



Little River Band of Ottawa Indians

375 River Street
Manistee, MI 49660
(231) 723-8288

Resolution # 04-1201-481

Adoption of Budget and Appropriations Regulations, Amendment to "Chapter 1. Purchasing and Procurement Regulations. "

WHEREAS, the status of the *Gaá Čhing Ziibi Daáwaa Aníshinaábek* (Little River Band of Ottawa Indians) as a sovereign and Treaty-making power is confirmed in numerous treaties, from agreements with the initial colonial powers on this land, to various treaties with the United States; and

WHEREAS, the Little River Band of Ottawa Indians (Tribe) is descended from, and is the political successor to, the Grand River Ottawa Bands, signatories of the 1836 Treaty of Washington (7 Stat. 491) with the United States, as reaffirmed by federal law in P.L. 103-324, enacted in 1994; and

WHEREAS, the Tribe adopted a new Constitution, pursuant to a vote of the membership on May 27, 1998, which Constitution became effective upon its approval by the Assistant Secretary-Indian Affairs on July 10, 1998; and

WHEREAS, the Tribal Council is authorized under Article IV, Section 7(a) to provide for the public health, peace, morals, education and general welfare of the Little River Band and its members; and

WHEREAS, the CFO has proposed revisions based on findings contained in the Internal Audit done by the Comptroller General, to "Chapter 1. Purchasing and Procurement Regulations",

WHEREAS, the proposed revisions to "Chapter 1. Purchasing and Procurement Regulations" have been submitted for review and comment to the Ogema and Tribal Manager;

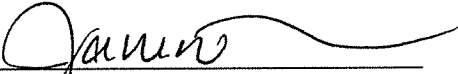
WHEREAS, the Ogema considered those recommendations made by the Comptroller General to make provisions in "Chapter 1. Purchasing and Procurement Regulations", for circumvention of bidding requirements for the Purchasing Department to make purchases outside of the regulation when the purchase is for immediate need items to protect the health and safety of employees and members of the Tribe; and

WHEREAS, the Ogema considered those recommendations made by the Comptroller General to make provisions in "Chapter 1. Purchasing and Procurement Regulations", for the Purchasing/Travel Supervisor to use professional judgment as to seeking additional quotes for requested items: and

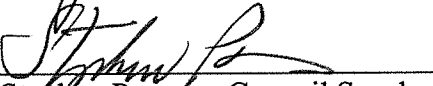
NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby adopts the revisions to "Chapter 1. Purchasing and Procurement Regulation" and directs the Purchasing/Travel Supervisor to present to the staff under the Ogema Operations notice and training.

CERTIFICATE OF ADOPTION

I do hereby certify that the foregoing resolution was duly presented and adopted by the Tribal Council with 7 FOR, 0 AGAINST, 0 ABSTAINING, and 2 ABSENT, at a Regular Session of the Little River Band of Ottawa Indians Tribal Council held on December 1, 2004 at the Little River Band's Dome Room in Manistee, Michigan, with a quorum being present for such vote.



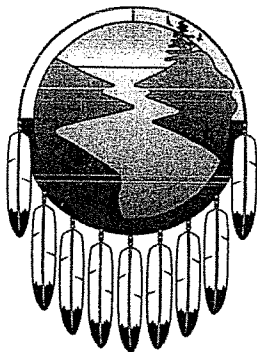
Janine M. Sam, Council Recorder



Stephen Parsons, Council Speaker

Attest: _____

Distribution: Council Records
Tribal Ogema
Tribal Court
Legal Department



Little River Band of Ottawa Indians
Purchasing Department
375 River Street
Manistee, MI 49660
(231) 723-8288
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Audit Corrective Action

Purchasing

Comment 2004-07

While testing purchases it was noted that there was a purchase made that did not have the required three bids in the purchase file. There was a memo in the purchase file explaining that three bids were not obtained due to time constraints and the needs of the department purchasing the equipment. The purchasing regulations do not permit the circumvention of the requirements to obtain quotes for purchases of items that are needed in an expedited time frame. Further, the only provision to allow for not obtaining quotes for a purchase is when no other vendors exist to provide the services or there are an insufficient number of vendors to provide the quotes.

