to determine whether it should be maintained on the "Approved Financial Institutions" listing. Changes in the financial condition of "Approved Financial Institutions" shall be immediately brought

to the attention of the Board of Trustees with an associated recommended action for the Board's consideration.

It shall be the responsibility of the Board, Investment Committee or the Treasurer to ensure compliance with these provisions.

4.11(g) Authorized and Suitable Instruments

All investments shall be made in strict accordance with Public Act 20 of the Public Acts of 1943, as amended, (see attachment "Investment of Surplus Funds of Political Subdivisions") and Public Act 7 of the Public Acts of 1967, as amended (see attachment "Urban Cooperation Act of 1967").

Except as may be determined by Board Action, all deposits and investments shall be strictly segregated by Fund type. It is understood that there are times when deposits are transferred to our accounts from an external source in a comingled form with allocation instructions. These funds should be segregated as soon as possible upon receipt.

4.11(h) Competitive Selection of Investment Instruments

4.11(h)(1) Before the Township invests any funds, competitive proposals from qualified financial institutions shall be sought. If a specific maturity date is required, whether for cash flow purposes or for conformance to maturity guidelines, proposals shall be requested for instruments that meet the maturity required. If no specific maturity is required, an analysis will be conducted to determine which maturities would be most advantageous.

4.11(h)(2) Quotes will be requested from financial institutions for various options with regard to terms and instruments. The Township will accept the quotes, which provide the highest rate of return that is within the maturity term required and that comply with the parameters of the Investment Policy and particularly with regards to the safety of the investment.

4.11(h)(3) Records indicating the quotes offered, the quotes accepted and brief explanation of the decision which was made regarding the investment, shall be kept for future review.

4.11(i) Short-Term versus Long-Term Portfolio

4.11(i)(1) The Township shall attempt to match its investment maturities as closely as possible to its anticipated cash flow requirements. With the exception of Debt Service Funds, Capital Funds and Special Assessment Funds, it is strongly advised that all funds be invested in instruments whose maturities do not exceed two years at the time of purchase unless specifically agreed to by the Investment Committee and reported to the Board.

4.11(i)(2) Debt Service Funds, Capital Funds, and Special Assessment Funds, may be invested in securities exceeding two years provided the maturity dates match anticipated need for the funds.

4.11(j) Investment Performance and Reporting

4.11(j)(1) The Treasurer shall submit to the Board a Monthly investment report that provides the following information for each investment by investment type and financial institution:

- principal and type of investment,
- annualized yield,
- earnings for each investment,
- profit or loss as appropriate
- type and nature of insurance, asset collateralization and/or other form of investment security, if any
- maturity date of the investment
-

4.11(j)(2) Information indicating a loss or prospective loss of capital on existing instruments and material deviations from projected investment strategies shall be reported immediately to the Board of Trustees.

4.11(j)(3) A Comprehensive Financial Condition Report shall be developed cooperatively by the Treasurer, Director of Accounting, Chief Budget Officer and Assessor and presented to the Board of Trustees at its second Board meeting each month. The report will address each of the following in summary and in detail:

- Tab 1 - Budget & Financial Status
- Tab 2 - Cash Flow Analysis
- Tab 4 - Comprehensive Investment Report
- Tab 5 - Five Year Forecast

4.11(k) Access to Financial Information

4.11(k)(1) By resolution the Hamburg Board of Trustees has determined that the following Officers shall have the right to all financial and investment information (including on line "read only" access) from all depositories and financial institutions with whom the Township does business:

- Township Supervisor
- Township Clerk
- Township Treasurer and Deputy Treasurer
- Township Trustees (4)
- Township Director of Accounting
- ~~Township Attorney~~

4.11(k)(2) Additionally by resolution the Hamburg Board of Trustees has determined that the following employees shall have the right to all financial and investment information (including on line "read only" access) from all depositories and financial institutions with whom the Township does business for Library Accounts:

- Director of the Library
- Library Accountant

4.11(l) Safekeeping and Custody

4.11(l)(1) All security transactions including collateral for repurchase agreements and institution deposits entered into by the Township shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

4.11(l)(2) A trust receipt from the contra-party and proof of SIPC and other insurance will be required when the transaction is covered by insurance. Non-negotiable, non-collateralized Certificates of Deposit, as in the law in the State of Michigan shall be evidenced by safekeeping receipt from the issuing bank.

4.11(m) Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

4.11(n) Effective Date

This policy shall become effective on November 6, 2009, the day following adoption by the Hamburg Township Board.

4.11(o) Amendment

This Investment Policy and its associated Investment Procedures may be amended from time to time by a majority vote of the Hamburg Township Board of Trustees.

4.12 Audits

The Township Board will engage a certified public accountant to annually audit the financial systems of the Township. An audit contract may be for a period up to three years but shall not exceed the current Board's term of office. The request for proposals for audits shall require:

1. Proposal due date
2. Date award will be made
3. Date contract begins
4. Length of audit contract
5. Audit period covered
6. Earliest date that audit work may begin
7. Due date for audit report
8. Funds to be audited
9. Requirement of unqualified opinion or clear statement of reason for qualifications
10. Financial statements and other information to be provided by Township
11. Other services to be performed by auditor, if any
12. Procedures for determining adequacy of internal controls and accounting
13. Authorization to disclose any irregularities
14. Audit shall be performed in accordance with generally accepted auditing standards set forth by the American Institute of Certified Public Accountants
15. Audit shall be reviewed with the Township Board
16. Number of copies that will be provided
17. Auditor's qualifications
18. References for firm and individuals performing the audit
19. Estimated hours required, current rates and total anticipated amount

4.13 Grants

4.13(a) Purpose and Scope

The purpose of this policy is to establish procedures for approval, acceptance, implementation, compliance and reporting of all grant applications submitted on behalf of Hamburg Township. The intent of the Board of Trustees is to ensure fiscal and administrative accountability of all funding sources including: federal government, state government, other local governments, non-profit agencies, and private businesses and citizens, as well as property and other assets awarded to Hamburg Township. For the purposes of this policy, a grant is defined as a financial award that is subject to requirements imposed by the awarding agency.

4.13(b) Application of Policy

The Hamburg Township Grant Policy applies to all Hamburg Township Employees, Departments, and the Elected Officials.

4.13(c) Grant Application

Prior to applying for any grant, a Grant Transmittal form (Appendix A) must be completed and submitted to the Hamburg Township Coordinator, Accounting Director, Supervisor, and Clerk. An exception to this policy is the Michigan Municipal Risk Management

Authority's R.A.P. Grant which departments are able to apply for directly with notice to the Township Coordinator.

Once the Accounting Director, Supervisor, and Clerk approve the request, their recommendation will be forwarded to the requestor by the Township Coordinator. Grants over \$5,000 (or? – Livingston County has \$25,000), federal grants, or any grant requiring cash or in-kind matching funds, must be pre-approved by the Township Board. Once the submittal is approved, all completed grant applications must be forwarded to the Township Coordinator, who will provide copies to the Supervisor, Clerk and Accounting Director, as needed. No submissions shall be made until approval is received.

(4.13)(c)(1) The Hamburg Township Accounting Director shall be designated as the grant fiscal officer for all grants.

(4.13)(c)(2) The department head, elected official, or division wishing to submit a grant application shall work with the Township Coordinator and Accounting Director on all grants.

(4.13)(c)(3) The Township Coordinator can provide administrative assistance with grant application issuance and submittal, and is in charge of all record retention for grants applied for and received in the Township.

(4.13)(c)(4) Grantor must send grant funds directly to the Hamburg Township Treasury. All financial institution information related to the grant application must be completed by the Accounting Director, Hamburg Township Treasurer or Deputy Treasurer.

(4.13)(c)(5) Grants requiring a cash match must be approved by the Township Board of Trustees. Sources for matching funds must be identified by the Accounting Director.

(4.13)(c)(6) Grants that allow for reimbursement of indirect costs must include the costs in the grant application budget.

(4.13)(c)(7) Grants that allow for reimbursement of administrative time and other costs related to administering the grant shall have those expenses clearly recorded by the Accounting Director.

(4.13)(c)(8) Grants requiring an expenditure budget to be included with the application or annual request, must submit the proposed budget to the Accounting Director for review prior to submission.

(4.13)(c)(9) The department head will provide copies of all correspondence, including copies of the approved and executed grant application, grant award letter, executed grant contract, approved budget, etc. Copies of all motions pertaining to approval will be retained in those records as well.

4.13(d) Grant Management

Each grant must have an individual designated as Grant Coordinator, who is responsible for requesting grant funds, fulfilling the financial reporting requirements of the grant, and ensuring the proper revenue has been received before closing the file. The Township Coordinator may be requested to serve this function for the Department Head and is responsible for all final records and their retention.

The Hamburg Township Accounting Director is responsible for maintaining an inventory of fixed assets purchased with grant funds. The Township Coordinator is responsible for making such fixed assets physically available for inspection during a grant audit, or will complete and file self-certification audits, if applicable with assistance from the grant requestor. The sale or disposal of these assets must follow grant requirements and must be coordinated with the Accounting Director. A list of all parkland and trail assets and property that are required to remain as recreational assets in perpetuity, shall be maintained by the Accounting Director. The Township Coordinator shall be responsible for maintaining proper signage and arranging announcements and ribbon-cutting ceremonies, as may be required by the terms of the Grant.

The Township Coordinator is responsible for fulfilling the program requirements of the grant and promptly submitting the required program monitoring reports to the funding agency. Progress, financial, and final reports must be provided to the Accounting Director who will complete the information on the Grant Transmittal to close the file.