Recommendation 2004-07

The Purchasing Department should not allow for any purchase of items outside of the policy established through regulation. If this is to be done again in the future, a memo signed by management who required the circumvention of the purchasing policy should be placed into the purchasing file. Further, the regulations should be updated to provide for the Purchasing Department to make purchases outside of the regulations when the purchase is for immediate need items to protect the health and safety of employees and members of the Tribe.

Assigned staff: Michelle Lucas, under the leadership of the CFO

Time frame: 60 days

Response: A purchasing policy draft has been submitted to the Tribal Ogema, Tribal Manager and CFO for approval. The draft outlines procurement procedures that include guidelines for obtaining quotes. The guidelines outline procedures and authority approval for emergency purchases.

Corrective Action Plan: Submit Purchasing & Procurement draft to Tribal Council for approval by resolution.



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Audit Corrective Action

Purchasing

Comment 2004-08

During the analysis of purchase orders placed during the audit period it was noted that approximately 58% of the purchase orders were for orders totaling less than \$ 200.00 which related to only 3% of the total value of purchase orders encumbered. The analysis also showed that approximately 59% of the Purchasing Supervisors time was spent to place and gain the required quotes for these orders, which did not allow for sufficient time to perform additional research on higher dollar purchases made.

Recommendation 2004-08

The regulations should be drafted to allow for a requisition system to be put in place for all orders under \$ 200.00 and require the Purchasing Supervisor to use professional judgment as to seeking additional quotes for the requested item. This would allow the Purchasing Department to place the orders directly from the information provided by the department director and free additional time for the Purchasing Supervisor to negotiate and research higher dollar purchases made by the Tribe.

Assigned staff: Michelle Lucas & Steve Wheeler, under the leadership of the CFO

Time frame: 60 days

Response: This process would be very beneficial. Time sent with smaller purchases could be used to research pricing on larger orders. In most cases the savings found on orders under \$250.00 is lost in research time. With past knowledge of request, the Purchasing Department is recommending that the amount be changed to \$250.00.

BUDGET AND APPROPRIATION REGULATIONS
Regulation # R100-01:AC-01

Chapter 1. Purchasing and Procurement

Section 1. Authority; Purpose

1-1. *Authority.* In accordance with Section 4.10 (e) of the Budget and Appropriation Ordinance, # 01-100-04, the Tribal Council hereby promulgates these rules for purchasing and procurement by the Little River Band of Ottawa Indians.

1-2. *Purpose.* This policy is intended to provide a framework for ensuring that Tribal purchase transactions are understood, and accompanying procedures are uniformly applied. Guidelines are placed to support purchasing activities of the Tribe and to create a managed purchasing system.

Section 2. General Policies

2-1. *Applicability.* This policy shall be followed by all Tribal Government Offices and affiliated entities, and shall include purchases by the Housing Commission and Housing Department.

2-2. *Justification.* All purchase and contract actions must be justifiable and support legitimate Tribal program objectives.

2-3. *Pricing.* Purchasing and contract actions will be based on competitive pricing to the greatest extent possible and exceptions shall be documented and approved. Competitive pricing as used in this policy means obtain price quotes or bids from multiple vendors to assure the lowest price on quality goods and services.

2-4. *Purchasing Authority.* All purchases are to be made by the Purchasing Department. Purchase variances must not exceed 10% above the suggested price, excluding shipping and handling.

2-5. *Approval.* It is the intent of these policies to treat purchases as a logical group. Purchases shall not be broken or separated into smaller amounts to avoid necessary levels of approval.

2-6. *Contracts.* All purchases shall be accompanied by an original signed contract or purchase order which shall be filed with the Purchasing Department.

2-7. *Legal Review.* All contracts and other forms of agreements, excluding purchases from vendor catalogue pricing, shall be required to have a written legal review of the contract. If amendments are requested or recommended in that legal review, documentation that identifies that the Legal Department has reviewed the amendments or determined that the amendments are not required.

Section 3. Contract Negotiation Authorization Levels

3-1. *Monetary Authorization.* No employee is authorized to bind or commit the Tribe to the purchase or any goods or services.

3-2. *~~Negotiating Contracts~~ and Purchase Requisitions approval.* Program Directors shall place all purchases through the Purchasing Office and shall obtain approval as set forth in this section. Program Directors shall request the Purchasing Office, after approval by the Ogema, to negotiate all purchases in excess of \$8000.01. The following value and authority levels limit authority to initiate the development of purchase requests and/or contracts.

- a. \$.00 to \$500.00, with authorization from the ~~Purchasing Director~~ Purchasing Supervisor and, the Program Director, and shall include price quotes from at least two sources.

b. \$500.01 to \$3000.00, with authorization from the Tribal Manager, ~~and the Purchasing Director~~Purchasing Supervisor, and shall require price quotes from at least three sources.

c. \$3000.01 to \$8000.00, with authorization from the Ogema, Tribal Manager, ~~and the Purchasing Director~~Purchasing Supervisor and shall require price quotes from at least three sources.

d. All purchases over \$8000.01, with authorization by the Tribal Ogema and Tribal Council ~~and the Purchasing Director~~Purchasing Supervisor and with three written quotes.

Provided that, where no vendors exist to provide quotes, or insufficient vendors exist to provide quotes, the Purchasing Director shall include a certification to that effect which shall be attached to the purchase file.

Section 4. Responsibilities

4-1. *Program Directors*. Program Directors are responsible for achieving program goals and at the same time conserving Tribal resources and maintaining accountability. Their responsibilities begin with the development of a sound program budget. As managers, their primary responsibilities in relation to purchasing are:

a. Exercising control over expenditures, to ensure that they do not exceed amounts allotted in the budget and that they are consistent with purposes detailed in the budget.

b. Ensuring that transactions are made with adequate planning and that emergency buying is avoided.

c. Ensuring that all requisitions are prepared properly.

d. Coding expenditures properly.

e. Determining that expenditures are completed within the performance period for the grant program, which they support.

f. Provisions of certain Tribal grants and contracts may apply policies or require practices which lie beyond those defined in this policy. Whenever funds under a specific federal grant or contract are used for purchasing or contracting purposes, it is the responsibility of the Program Director to abide by the terms and conditions of the grant or contract requirements.

g. Keeping record of all purchases made for back reference and accountability

4-2. *Purchasing Manager*~~Purchasing Supervisor~~. The ~~Purchasing Manager~~Purchasing Supervisor is responsible for seeing that all purchasing activities are carried out properly and in a manner that best serves the interests of the Tribe. The ~~Purchasing Manager~~Purchasing Supervisor is the person with primary responsibility for representing the Tribe as it enters into agreements with vendors. As such, the ~~Purchasing Manager~~Purchasing Supervisor carries out many specific purchasing responsibilities, including:

a. Seeking competitive quotations, bids, and proposals whenever feasible, to insure that the Tribe obtains quality goods or services at reasonable prices.

b. Obtaining or providing the appropriate written approval of all purchase actions.

e. Routing invoices and purchase orders to the Accounting Department.

f. Maintaining documents regarding purchasing activities for two years.

g. Maintaining documents regarding contract activities.

- h. Reviewing and monitoring all active purchase orders, noting payment terms and conditions to make sure that they are fulfilled.
- i. Determining whether potential vendors are responsible, for example have resources, personnel, integrity, and overall capability to meet the Tribe's needs successfully.
- j. Preparing bids and quotes.
- k. Reviewing the statement of work submitted by the Program Director.
- l. Purchasing goods for stock and building supplies.
- m. Maintaining a vendor file.
- n. Keeping all vendors aware of Tribal Purchasing Policies and Procedures.
- o. Verifying that all purchasing requirements have been met before issuing a purchase order.