The Grant Coordinator shall work with the Department Head to review financial transactions, such as contract invoices, vouchers, travel reimbursements, purchase documents, and various other documents that obligate Hamburg Township. When reviewing documents, the Grant Coordinator and Director of Accounting are responsible for verifying the following:

4.13(d)(1) Charges to the grant correctly represent materials received or services rendered;

4.13(d)(2) Charges represent activities that are allowable under the grant and comply with the budget that is established for the grant;

4.13(d)(3) Funds are available in the grant to cover authorized charges; and

4.13(d)(4) The transactions comply with all relevant internal or external regulations, policies and procedures, and are applied to the proper GL code.

4.13(e) Grant Accounting

Fiscal control and fund accounting procedures shall be established to assure the proper dispersal of and accounting for grant funds. Such procedures shall ensure that all financial transactions are conducted and records maintained in accordance with generally accepted accounting principles with the following objectives.

4.13(e)(1) Maintain financial records in the shared file system (V-drive) ensuring that the file contains sufficient detailed information to accurately account for grant revenue, expenditures, assets, liabilities and obligated balances.

4.13(e)(2) All grants shall be processed in accordance with GASB-33.

4.13(e)(3) Grant monitoring and budgetary control reports shall be made throughout the life of the grant.

4.13(e)(4) All grants are subject to the rules and procedures as outlined by the agreement the Hamburg Township Board of Trustees enters into with the Grantor.

4.13(e)(5) All records shall be maintained by the Township Coordinator and filed in the Clerk archive based on the Records Retention and Disposal Schedule for Michigan Township Clerks, by the Department of History, Arts and Libraries – Record Management Services. www.michigan.gov/recordsmanagement/

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Section 14 - Appendix 1



Grant Transmittal

Date: _____

Project:

Name of Project: _____

Expected Completion: _____ Fund Deadline: _____

Project Description: _____

Project Manager: _____ Email: _____

Department:

Approved by Supervisor/Official: _____ Date: _____

Grant Coordinator: _____ Email: _____

Financial:

Total Estimated Project Cost: _____ Expected Match: _____

Match Funding from GL#: _____ F/Y Impacted: _____

Grant Application:

Grantor Name: _____ Contact: _____

Address: _____

Contact Email: _____ Contact Phone: _____

Grant Amount Requested: _____ Award Date: _____

Admin Use:

Project Completed: _____ Reimbursement Submitted: _____

Grant Funding Received: _____ Coded to GL#: _____

Director of Accounting Signature: _____ To Clerk/Retention: _____

HAMBURG TOWNSHIP

ADMINISTRATIVE POLICIES AND PROCEDURES MANUAL



Effective Date:

Rescinds:

Title: **FINANCIAL ADMINISTRATION**No: **4.0**

4.0 FINANCIAL ADMINISTRATION

4.1 Accounts Payable

4.1(a) Department Head Authorization. All requests for payments, i.e., invoices or expense vouchers, shall be processed in accordance with Section 4.8(d) of this manual, and shall be approved by the department head responsible for the cost center to which the expense shall be posted. The department head shall indicate that the expense is authorized and correct by affixing the account number and his or her initials to the invoice. All approved bills must be submitted to the accounting department at least 5 days prior to the Board meeting at which claims will be audited for approval.

4.1(b) Warrant Reports. The Clerk shall prepare a warrant report to the Board showing the vendor name, nature of the expense, invoice number and account number. Any items paid prior to board audit, as discussed in Section 4.8(e), shall be noted on the warrant report.

The Clerk shall sign the warrant for all claims approved by the Board. A copy of the warrant shall be filed in the Clerk's office.

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

Petty cash will not be used for purchases that exceed \$100.00. A copy of each receipt and a receipt signed by the recipient of a petty cash disbursement shall accompany all disbursements, as well as the relevant General Ledger number reference.

The amount of petty cash to be retained for the general fund shall be \$200.00.

4.2 Payroll

4.2(a) Time Sheets. All completed time sheets shall be submitted to the Clerk on the Friday before the next payroll date. Time sheets will be signed by both the employee and the employee's department head. Time sheets are also required for per diem requests.

4.2(b) Deductions and Withholdings. The Clerk shall be notified at least 5 days prior to the end of the pay period of any changes in voluntary deductions or withholding allowances desired by an employee. All voluntary deductions shall be authorized in writing.

4.2(c) Pay Advances. Pay advances shall not be authorized under any circumstances. Employees may make arrangements for direct deposit of payroll checks issued while on leave.

4.2(d) Payroll Problems. Employees will immediately notify the Clerk of any problems or errors on their paychecks. A written account of the problem and its resolution shall be prepared by the Clerk.

4.3 Cash Receipts

4.3(a) Authorization to Receive Funds. The following employee positions are authorized to receive funds: Treasurer, Deputy Treasurer and ~~Temporary~~-Treasurer Department ~~Employees~~employees.

4.3(b) Fiduciary Bonds. All employees authorized to receive funds shall be bonded to the following amounts:

Deputy Treasurer	\$25,000.00
Temp. Employees	\$25,000.00

Although not authorized to receive cash, the Supervisor, Clerk and Deputy Clerk will be bonded in lesser amounts as determined by the Township Board.

4.3(c) Receipts. A pre-numbered Township receipt shall be issued for all cash, including checks, received by the Treasurer's office. The receipt shall include the amount received, name of the payer, and purpose.

4.3(d) Deposits. Total cash collected shall be reconciled to the sum of the pre-numbered receipts and shall be deposited at least daily as needed in the appropriate Township bank account. The following positions are authorized to make bank deposits: Treasurer, ~~and~~ Deputy Treasurer and Treasurer Department employees.

4.3(e) Bank Reconciliations. The cash balances of the various fund ledgers shall be reconciled to the bank statements monthly. The cash balances should be the result of the cash receipts and disbursement activities and shall be derived from the same accounting records used in preparing the financial reports discussed in Section 4.5(a).

The bank reconciliation shall be prepared in written form, signed and dated by the Deputy Treasurer.

Commented [JN1]: We don't do this currently.

4.4 Accounts Receivable

4.4(a) Invoice Preparation. The Billing Clerk shall be responsible for preparing invoices for revenues due to the Township. All invoices shall include a remittance advice to be returned to the Township with payment. The remittance advice shall include the name, amount invoiced, and purpose. A copy of the invoice shall be supplied to the department responsible for generating the invoice.

4.4(b) Posting and Distribution. A copy of all invoices or bills for moneys received by the Township shall be given daily to the Billing Clerk who shall supply the information to the Accounting Department for posting receivables to the general ledger.

The Billing Clerk shall maintain a detailed subsidiary record by individual which shall be reconciled to the general ledger control on a monthly basis.

4.4(c) Method of Accounting. For all remittance advices received in accordance with Section 4.3(c), the accounting department shall credit the receivable. A monthly listing of all amounts invoiced but not yet received shall be prepared and reconciled to the general ledger as discussed in Section 4.4(b).

4.5 Financial Reporting

4.5(a) Periodic Expenditure and Revenue Report. The accounting department shall prepare a monthly financial report for the Treasurer to include in the monthly Finance Control Book which is reported to the Board. ~~The report will be current through the last day of the previous month and shall be presented to the Board at its first meeting of each month.~~ The financial report for each fund will show the following information for revenues and expenditures for each line item:

1. Account Number
2. Description of the Account
3. Amended Budget
4. Month to Date
5. Year to Date
6. Budget Balance
7. Percentage of Budget Balance

4.5(b) Periodic Balance Sheet Report. The accounting department shall prepare a ~~quarterly~~ monthly balance sheet showing the assets, liabilities and equities for each fund.

4.5(c) Investment Performance Report. The Treasurer shall prepare a ~~quarterly~~ monthly report of all interest-bearing activities, including the name of the financial institution, type of investment, anticipated yield and date of maturity.

4.5(d) Financial Reports Review. The Supervisor, Clerk, and Treasurer shall review the financial reports prior to the Board meeting and shall recommend to the Board any necessary budget amendments or fund transfers.

Commented [JN2]: We don't do this

4.6 Inventory of Fixed Assets

4.6(a) Responsibility. The Clerk shall maintain an inventory of the Township's fixed assets that are tangible, have an expected useful life of at least one year and have a value of at least \$500.00.

4.6(b) Updating. The Clerk shall add or remove fixed assets from the inventory at the time of acquisition or disposal. The inventory shall include the following information on each asset:

1. Acquisition Date
2. Name and Address of Vendor
3. Description
4. Responsible Department
5. Location
6. Acquisition Cost (if gift, estimated fair value at time of donation)
7. Fund (from which it was purchased)
8. How Acquired (purchase, lease/purchase, construction, condemnation, tax foreclosure, gift)
9. Estimated Life
10. Date and Method of Authorized Disposition
11. Permanent Identification Number

4.6(c) Inventory Responsibility. Department heads shall annually inventory all assets assigned to their department and submit the inventory to the Clerk.

4.6(d) Disposal of Fixed Assets. Department heads shall make note on the annual inventory, or shall notify the Clerk sooner if desired, of any equipment that would be appropriate for disposal. The Clerk shall prepare a list of all such equipment recommended for disposal and shall submit the recommended disposal of fixed assets list to the Board for approval. The Board shall determine the method of disposal, which may include sealed bids, auction, negotiated sale, gift or disposal. Township officials and employees are not eligible to purchase Township fixed assets by negotiated sale without the approval of the Board. An elected official shall refrain from voting on any negotiated sale involving the elected official.