4-3. *Tribal Manager; Tribal Assistant.* The Tribal Manager, as delegated administrator for the Ogema, is responsible for reviewing purchasing activities and approving purchasing activities under \$3000.00. The Tribal Assistant Manager shall be delegated the Tribal Manager authority in the event of a written memorandum, signed by the Tribal Manager, that he or she will not be available to sign documents on specified dates. This notice shall be attached to all purchasing documents signed by the Tribal Assistant Manager. The Tribal Manager is authorized to sign purchasing documents in the absence of all program directors to which he or she is delegated supervisory responsibility under the approved organizational chart of the Tribe.

4-4. *Tribal Ogema.* The Tribal Ogema, as the chief administrator for the Tribe, is responsible for overseeing the entire purchasing process. In addition to that general responsibility, the Tribal Ogema holds specific responsibility for:

- a. Approving purchase requests and contracts submitted that exceed \$3000.01, but do not exceed \$8000.00.
- b. Responsible for executing all contracts.
- c. Responsible for submitting in writing a list of all individuals identified as Program Director to exercise authority under 3.2(a) on an annual basis to Purchasing Department and Controller, and shall be amended and updated with any personnel changes.

4-5. *Tribal Council.* The Tribal Council has final responsibility for management of the Tribe's resources. Its key responsibilities in regard to purchasing are:

- a. Approving program budgets.
- b. Ratifying all purchases requests and contracts.

Section 5. Standards of Conduct

5-1. *Ethical Conduct.* It is important that high standards of conduct be maintained at all times to ensure confidence and integrity in the Tribe's purchasing process. All Tribal officers, employees, and agents who are involved in purchasing and contracting activities must follow the standard of conduct set forth below:

- a. Tribal employees will refrain from participating in a purchasing or contracting action, which a conflict of interest would be involved.
- b. Tribal employees will not accept gratuities, favors, or gifts of monetary value.

- c. Any Tribal employee who has unknowingly obtained any benefit resulting from a purchase or contract will immediately, upon discovery, report the benefit to his or her immediate supervisor.
- d. No employee of the Tribe shall knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any other person.

Section 6. Purchasing Procedures

6-1. *Request for Purchase Order.* Any purchase for goods or services on behalf of the Little River Band of Ottawa Indians must be initiated by submitting a "Request for Purchase Order" form with the following information:

- a. Date: The date the request is being made.
- b. Program number: Enter in the program number to which the purchase will be charged.
- c. Account number: Enter in the account number from which the purchase amount will be obligated.
- d. Placed by: Whom (employee) is requesting the purchase.
- e. Quantity: The amount of the item.
- f. Description: A clear item description including catalog number, color, size or any other information that may be needed to identify the item.
- g. Page number: Enter in the page number item was found if available.
- h. Source: Enter complete name, address, and phone number of suggested vendor.
- i. Price: Enter in the items unit price and multiplied price if ordering more than one unit.
- j. Approved by: Must be signed by the proper authorized personnel. See authorization levels in this policy.
- k. Justification: Reason for purchase.

6-2. *Issuance of Purchase Order.* The requisition form is sent to the Purchasing Department. Upon receiving all required authorizations a purchase order will be issued.

~~6-3. *Request for stock items.* In situations where the requisitioned items are in stock, the requisition may serve as an internal transfer charge. The Directors signature or pin code will serve as authorization to charge the appropriate program with the value of the goods transferred from stock to the receiving program.~~

~~6-3. 6-4. *Purchasing Encumbrance Procedures.*~~ The Purchasing Department shall place orders as follows:

- a. All approved requisition forms shall be assigned a Purchase Order number.
- b. The Purchasing Department shall provide documentation prior to placing an order that funding is available to support the request for purchase. Supporting documentation shall be attached to the purchase order. The Purchasing Department will match orders according to price and supplier and verify pricing.
- c. The Vendor will be phoned, faxed, or mailed. A description of the item should include color, size, and any additional information that maybe needed.
- d. The Purchase Order is then entered into the Accounting System.
- e. An original Purchase Order is printed and signed. A copy shall be routed to Program Director and the Receiving Department.

f. Departments are responsible for maintaining copies of their own request. The purchase order number that is assigned to an order can also be used to lookup an order that may require an item to be returned or used for future orders of a similar item.

g. ~~G~~ All purchase orders shall identify a shipping address and an invoicing address. All invoices shall be mailed to Accounts Payable. When the invoice arrives with the goods, the invoice shall be routed to Accounts Payable.