4.7 Budgeting

4.7(a) Designation of Budget Officer. The Supervisor shall be the Township budget officer and shall be responsible for the development and administration of the Township budget.

4.7(b) Timetable. The proposed budget shall be developed according to the following schedule:

Date	Activity
(1st meeting in Feb) (February 15th) (March 1st)	Budget policies developed by Township Board Informational meeting for department heads Department heads submit proposed revenue and expenditure plans to Supervisor
(April 1st)	Supervisor presents proposed budget to the Township Board
(May 15th)	Township Board adopts tentative budget
(June 1st)	Budget public hearing held by Township Board
(June 15th)	General Appropriations Act adopted

4.7(c) Adoption. Unless noted in the General Appropriations Act, all Township funds are adopted on a department of function basis.

4.7(d) Transfer Authority. The budget officer shall have authority to make transfers among the various line items within departments. Transfers between departments may be done by Board approval only. The Board shall be notified at its next meeting of any such transfers made, and the Board may modify, amend or nullify any such transfers made. Under no circumstance may the total amount of appropriations be changed without prior Board approval.

4.8 Purchase Order Procedure

A. Purpose

The purchase order is the legal document used to initiate and control purchases. The purpose of the purchase order procedure is to facilitate a more complete accounting control and the preparation of accurate, up-to-date, financial reports. The program allows the issuance of purchase orders to vendors with pre-defined terms. It will provide a complete history of the purchases made from an individual vendor during the year. This will assist in making purchases at the best price possible and the best terms.

B. Purchase Order Request

For all purchases, the Department will generate a purchase order request with the exception of purchasing items from Central Stores which is documented in Section IV. The Department Head must ensure that budgeted funds are available before the purchase requisition can be entered. Purchases up to \$1,000.00 (provided that the funds are available pursuant to the approved department budget) are approved by the Department Heads. Purchases between \$1,000.01 and \$5,000.00 require the additional approval of the Administrator (Supervisor, Clerk, and Treasurer). Purchases exceeding \$5,000.00

Commented [JN3]: Did we want to increase these amounts?

must receive Township Board approval except in cases where the expense is considered an emergency – to protect the health, welfare, safety and wellbeing of the community. In this case, the purchase may be authorized by the Supervisor, Clerk and Treasurer, collectively. If the Supervisor, Clerk and/or Treasurer are unavailable, then consent must be obtained from one or more Trustees for a total of four (4) Board of Trustees members. Expenditures necessary to perform statutory functions, i.e. assessment notices, tax bills, etc. do not require prior Board approval.

C. Preferred Vendor List

The Purchasing Agent, at the beginning of each fiscal year, will provide each Department Head with a Preferred Vendor List of business with which the Township has a verbal or written agreement negotiated which may include price discounts, simplified ordering methods, set delivery arrangements, or specialized customer service. The Department Heads are to use the list of preferred vendors when preparing their purchase requisitions. If an additional outside vendor is identified to be a potential preferred source, the Department Head or his/her designee shall research the vendor for possible inclusion on the Preferred Vendor List. A W9 form must be obtained from the vendor before the vendor information can be entered into the Accounts Payable program. Where applicable, vendors must also provide proof of liability/casualty insurance and workers comp insurance with the Township to be named as an additional insured on the vendor's insurance policy. If the vendor has no employees they may provide the Township with a copy of a completed Sole Proprietor form, however; if the vendor company is licensed as an LLC they must obtain a Certificate of Liability from their insurance company for workers compensation even if they do not have any employees. Upon collection of the necessary documentation by the Department, the vendor information shall be forwarded to the Purchasing Agent to enter new vendors into the Accounts Payable program. Under no circumstances, is the Department Head or designee to enter a new vendor into the system when entering a purchase requisition.

D. Blanket Purchase Orders

Blanket purchase orders are agreements to purchase a variety of smaller items from a specific vendor for a specific period of time. These are generally used to purchase items such as hardware, office supplies, auto supplies, etc.

At the beginning of each fiscal year, the Department Head will identify the blanket purchase order needs through examination of past purchasing records and provide the name of the vendor, the dollar amount and the general ledger number(s) for the Purchasing Agent to enter the blanket purchase orders into the Purchasing program. A copy of the blanket P.O. will be retained by the Purchasing Agent and a copy will be given to the Department Head. In cases where more than one department are utilizing a vendor that is issued a blanket purchase order, separate blanket purchase orders will be issued for each department.

Once the purchase order has been issued, employees will purchase items, receive a sales slip, and immediately forward to the designated person within the Department. The Department Head (or his or her designee) will review and approve the purchase and forward the sales slip to Accounting. The Township may receive a periodic billing from the vendor which will be reconciled to the sales slips before the payment is approved. The Department Head will review and approve the invoices prior to payment. No payments to vendors will be made from statements – a sales slip or invoice is required for all payments.

If the purchases for the year exceed the estimate, the purchase order can be amended. A request from the Department Head to the Purchasing Agent must be made with a projected amount for the remainder of the fiscal year. The Purchasing Agent will then amend the purchase order to add the requested amount. If any balance remains at the end of the year, the purchase order will be liquidated and the final journal entries will be transmitted to Accounts Payable to complete the fiscal year end closeout. New blanket purchase orders may also be issued to vendors as requested by the Department Heads. Blanket purchase orders will have issued at the beginning of each fiscal year; however, a blanket purchase order can be requested anytime during the fiscal year dependent upon the availability of funds remaining in the Department's budget.

The Department Head has the authority to issue blanket purchase orders in any amount as long as the budgeted funds are available. The spending threshold amounts of \$1,000 and \$5,000 pertain to actual purchases. While a blanket purchase order may be for \$10,000, if it is spent in \$200 increments, the Township Board would not be required to approve this purchase order. If it was spent in amounts of \$6,000 and \$4,000, the Board would need to approve the \$6,000 purchase but not the \$10,000 blanket purchase order.

E. Purchase Order Data Entry

1. Logging On

Double click on the **Purchase Order.Net** icon to open software. When logging on, you will be prompted to enter your User Name and Password. Type your user name and press tab to move to the Password field then hit enter on the key board. If you have difficulty logging on, contact the BS&A software company. This company provides unlimited telephone support for this product as part of the Annual Support Agreement. Support staff can be reached at **517-641-8900** and are available between 8:30 a.m. and 5:00 p.m. EST, Monday – Friday, with the exception of holidays. Ask for Purchase Order support. If you have difficulty logging on due to a network issue/error, please contact the Technical Services department. **NOTE:** If updates are available, the Purchase Order program will not allow you to log into the system until you have completed the automated update.

2. Entering Purchase Requisitions

Enter purchase requisitions through the Purchase Order Entry Menu. Click onto the "Add" button shown as a plus sign within a green circle found on the top tool bar. Here the Department Head or designee will enter information such as the vendor name,

delivery/ship to address, product code, quantity, price, terms, etc. While entering information into the requisition summary page, the Department Head or his/her designee should note that the PO type box should show an "R" for a regular purchase order. The Purchasing Agent shall enter all blanket purchase order requests based upon information submitted by the Department Heads.

In addition to the purchase order information, the General Ledger expense account number for which the purchase will be charged needs to be entered. The Department must ensure that budgeted funds are available before the purchase requisition can be entered. Department Heads may still approve a purchase requisition even if the General Ledger line item is over budget. Once the information has been entered and saved, the Purchase Order program will send an e-mail to the Department Head to notify him/her that the purchase requisition has been entered and is ready for their approval.

If the purchase is for \$1,000 or less:

The Department Head should review the purchase requisition for his/her approval. The Department Head may choose to approve or deny/cancel the purchase requisition request. If approved, the Purchase Order program forwards an e-mail to the Purchasing Agent notifying him/her that the purchase requisition has been approved a P.O. can be issued. The Purchasing Agent will use this notification as authorization that the P.O. is ready for issuance and distribution to the vendor.

If the purchase is between \$1,000 and \$5,000:

The Purchase Order program will also e-mail the purchase requisition request to the designated Administrator (Supervisor, Clerk, Treasurer). The Administrator will respond by either approving or denying the request. If approved an e-mail will be generated by the Purchase Order program that will serve as authorization for the Purchasing Agent to proceed with issuing the purchase order.

If the purchase is greater than \$5,000:

Purchases greater than \$5,000 need at least three written quotes and purchases greater than \$20,000 require sealed competitive bids (the details on how to conduct the quoting and bidding process are included in the Township Administrative Policies and Procedures, Section 4.8 Expenditures Control).

The Department Head will use the current policy to determine the recommended vendor for the purchase. If the Department needs assistance in obtaining the required quotes or bids, he/she can request assistance from the Purchasing Agent so that a request for proposal or quote can be prepared and forwarded to the approved vendors. For those purchases over \$20,000 requiring a sealed competitive bid, a notice inviting bids or requesting proposals shall be published at least once in the most appropriate medium or media, as determined by the Purchasing Agent, at least seven days before the last day set for receiving proposals or bids by the Township. This seven-day time period may be

reduced if a written determination is made by the Purchasing Agent that the acquisition is urgent and sufficient vendors have been notified directly.

Sealed bids shall be submitted to the office of the Purchasing Agent on the prescribed forms, or another Township official as designated in the solicitation for bids, on or before the date and time specified for the receipt of bids or proposals in the invitations to bid and bidding instructions. Upon its receipt, each bid and modification shall be time-stamped but not opened and will be stored in a secure place by the Purchasing Agent until the time and date set for bid opening. A tabulation of all bids shall be made by the Purchasing Agent and be available for public inspection. A copy of the bid tabulation will be forward to the Department Head who requested the quote and/or bid.

The Department Head will prepare the required quote and/or bid purchasing request information needed for Township Board approval. A detailed report/request including all back-up bidding information is to be prepared and turned over to the Township Clerk for placement on the next Township Board agenda for action. The Township Board of Trustees or designee of the Board shall examine all bid tabulations and recommendations from the Purchasing Agent to select the lowest responsible bidder.

Once the Township Board has authorized the purchase, the Department Head or his/her designee will then enter the purchase requisition into the Purchase Order program. After all of the necessary approvals are made through the P.O. program the Purchasing Agent will process a Purchase Order for distribution to the vendor.

3. Purchase Requisition Reports

After the purchase requisition request has been entered and saved by the Department Head or his/her designee, a purchase requisition report should be printed out and signed by the Department Head. To print out the report, click on "Reports" on the top tool bar. Next click onto "Purchase Requisition Reports". Make sure the category shows the same name and that the name of the report is "Standard Requisition Multi-GL 1". Set the destination of the report to "printer" and click on "run report". The signed Purchase Requisition report should then be forwarded to the Purchasing Agent for attachment to the Purchase Order.

F. Finalizing Purchase Orders

The Purchasing Agent will log on to the program and call up the purchase requisitions to complete the process. The Purchase Order program will create encumbering journal entries that can be appended and posted to the General Ledger and made available for use in Accounts Payable. If a purchase order needs to be changed after it has been issued, the Purchasing Agent may edit the P.O. to correct any errors or omissions. The revised journal entries transmitted to Accounts Payable will also be updated with the corrected information.

At this point, the order will be placed for goods or services. The purchase order indicates the number, type, and unit cost of the item(s) needed and the full cost of the order. A copy of the purchase order, initialed by the purchasing agent indicating that the order has been placed, is then forwarded to the initiating department and a copy is sent to the vendor.

G. Receiving Goods Ordered

In most cases the goods ordered will be delivered directly to the Department from the source. Immediately check the goods for condition and quantity. Compare them to the copy of the purchase order. If there are any issues with the shipment, contact the Purchasing Agent, who will resolve them with the vendor. After examining the goods, sign and date the shipper and return it to the Purchasing Agent who will log it has received and forward to the Accounting Department.

H. Invoice Approval

Once the invoice is received, it must be approved by the Department Head and forwarded to the Accounting Department for payment. If the invoice is within \$100.00 of the original purchase order, no additional approvals are necessary. If the actual purchase exceeds the original purchase order by more than \$100.00 (and does not exceed the approved spending limit) documentation/justification and appropriate approvals will be required.

I. Petty Cash Purchases

Petty cash accounts are used by Departments for small purchases, reimbursements and other transactions for which the use of Township checking accounts would be inefficient or impractical.

- A. Petty cash funds are "imprest" accounts. This means that a specific amount of cash is provided to a Department to be used for departmental business. The petty cash amount is established by the Township Board. One departmental employee must be designated as the "Petty Cash Custodian". This person will be responsible for the Department's petty cash balance.
- B. Original requests for petty cash funds must be submitted to the Department Head for approval using the "Petty Cash Request/Replenishment Form".
- C. There are two methods of withdrawing funds from petty cash:
 1. The reimbursement method: Petty cash may be used to reimburse an individual for a purchase that was made using his/her personal funds. Upon presentation of an original receipt, vendor invoice, or other adequate documentation to support the expenditure, the petty cash custodian will reimburse the individual for the exact amount of the purchase, less any sales tax.

Commented [JN4]: No longer excluded, I think

2. The petty cash custodian may advance petty cash to an individual in anticipation of a purchase. Since the purchase has not yet been made at the time of the petty cash withdrawal, the amount withdrawn may vary from the amount of the actual purchase. Documentation must be submitted to the petty cash custodian within three days of purchase. If the actual expenditure is less than the amount advanced, the individual must return the excess cash together with valid documentation of the expenditure. If the actual expenditure was more than the amount advanced, the individual may be reimbursed for the excess amount after submitting adequate documentation to support the expenditure.
- D. When the fund needs replenishing, the petty cash custodian will summarize all expenditures on the "Petty Cash Request/ Replenishment Form". The total of all invoices and petty cash vouchers must equal the total of the summarized expenditures. The completed "Petty Cash Request/Replenishment Form" must be signed by the petty cash custodian and approved by the Department Head and submitted to the Accounting Department.
- E. Once the Accounting Department has reconciled the activity, they will process the replenishment of the petty cash balance.
- F. Petty cash should be secured at all times.
- G. A petty cash expenditure is no different from any other expenditure in that all withdrawals from petty cash must be supported by adequate vendor documentation and budgeted funds must be available for the purchase. The employee making the purchase must write on the receipt what was purchased and for what purpose.

J. Credit Card Purchase

The Hamburg Township Supervisor is responsible for issuing, accounting for, monitoring, retrieving and generally overseeing compliance with the Township's credit card policy. Hamburg Township credit cards may be used only by an officer or employee of the Township for the purchase of goods or services for the official business of the Township. Township officers and employees who use a Township credit card shall, as soon as possible, submit a copy of the vendor's credit card slip to the Township Purchasing Agent. If no credit card slip was obtained that described the transaction, the employee shall submit a signed voucher that shows the name of the vendor or entity from which goods or services were purchased, the date and the amount of the transaction, the official business that required the transaction, and the chart of account number indicated the line item to which the transaction is to be charged. All credit card slips shall include this information as well. Vouchers shall also include a statement why a credit card slip was not obtained.

An official or employee who is issued a credit card is responsible for its protection and custody. If a credit card is lost or stolen, the Hamburg Township Supervisor shall be

notified immediately. The entity issuing the lost or stolen credit card shall be immediately notified to cancel the card.

An officer or employee issued a credit card shall return the credit card to the Township Purchasing Agent upon the completion of the transaction.

The Hamburg Township Purchasing Agent shall maintain a list of all credit cards owned by the Township, along with the name of the officer and/or employee who has been issued the credit card, the limit established, the date issued, and the date returned. Each employee shall initial the list beside his/her name to indicate agreement that the credit card has been issued, and the employee has received a copy of this policy. The Township Purchasing Agent shall review each credit card statement as soon as possible to ensure that transactions comply with this policy. Any transactions that appear on the statements that are not documented with a credit card slip or a signed voucher shall be immediately investigated. Transactions that do not appear to comply with this policy shall be reported to the Township Board. Credit card purchases require purchase requisitions and purchase orders.

The Township Board shall not approve a payment to the entity issuing the credit card until all transactions have been verified, including the approval of all transaction invoices if issued. The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within not more than 60 days of the initial statement date.

Officers and employees who use a Township credit card in a manner contrary to this policy shall be subject to the following disciplinary actions, as deemed appropriate by the Township Board:

- a) Verbal Counseling,
- b) Written Reprimand,
- c) Suspension,
- d) Termination, and
- e) Reimbursement to the Township for unauthorized expenditures.

K. Central Stores

The Township will have a Central Stores area where commonly purchased office supplies will be stored. The Purchasing Agent will order office supplies to stock the Central Stores and will charge the supplies to the unallocated supplies line item. The Purchasing Agent will have a key to the Central Stores area. A purchase requisition that is approved by the Department Head will be necessary to requisition supplies from Central Stores. Approved purchase requisitions will be submitted to the Purchasing Agent who shall distribute the supplies from Central Stores as requested.

After supplies are distributed, the Purchasing Agent will give copies of the purchase requisitions to the Accounting Department. The Accounting Department will make the

necessary journal entries to transfer the amount of the supplies requisitioned from the unallocated supplies line item to the department supplies line item.

Any office supplies that are not available from the Central Stores area must be ordered through a separate purchase requisition from the approved vendor(s) for office supplies. Department Heads must approve these orders and submit the requisitions to the Purchasing Agent. A P.O. will be generated and the order will be placed by the Purchasing Agent. The Purchasing Agent will collect special supply order requisitions and place these types of orders once a week. These special supply orders should be kept to a minimum in order to achieve ordering and cost efficiencies.

4.9 EXPENDITURES CONTROL

(a) **Written Contract Required.** Except as otherwise provided, all supplies and contractual services, when the estimated cost thereof exceeds twenty thousand dollars (\$20,000.00), shall be let only after received sealed competitive bids or sealed proposals, resulting in a written contract. Such purchases shall be from the lowest responsive, responsible bidder, or from the proposal of best value, except as otherwise provided in this Section.

(b) **Exceptions.** Contracts for professional services; emergency and/or Township owned vehicle purchases (three (3) written quotes shall still be required); emergency repairs or replacements; routine and operational services; sole-source contracts; small purchases; and when such procedures are deemed unnecessary and burdensome and not in the best interests of the Township by the Township Board of Trustees are exceptions to the sealed bid and sealed proposal requirements of this Section.

(c) **Purchases Exceeding \$30,000.00 for Vehicles and/or Equipment.** Any Township vehicle or equipment purchase, i.e. fire truck, vactor truck, backhoe, etc., when the estimated cost thereof exceeds thirty thousand dollars (\$30,000.00), shall be let only after received sealed competitive bids or sealed proposals, resulting in a written contract. Such purchases shall be from the lowest responsive, responsible bidder, or from the proposal of best value, except as otherwise provided in this Section.

(d) **Purchases of \$20,000 or Less.** All supplies and contractual services not exceeding twenty thousand dollars (\$20,000) in cost may be made in accordance with purchase procedures established by the Township Board.

(See **Purchase Procedure** adopted February 15, 2011)

4.9(a) INVITATION FOR BIDS.

- (a) The Invitation for bids is used to initiate the competitive bid process.
- (b) The Invitation for Bids should generally include:

1. Instructions to bidders (time and date set for receipt of bids, address where bids are to be delivered, other special information).
 2. Description of proposed purchase.
 3. Contract terms and conditions.
- (c) The Invitation for Bids should always reserve the municipality's right to reject any and all bidders.
- (d) The bidding time (the period of time between the date of distribution of the Invitation for Bids and the time and date set for receipt of bids) should be set to provide bidders a reasonable time to prepare their bids.
- (e) The Invitation for Bids may provide a form that includes a space in which the bid price may be inserted and which the bidder must sign and submit along with all other necessary submissions.
- (f) Invitations for Bids or notices of the availability of Invitations for Bids should be furnished to sufficient number of bidders for the purpose of securing competition. In the case of larger purchases, notices shall be placed in newspapers or applicable trade publications.

4.9(b) NOTICE SOLICITING BIDS OR PROPOSALS.

- (a) **Publication.** A notice inviting bids or requesting proposals shall be published as least once in the most appropriate medium or media, as determined by the Purchasing Agent, at least seven days before the last day set for receiving proposals or bids by the Township. This seven-day time period may be reduced if a written determination is made by the Purchasing Agent that the acquisition is urgent and sufficient vendors have been notified directly. The notice shall include a general description of the articles or services to be acquired and shall state where the complete solicitation package may be secured. The notice shall also include the time and place for submitting and opening bids.
- (b) **Vendor List.** The Purchasing Agent shall also solicit responsible prospective vendors who have requested their names to be added to a vendor list, by sending to such prospective vendors, in a timely manner, such notice as will acquaint them with the proposed acquisition of goods or services. In any case, invitations sent to the prospective suppliers on the vendor list shall be limited to commodities or services that are similar in character and ordinarily handled by the trade groups to which the invitations for bids or proposals are sent.

- (c) **Posting.** The Purchasing Agent shall also advertise all pending invitations for bid and requests for proposals by posting a notice on the Township's website and Cable TV channel.
- (d) **Definitions.** As used in this Section:
 - (1) **"Medium or media"** means and includes, but is not limited to, website postings, Cable TV postings, advertisement in trade magazines, direct mailings, and advertisement in a newspaper of general circulation in The Township.
 - (2) **"Most appropriate medium or media"** means notification in a medium or combination of media which, in the best judgment of the Purchasing Agent, will result in the greatest number of responsible vendors.

4.9(c) PRE-BID CONFERENCES.

- (a) Pre-bid conferences may be conducted to explain the procurement requirements. If used, they should be announced to all prospective bidders known to have received an Invitation for Bids.
- (b) The conference should be held long enough after the Invitation for Bids has been issued to allow bidders to become familiar with it, but sufficiently before bid opening to allow consideration of the conference results in preparing their bids.
- (c) Nothing stated at the pre-bid conference should change the Invitation for Bids unless a change is made by written amendment.

4.9(d) PRE-OPENING MODIFICATION OR WITHDRAWAL OF BIDS.

- (a) Bids may be modified or withdrawn by written notice received in the office designated in the Invitation for Bids prior to the time and date set for bid opening.
- (b) **Disposition of Bid Security.** If a bid is withdrawn prior to the time and date set for bid opening, the bid security, if any, should be returned to the bidder.
- (c) **Records.** All documents relating to the modification or withdrawal of bids should be made a part of the appropriate procurement file.

4.9(e) LATE BIDS, LATE WITHDRAWALS AND LATE MODIFICATIONS

- (a) **General Discussion.** Any bid received after the time and date set for receipt of bids is late. Any withdrawal or modification of a bid received after the time and date set for opening of bids at the place designated for opening is late.

- (b) **Treatment.** No late bid, late modification or late withdrawal shall be considered unless received before contract award, and the bid modification or withdrawal would have been timely but for the action or inaction of municipal personnel directly serving the procurement activity.
- (c) **Records/Notice.** Bidders submitting late bids that will not be considered for award should be so notified as soon as practicable. Records shall be made and kept for each late bid, late modification, or late withdrawal.

4.9(f) MISTAKES IN BIDS.

- (a) **General Discussion.** Correction or withdrawal of a bid because of an inadvertent, non-judgmental mistake in the bid requires careful consideration to protect the integrity of the competitive bidding system, and to assure fairness.
 1. If the mistake is attributable to an error in judgment, the bid may not be corrected.
 2. Bid correction or withdrawal by reasons of a non-judgmental mistake is permissible, but only to the extent that it is not contrary to the interest of the Township or the fair treatment of other bidders.
- (b) **Mistakes discovered before opening.** A bidder may correct mistakes discovered before the time and date set for bid opening by withdrawing or correcting the bid.
- (c) **Confirmation of Bid.** When the Purchasing Agent knows or has reason to conclude that a mistake has been made, the Purchasing Agent should request a bidder to confirm the bid. Examples:
 1. Obvious apparent errors on the face of the bid, or
 2. Bid unreasonably lower than the other bids submitted.
- (d) **Mistakes discovered after Award.** Mistakes may not be corrected after award of the contract, except where the Township Board of Trustees makes the determination that it would be unconscionable not to allow the mistake to be corrected.

4.9(g) BID DEPOSITS.

Under certain circumstances, bid security (cash deposits, bonds, etc.) may be advisable.

When deemed necessary by the Purchasing Agent, bid deposits shall be required and shall be prescribed in any published notice inviting bids, as well as in the bidding documents. Unsuccessful bidders shall be entitled to return of such deposit or surety. A successful bidder shall forfeit any surety or deposit required by the Township if he fails to enter into the contract within the time required in the specifications or bidding documents, unless

such forfeiture is waived or the time limit extended by the Township Supervisor or Board of Trustees.

4.9(h) RECEIPT, OPENING, AND RECORDING OF BIDS.

- (a) **Receipt.** Sealed bids shall be submitted only to the office of the Purchasing Agent on the prescribed forms, or another Township official as designated in the solicitation for bids, on or before the date and time specified for the receipt of bids or proposals in the invitations to bid and bidding instructions. Upon its receipt, each bid and modification should be time-stamped but not opened and should be stored in a secure place by the Purchasing Agent until the time and date set for bid opening.
- (b) **Opening and Recording.**
1. Bids shall be publicly opened by the Purchasing Agent or the designee of the Purchasing Agent, in the presence of 1 or more witnesses, at the time, day and place specified in the invitation to bid and bidding instructions. All persons interested shall be allowed to be present at the bid opening. The names and addresses of witnesses shall be recorded at the opening.
 2. The name of each bidder and the total amount of each bid shall be read aloud by the Purchasing Agent or his assistants, as well as, in appropriate cases, the unit cost of each substantial item making up the total amount of each bid.
 3. All bids and specifications and invitations to bid shall be preserved and available for public inspection at the office of the Purchasing Agent for a period of not less than one year from the date the bids are submitted, with respect to any specific commodity or proposal.
 - (a) Exceptions shall be limited to the extent that trade secrets or other proprietary data may be confidential under the Freedom of Information Act. Confidential material that accompanies the bids must be readily separable from the bid in order to facilitate public inspection of the non-confidential portion of the bid.
 - (c) **Tabulation.** A tabulation of all bids shall be made by the Purchasing Agent and be available for public inspection. Tabulations shall be posted on the Township's website.
 - (d) **Analysis.** The Township Board of Trustees or designee of the Board shall examine all bid tabulations and recommendations from the Purchasing Agent to select the lowest responsible bidder.
 - (e) **Substantially Low Bid Review.** In the event the amount of the lowest bidder's bid appears disproportionately low when compared with estimates undertaken by or on behalf of the Township and/or compared to other bids

submitted, the Purchasing Agent reserves the right to inquire further of the apparent lowest bidder to determine whether the bid contains mathematical errors, omissions, or erroneous assumptions and whether the apparent lowest bidder has the capacity to perform a complete contract for the bid amount.

4.9(i) REQUESTS FOR PROPOSAL (RFP) OPENING PROCEDURE.

Requests for proposals (RFP) are often used to solicit professional services, i.e. Engineers, Auditors, Attorneys, Planners, and other professional consultants; this process is referred to as Qualifications-Based Selection ("QBS").

An RFP should include as much detail about the proposed project or requested services as possible. More information will allow more complete and relevant proposals. Successful RFP's should include the following:

1. The RFP should solicit relevant information about the firms' personnel, their particular qualifications, and experience with similar engagements.
2. The Township may consider publishing the notice of RFP in relevant trade publications to increase the response rate.
3. Send the RFP to firms recommended by other municipalities (call around to other municipal officials or the applicable municipal association).
 - (a) **Receipt of Sealed Proposals.** Sealed proposals shall be submitted only to the office of the Purchasing Agent on the prescribed forms, or another Township official as designated in the solicitation for proposals on or before the date and time specified in the request for proposals and related instructions. Sealed proposals shall be marked as to the time and date received at the office of the Purchasing Agent or other designated Township official by someone in that office.
 - (b) **Opening.** Proposals shall not be considered fully received for the purpose of Freedom of Information Act requests until the Township has determined that no additional clarifications or revisions of offers shall be accepted; therefore, no details of proposals shall be released until contract award. After contract award, all proposals shall be preserved and available for public inspection at the office of the Purchasing Agent for a period of not less than one year from the date the proposals are submitted.
 - (c) **Analysis.** The Township Board of Trustees or designee of the Board shall examine all proposal recommendations from the Purchasing Agent to select the

proposal of best value or to select those firms they wish to further review prior to awarding a contract. If the Board wishes to interview those selected firms, the following should be completed:

1. Interview each firm, meet the professionals who will actually do the work.
 2. Contact references and past clients.
 3. Visit the firms' offices and specific projects they have handled (if applicable).
 4. Rank the firms based upon Board consensus.
- (d) **Rejection of Proposals.** The Township Supervisor, Purchasing Agent, or the Township Board of Trustees has the authority to waive any irregularity of informality in any proposal and reject any or all proposals, in whole or in part.

4.9(j) AWARDING OF CONTRACTS.

- (a) **Authority.** Except as provided by subsection (b) of this section, the Township Board shall award all contracts after receiving the recommendation of the Purchasing Agent or other designated Township official.
- (b) **Exceptions.** A Township Administrator (Supervisor, Clerk and Treasurer) is authorized to enter:
- (1) All non-sole source contracts that do not exceed five thousand dollars (\$5,000);
 - (2) All contracts for expenditures necessary to perform statutory functions, i.e. assessment notices, tax bills, etc. do not require prior Board approval provided that the goods or services are within budget, and if the contract adheres to current purchasing policies; and
 - (3) All sole-source contracts not more than five thousand dollars (\$5,000).
- (c) **Lowest Responsive Responsible Bidder.** Contracts, except as otherwise provided in this chapter, shall be awarded to the lowest responsive responsible bidder. In determining the lowest responsive responsible bidder, the Township Board shall consider, in addition to price:
- (1) The ability, capacity and skill of the bidder to perform the contract or provide the service required;
 - (2) Whether the bidder can perform the contract or provide the service promptly or within the time specified, without delay or interference;

- (3) The character, integrity, reputation, judgment, experience and efficiency of the bidder;
 - a) The Township shall require the bidder to provide proof that they are responsible in paying their property taxes; both real and personal; whether it be in this township or other municipalities.
- (4) The quality of performance of previous contacts or services;
- (5) The previous and existing compliance by the bidder with laws and ordinances relating to any contract or service;
- (6) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
- (7) The quality, availability and adaptability of the supplies or contractual services to the particular use required;
- (8) The ability of the bidder to provide future maintenance and service for the use of the subject of the contact; and
- (9) The number and scope of conditions attached to the bid.
 - a) **Award to Other than Low Bidder.** When the award is not given to the lowest bidder, a full and complete statement of the reasons for placing the order elsewhere shall be prepared by the Purchasing Agent or the designee of the Purchasing Agent and filed with the other papers relating to the transaction.
 - b) **Tie Bids.** If two or more low bids are received for the same total amount or unit price, and the quality and service are equal, the contract shall be awarded to one of the tie bidders by drawing lots in public, unless one of the bidders is a taxpayer or resident of the Township, in which case such taxpayer or resident shall be awarded the contract.
 - c) **Default.** The Purchasing Agent shall not accept the bid or proposal of a vendor or Contractor who is in default to the Township.

4.9(k) AWARDING OF CONSTRUCTION PROJECT CONTRACTS.

(a) **Responsive, Responsible Bidder.** The Township Board of Trustees shall award Municipal building construction project contracts in the amount of five thousand dollars (\$5,000) or more to the lowest responsive, responsible bidder as determined by this section.

(b) **Definitions. As used in this section:**

- (1) "Township" means the Township Board of Trustees, Township Supervisor, Purchasing Agent or their designees.
 - (2) "Construction project" means the labor and material necessary for the construction, renovation, repair or improvements of a Township-owned building, except repair in emergency situations.
 - (3) "Lowest responsive, responsible bidder" means the responsible contractor with the lowest bid which satisfies the requirements of all local, State and Federal laws, this section, any bid documents used to solicit bids, and any other guidelines and specifications required for the construction project.
 - (4) "Responsible contractor" means any contractor or sub-contractor who is sufficiently qualified to satisfactorily perform the construction project, or any relevant part of the construction project as determined by the Township, based on the following:
 - A. An overall review of the contractor or subcontractor's evidence of compliance or lack of compliance with the responsibility criteria, as described in this section;
 - B. The contractor or sub-contractors' compliance with all applicable local, State and Federal laws; and
 - C. Input from the Township's architect and/or construction manager, if applicable.
- (c) **Responsibility Criteria.** The Township Supervisor and Board of Trustees shall consider at least each of the criteria listed in this section in determining whether a contractor is a responsible contractor. The list set forth in this section does not preclude any additional criteria that the Township may deem relevant for making a determination of contractor responsibility. Any criteria deemed relevant by the Township that is in addition to the items listed in this section shall be specified in the documents soliciting bids together with the requirements of this section.
- (d) **Bid Documents.** This bid documents for a construction project shall require any contractor or subcontractor bidding on the construction project, or any part of the construction project, to submit with its bid, written responses and other supporting or explanatory information demonstrating its compliance, or non-compliance and the reason for such non-compliance, with the listed responsibility criteria and any other criteria declared pertinent by the Township and included in the bid documents. For each separate bid package of a construction project, the Township may accord such weight as it deems appropriate to the responsibility criteria and any other criteria included in the bid documents for purposes of determining whether a contractor is a responsible contractor.

- (e) **Criteria.** The Township will consider the following information in determining whether or not a contractor is a responsible contractor. As used in this section, "contractor" includes any subcontractor holding a subcontract of five thousand dollars (\$5,000) or more. This list is not intended to be all inclusive or exhaustive:
- (1) General information about the contractor's company, its principles and its history, including the State and date of incorporation;
 - (2) Trade categories of contractor's employees and information regarding the State and local licenses and license numbers held by the contractor;
 - (3) A confirmation that all subcontractors, employees and other individuals working on the construction project will maintain current applicable licenses with the Michigan Bureau of Construction, Codes and Fire Safety, and as may otherwise be required by law for all licensed occupations and professions;
 - (4) The ratio of masters or journey persons to apprentices proposed to be used on the construction project job site;
 - (5) Documentation that the contractor maintains, participates in and contributes to a bona fide apprentice training program in which less than full journey-persons utilized on the project will be participants; as used in this section "bona fide apprentice training program" means a training program registered and approved by the United States Department of Labor, Bureau of Apprenticeship and Training Programs;
 - (6) Documentation of a completed Michigan Occupational Safety and Health Administration approved safety training program for employees used on the proposed job site;
 - (7) Evidence of the contractor's Workers' Compensation Experience Modification Rating (EMR). A bidder with a current EMR greater than 1.1 will not be considered a responsible contractor under this section;
 - (8) A list of similar or comparable projects completed within the past five years, including dates of work and each project's approximate dollar value and size. Documentation from these previous projects of comparable size or complexity, including but not limited to all costs related to the bidder's timeliness, performance, quality of work, extension requests, contractual fines and penalties imposed, including proof of such fines and penalties, and liens filed, history of claims for extra work and any contract defaults with an explanation of the reason for the default and how the default was resolved;
 - (9) Evidence of contractor's experience with construction techniques, trade standards, quality workmanship, project scheduling, cost control, management of projects of comparable size or complexity, and building codes

by documenting the bidder's ability and capacity to perform the project. The bidder must identify those portions of the project it reasonably believes will be subcontracted and the names of the subcontractors;

- (10) A list of individuals or contact persons for entities that have received in the past five years, or are currently receiving, the contractor's services from which references may be obtained, which shall include contacts for any similar or comparable projects; and include information regarding the records of performance and job site cooperation;
- (11) Audited financial information current within the past twelve months, such as a balance sheet, statement of operations, and bonding capacity. Evidence that the applicant has financial resources to start up and follow through on the project and to respond to damages in case of default, as shown by written verification of bonding capacity equal to or exceeding the amount of the project. The written verification must be submitted by a licensed surety company rated B+ or better in the current A.M. Best Guide and qualified to do business within the State of Michigan.
- (12) A warranty statement regarding labor and materials;
- (13) A list of all litigation and arbitrations currently pending and within the past five years, including an explanation of each. Evidence of satisfactory resolution of claims filed by or against the contractor asserted on projects of the same or similar size within the past five years. Any claim against the contractor shall be deemed to have been satisfactorily resolved if final judgment is rendered in favor of the contractor or any final judgment rendered against the contractor is satisfied within ninety days of the date the judgment became final;
- (14) Proof of insurance, including certificates of insurance naming the Township as an additional insured, confirming existence and the amount of coverage for liability, property damages, workers' compensation and any other insurances required by the proposed contract documents;
- (15) Evidence of compliance with the Fair Labor Standards Act, and with regulatory agencies such as the Environmental Protection Agency; the Michigan Department of Labor and Economic Growth, including the Occupational Safety and Health Administration, Workers' Compensation Agency, the Wage and Hour Division; and all other applicable State and Federal laws or agencies;
- (16) Evidence of any quality assurance program used by the contractor and the results of any such program on the contractor's previous projects;
- (17) Contractor's policy addressing drugs and alcohol use for employees working on the project site;

- (18) Documentation of whether the contractor provides health insurance and pension benefits to its employees;
 - (19) Assurance that all construction work for this project shall proceed economically, efficiently, continuously and without interruption.
- (f) Effective Date. This section is effective for any solicitation of bids or proposals for construction projects issued by the Township on or after _____. (insert date)

4.9(l) PURCHASE ORDERS.

The purchase order is the legal document used by the Township to initiate and control purchases. A purchase order shall be deemed a sufficient written contract within the meaning of this Section when the interests of the Township are protected by its use.

4.9(m) RESPONSIBILITY FOR INSPECTION AND ACCEPTANCE.

The responsibility for the inspection and acceptance of all materials, supplies or services purchased by the Township shall rest with the Purchasing Agent or such other Administrative officer as may be designated by the Township Board, with respect to the particular commodity or service purchased.

4.9(n) PREVAILING WAGES ON TOWNSHIP PROJECTS.

~~No project, in an initial amount of _____ thousand dollars (\$____) or more for the performance of services or work for and on behalf of the Township, involving craftsmen, mechanics and laborers employed directly upon the site of the work, shall be entered into, approved or executed unless a contract, agreement, understanding or arrangement provides and requires that all craftsmen, mechanics and laborers so employed are to be paid not less than the wages and fringe benefits prevailing in the locality of the building trades industry for corresponding classes of craftsmen, mechanics and laborers, as published as of the time of execution of the contract by the Michigan Department of Labor and Economic Growth, Wage and Hour Division. In addition, such contract, agreement, understanding or arrangement, shall provide that all subcontracts entered into by the contractor shall contain the provisions set forth in this subsection with respect to the contractor, and all such contracts, agreements, understandings or arrangements shall provide that all contractors and subcontractors engaged in the performance of services or work for the Township, to which this section applies, shall as required by this section, furnish payrolls to the Township if applicable.~~

4.9(o) EQUAL OPPORTUNITY AND FELONY RE-ENTRY EMPLOYMENT

- (a) The Township shall accept bids for goods and/or services in the amount of five thousand dollars (\$5,000) or more from only those persons, partnerships or

corporations that are committed to equal opportunity employment of all persons, consistent with Article I, Section 26 of the Michigan Constitution and which has adopted a hiring policy which does not preclude a person with a felony conviction from being considered for employment unless otherwise precluded by State or Federal law.

- (b) This section shall apply to all subcontractors holding subcontracts of five thousand dollars (\$5,000) or more when such subcontractors are a direct and inclusive result of a Township purchase or contract of five thousand dollars (\$5,000) or more.
- (c) Any contractor, subcontractor, supplier or vendor which is subject to this section and who employs fifteen or more employees, shall submit equal opportunity employment compliance documentation with their bid or proposal.
- (d) Any contractor, subcontractor, supplier or vendor which is subject to this section and who employs fifteen or more employees, shall submit in writing with its bid or proposal, its hiring policy which shall provide that a felony conviction is not an absolute bar to, or otherwise preclude, possible employment with the contractor, subcontractor, supplier or vendor.
- (e) Failure to submit the equal opportunity employment and felony conviction re-entry to employment policy documentation required by this section shall render the bid or proposal non-responsive.

4.9(p) DISPOSITION OF UNCLAIMED ABANDONED PROPERTY.

- (a) Stolen property recovered by a Township police officer or abandoned personal property discovered by a Township police officer, which property remains unclaimed for six months after recovery or discovery, and which property is not evidence in criminal litigation, shall be disposed of as provided in this section.
- (b) Any personal property, including money, which remains unclaimed for six months, may be converted to Township use pursuant to this subsection. The Township shall publish a notice in a newspaper of general circulation in the County describing the property, including money, to be converted to Township use. Within six (6) months after publication of such notice, a person may file a claim for the converted property and, upon proving a right to the property, shall be entitled to the return of such property. Claims for converted property may not be filed more than six months after the date of publication.
- (c) Any and all remaining unclaimed personal property not converted to Township use shall be disposed of at sale as provided in this section. Money which, because of age, origin, metal content or value as a collector's item, may be appraised to determine if it has a value other than its face value. Money which does not have a value other than its face value shall not be subject to public sale. The Township shall publish a notice in a newspaper of general circulation in the Township not less than five days before the proposed sale of property. The notice shall describe the property

and shall state the time and place for the public sale at which the property may be purchased by the highest bidder. Until the date of sale, property may be claimed at the Police Department. If ownership of the property is adequately proven, the property shall be turned over to the owner and the item removed from sale.

- (d) After the Township has conducted the sale of the remaining unclaimed property, the proceeds of the sale, along with money not subject to public sale, after deducting costs for the sale, including reasonable appraisal fees, shall be deposited with the Township Treasurer to be credited to the General Fund. If, within six months after the sale, the owner of the property files with the Township Clerk a claim for the property and proves a right to the property, the Township Treasurer shall pay the owner the amount out of the proceeds of the sale or the face value of money not subject to public sale. However, claims filed more than six months after the sale shall not be paid.
- (e) Any Township official or employee disposing of property as provided in this section shall not be liable to the owner of such property.
1. Notwithstanding any provision in this section to the contrary, property of minor value, as defined by Act 273 of the Public Acts of 1987, being M.C.L.A. 434.21, shall be disposed of according to this subsection.
 2. Property of minor value recovered or found by a Township police officer, or by a person who has not expressed the wish to receive the property if not claimed by the legal owner, may, after a period of three months, be disposed of in any manner by the Police Department.
 3. Disposition by the Police Department of property of minor value may include, but is not limited to, retention by the Township for its use; public sale with proceeds deposited into the General Fund of the Township; or release to a charitable, educational or service organization.

4.9(q) DISPOSAL OF SURPLUS MATERIAL OR EQUIPMENT, SALVAGE AND UNCLAIMED PROPERTY

(a) Definitions. As used in this section:

- (1) "Salvage" means property or goods found in or on or connected to any real property acquired and owned by the Township, not including mineral rights.
- (2) "Surplus material or equipment" means outdated, unused, unneeded or overstocked property of the Township, which property retains some useful life.
- (3) "Township Supervisor" includes the person designated by the Township Supervisor to administer this section.

- (b) **Disposal Authorized.** The Township Supervisor is hereby given authority to sell or otherwise dispose of Township-owned surplus material or equipment, salvage from Township-acquired real property, and unclaimed recovered stolen property or abandoned personal property held by the Police Department. The Township Supervisor shall conduct, at least once every twelve months or as needed, a Township auction to dispose of such material, equipment, salvage and goods.
- (c) **Manner of Disposal.** Any salvage or surplus material or equipment, the estimated value of which is ten thousand dollars (\$10,000) or more, shall be sold either by public auction or by sealed competitive bidding, as provided in subsection (e) hereof, or with Township Board approval in the absence of either a public auction or sealed competitive bids. Sales shall be to the highest responsible bidder.
- (d) **Publication.** All auction notices and invitations for bid shall be published at least once in a newspaper of general circulation in the Township at least seven days before the last day set for the auction or for receiving bids by the Township.
- (e) **Bid Procedures in Absence of Public Auction.**
- (1) An invitation to bid for the purchase of salvage, surplus material or equipment and recovered stolen items and abandoned personal property in the possession of the Police Department shall be published in at least one applicable publication, not less than seven days before the date set for receiving bids by the Township. Such notice shall include a general description of the item to be sold and shall state where specifications may be secured, where the property may be viewed and the time and place for submitting and opening bids.
 - (2) Sealed bids shall be submitted to the Township at the address and on or before the date and time specified for receipt of the bid in the notice.
 - (3) Timely received bids shall be publicly opened by the Purchasing Agent or the designee of the Purchasing Agent at the time, date and place specified in the notice. All persons interested shall be allowed to be present at the opening and the total amount of each bid shall be read aloud by the person opening bids.
 - (4) All bids shall be examined by the Township Board and the highest responsible bid shall be selected and a contract executed.
 - (5) The procedures of this subsection are not required to be followed when the salvage, surplus material or equipment does not have an estimated value of five thousand dollars (\$5,000) or more.
- (f) **Property Valued at Less Than Five Thousand Dollars (\$5,000).** Any salvage, surplus material or equipment which does not have an estimated value of five thousand dollars (\$5,000) or more may be disposed of in a manner which the Township Supervisor determines to be in the best interests of the Township.

- (g) **Stolen or Abandoned Property.** Recovered stolen property or abandoned personal property in the possession of the Police Department shall be disposed of pursuant to this section. In the event of any conflict between this section and existing Police Department policies and procedures, Section 4.8011 shall control.

4.10 Expense Reimbursements

4.10(a) Request Form. The Township shall reimburse all officials and employees for necessary expenses incurred in performing their duties. All requests for expense reimbursement shall be made on the proper expense reimbursement form.

4.10(b) Reimbursement Rates. Travel shall be reimbursed at the current IRS approved mileage rate when an employee uses his or her own vehicle on Township business. Reasonable meal and lodging expenses will be reimbursed.

4.10(c) Personal Expenses. Receipts shall accompany any reimbursement requests. Commuting from residence to the Township hall or the employee's official work station shall not be eligible for reimbursement. Board and committee members shall not receive mileage to attend Board meetings that are a statutory duty of their office. Personal expenses that are unnecessary in conducting Township business, such as entertainment and alcohol consumed, shall not be eligible for reimbursement.

4.10(d) Travel Advances. Travel advances may be requested from the Clerk's office. Receipts of all expenses incurred shall be submitted within three business days after concluding the trip, and any excess travel advance shall be reimbursed to the Township.

4.11 Investments

4.11(a) Purpose

It is the policy of Hamburg Township to invest public funds in a manner, which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the Township and conforming to all State statutes and local Ordinances governing the investment of funds.

4.11(b) Scope

This investment policy applies to all transactions involving the financial assets and related activity of the Township except for its employee pension funds and employee deferred compensation funds that are organized and administered separately. These funds are accounted for in the annual report and include the following funds:

- General Fund

- Enterprise Fund
- Capital Improvement Fund
- Trust and Agency Fund
- Road Fund
- Police Fund
- Fire Fund
- Park Land Purchase Fund
- Drug Enforcement Fund
- Special Assessment Funds
- Any new funds created by the Township Board, unless specifically exempted by the Township board

4.11(c) Investment Objectives

Funds of the Township will be invested in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, and in accordance with the following objectives in order of priority.

4.11(c)(1) Safety – Safety of principal is the foremost objective of the investment program. The primary objective of the Hamburg Township investment activities is the preservation of capital in the overall portfolio and the protection of investment principal.

4.11(c)(2) Diversification – The investments shall be diversified or restricted by specific maturity dates, individual financial institution(s) or a specific class of securities as may be set forth by Board amendment to this policy and in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.11(c)(3) Liquidity – The investment portfolio will remain sufficiently liquid to enable Hamburg Township to meet operating requirements that might be reasonably anticipated. Further, it is specifically intended that an investment strategy that ensures short term (two years or less) versus longer term be followed.

4.11(c)(4) Return on Investment – Subject to the foregoing constraints, Hamburg Township will strive to maximize the return on the investment portfolio. The portfolio shall be designed with the objective of obtaining a rate of return appropriate to existing budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

4.11(d) Delegation of Authority

Responsibility for the establishment of the Township's Investment Policy rests solely with the Township Board of Trustees.

Authority to manage the investment program related to implementation of the Township Investment Policy is derived from MCL 41.75, as amended. Management responsibility for the investment program is hereby delegated to the Township Treasurer (Investment

Officer), who shall establish written procedures and internal controls for the operation of the investment program, consistent with this investment policy. No person may engage in investment transactions except as provided under the terms of this policy and the procedures established by the Investment Officer.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The Board shall appoint an Investment Committee whose sole purpose shall be to advise the Treasurer on overall Banking, Depository and Investment strategy, Primary banking structure and relationship and specific investment selection and evaluation of the Township's Investment portfolio. The committee shall consist of the Director of Accounting, the Deputy Treasurer and ~~two~~ a members of the Township's Board of Trustees.

4.11(e) Ethics and Conflict of Interest

Officers and employees, including any officials appointed to an Investment Committee by the Township Board, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees, Investment Committee members, and investment officials shall disclose to the Township Board any material financial interest in financial institutions that conduct business with this Township and they shall disclose any large personal financial/investment positions that could be related to the performance of the Township's portfolio. Employees, Investment Committee members, and officials shall subordinate their personal investment transactions to those of the Township particularly with regard to the timing of purchases and sales.

4.11(f) Qualified Financial Dealers and Institutions

The Township shall maintain a listing of depositories and financial institutions, which are approved by the Township Board for depository and investment services by the Board of Trustees. In addition, the list will include approved security broker/dealers, who maintain an office in the State of Michigan or who are "primary" dealers or regional dealers that qualify under Security & Exchange Commission Rule15C3-1. No public deposit shall be made except in a qualified public depository as established by State statute.

All financial Institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply to the Treasurer and the Board, at minimum, their quarterly and annual audited financial statements for the most recent fiscal year, certification of having read the Hamburg Township investment policy and the pertinent State statutes, proof of National Association of Security Dealers certification if appropriate and proof of State registration, where applicable. In addition, they must provide schedules of rates and fees for all transaction types and investment products.

A periodic review of the financial condition and registration of qualified bidders will be conducted by the Township Treasurer and the Investment Committee who shall at a minimum conduct a quarterly evaluation of each bank's credit worthiness to determine whether it should be maintained on the "Approved Financial Institutions" listing. Changes in the financial condition of "Approved Financial Institutions" shall be immediately brought to the attention of the Board of Trustees with an associated recommended action for the Board's consideration.

It shall be the responsibility of the Board, Investment Committee or the Treasurer to ensure compliance with these provisions.

4.11(g) Authorized and Suitable Instruments

All investments shall be made in strict accordance with Public Act 20 of the Public Acts of 1943, as amended, (see attachment "Investment of Surplus Funds of Political Subdivisions") and Public Act 7 of the Public Acts of 1967, as amended (see attachment "Urban Cooperation Act of 1967").

Except as may be determined by Board Action, all deposits and investments shall be strictly segregated by Fund type. It is understood that there are times when deposits are transferred to our accounts from an external source in a comingled form with allocation instructions. These funds should be segregated as soon as possible upon receipt.

4.11(h) Competitive Selection of Investment Instruments

4.11(h)(1) Before the Township invests any funds, competitive proposals from qualified financial institutions shall be sought. If a specific maturity date is required, whether for cash flow purposes or for conformance to maturity guidelines, proposals shall be requested for instruments that meet the maturity required. If no specific maturity is required, an analysis will be conducted to determine which maturates would be most advantageous.

4.11(h)(2) Quotes will be requested from financial institutions for various options with regard to terms and instruments. The Township will accept the quotes, which provide the highest rate of return that is within the maturity term required and that comply with the parameters of the Investment Policy and particularly with regards to the safety of the investment.

4.11(h)(3) Records indicating the quotes offered, the quotes accepted and brief explanation of the decision which was made regarding the investment, shall be kept for future review.

4.11(i) Short-Term versus Long-Term Portfolio

4.11(i)(1) The Township shall attempt to match its investment maturities as closely as possible to its anticipated cash flow requirements. With the exception of Debt Service

Funds, Capital Funds and Special Assessment Funds, it strongly advised that all funds be invested in instruments whose maturities do not exceed two years at the time of purchase unless specifically agreed to by the Investment Committee and reported to the Board.

4.11(i)(2) Debt Service Funds, Capital Funds, and Special Assessment Funds, may be invested in securities exceeding two years provided the maturity dates match anticipated need for the funds.

4.11(j) Investment Performance and Reporting

4.11(j)(1) The Treasurer shall submit to the Board a Monthly investment report that provides the following information for each investment by investment type and financial institution:

- principal and type of investment,
- annualized yield,
- earnings for each investment,
- profit or loss as appropriate
- type and nature of insurance, asset collateralization and/or other form of investment security
- maturity date of the investment
- percentage of funds and type of investment at each financial institution

4.11(j)(2) Information indicating a loss or prospective loss of capital on existing instruments and material deviations from projected investment strategies shall be reported immediately to the Board of Trustees.

4.11(j)(3) A Comprehensive Financial Condition Report shall be developed cooperatively by the Treasurer, Director of Accounting, Chief Budget Officer and Assessor and presented to the Board of Trustees at its second Board meeting each month. The report will address each of the following in summary and in detail:

- Tab 1 - Budget & Financial Status
- Tab 2 - Cash Flow Analysis
- Tab 3 - Major Issues
- Tab 4 - Delinquent Taxes
- Tab 5 - Comprehensive Investment Report
- Tab 6 - Current Investment Policy
- Tab 7 - Five Year Forecast

4.11(k) Access to Financial Information

4.11(k)(1) By resolution the Hamburg Board of Trustees has determined that the following Officers shall have the right to all financial and investment information (including

on line "read only" access) from all depositories and financial institutions with whom the Township does business:

- Township Supervisor
- Township Clerk
- Township Treasurer and Deputy Treasurer
- Township Trustees (4)
- Township Director of Accounting
- Township Attorney

4.11(k)(2) Additionally by resolution the Hamburg Board of Trustees has determined that the following employees shall have the right to all financial and investment information (including on line "read only" access) from all depositories and financial institutions with whom the Township does business for Library Accounts:

- Director of the Library
- Library Accountant

4.11(l) Safekeeping and Custody

4.11(l)(1) All security transactions including collateral for repurchase agreements and institution deposits entered into by the Township shall be on a cash (or delivery vs. payment) basis. Securities may be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts as determined by the Treasurer.

4.11(l)(2) A trust receipt from the contra-party and proof of SIPC and other insurance will be required when the transaction is covered by insurance. Non-negotiable, non-collateralized Certificates of Deposit, as in the law in the State of Michigan shall be evidenced by safekeeping receipt from the issuing bank.

4.11(m) Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

4.11(n) Effective Date

This policy shall become effective on November 6, 2009, the day following adoption by the Hamburg Township Board.

4.11(o) Amendment

This Investment Policy and its associated Investment Procedures may be amended from time to time by a majority vote of the Hamburg Township Board of Trustees.

4.12 Audits

The Township Board will engage a certified public accountant to annually audit the financial systems of the Township. An audit contract may be for a period up to three years but shall not exceed the current Board's term of office. The request for proposals for audits shall require:

1. Proposal due date
2. Date award will be made
3. Date contract begins
4. Length of audit contract
5. Audit period covered
6. Earliest date that audit work may begin
7. Due date for audit report
8. Funds to be audited
9. Requirement of unqualified opinion or clear statement of reason for qualifications
10. Financial statements and other information to be provided by Township
11. Other services to be performed by auditor, if any
12. Procedures for determining adequacy of internal controls and accounting
13. Authorization to disclose any irregularities
14. Audit shall be performed in accordance with generally accepted auditing standards set forth by the American Institute of Certified Public Accountants
15. Audit shall be reviewed with the Township Board
16. Number of copies that will be provided
17. Auditor's qualifications
18. References for firm and individuals performing the audit
19. Estimated hours required, current rates and total anticipated amount