6-4. Procurement Transactions

- a. Small procurement transactions shall be used when purchasing supplies and equipment under \$100,000 in value.
- b. Major procurement transactions shall be used when purchasing supplies and equipment in excess of \$100,000 in value and shall require open solicitation and bidding.
- c. Standing Purchasing Orders. When business with a vendor is on a regular basis and purchases or service dollar amounts vary, it may be more cost effective to establish a standing purchase order with the vendor. A Standing Purchase Order shall be generated and maintained in the same fashion as the Purchase Order request.

6-5. Quotes & Bidding Requirements

- a. Required Competitive Quotations. An adequate number of quotations from qualified sources are required. There are two different methods to soliciting for price quotes – oral and written. To ensure the needs of the Tribe are met and at the same time ensuring that an adequate number of quotes are obtained.
 1. For purchase requests up to \$1,000.00, oral quotes are sufficient but in some cases it is more adequate to request a bid in writing. Adequate competition should still be sought for purchases under \$1,000.00 if the Purchasing Supervisor determines it to be feasible. The following factors must be taken into account when determining if it is adequate to obtain more quotes:
 - A. What is known about recent and similar purchases.
 - B. Soliciting bids out weighs the monetary value of the good.
 - C. In cases where the Purchasing Supervisor determines it to be more efficient, purchase orders can be issued for an amount not to exceed. For cases such as these, the amount shall never exceed \$250.00. The requisition shall list the requested items. The purchase order shall show, the determined not to exceed amount.
 - D. Items that are purchased under a GSA contract.
 - E. Written quotes are required for items purchased exceeding \$1,000.00 any exceptions must be documented and approved by-
 1. For Ogema Operations – The Ogema or Tribal Manager
 2. For Tribal Council – The Speaker or Recorder
 3. For Tribal Court – The Chief Judge of the Tribal Court

6-6. Bidding Process. All bids shall be generated in the following manner:

- a. The Program Director will provide the Purchasing Department with a description of equipment or service expectations/needs.
- b. The Purchasing Department will contact the source or sources and notify them of the opportunity to bid.
- c. Bids must be submitted in writing within a predetermined time frame.
- d. The following restrictions and requirements must be followed in order to obtain a fair and just bid.

1. Bids must be in writing.

2. All bids are confidential.

3. All copies of bids shall be attached to the purchase order.

6-7. Sole Source Bidding. Programs may from time to time have immediate needs to meet program objectives or to protect the health and safety of employees or Tribal Members. In such cases documentation and approval must be obtained from

- a. For Ogema Operations – The Ogema or Tribal Manager

- b. For Tribal Council – The Speaker or Recorder

- c. For Tribal Court – The Chief Judge of the Tribal Court

6-8 . Documenting Quotes. All quotes must be documented. A record is necessary to show that competition was obtained when feasible and to be utilized for future purchases. All soliciting documents shall be attached and remain with the purchaser order.

6-9 . Evaluating Quotes and Selection of Vendor. Indian preference must always be a factor when evaluating quotes and in the vendor selection process. The Purchasing Supervisor shall evaluate the quotes received and determine which quote is the most favorable buy. The price should be the determining factor, but in cases where the Purchasing Supervisor determines that the bidding vendor is not responsible and cannot fulfill the requirements properly and on time, these requirements must be considered over price.

6-5. Standing Purchase Orders. When business with a vendor is on a regular basis and purchases or service dollar amounts vary, it may be more cost effective to establish a standing purchase order with the vendor. A Standing Purchase Order shall be generated and maintained in the same fashion as the Purchase Order request.

Section 7-16-6. Receiving. Shipments shall be delivered to the Receiving Department unless otherwise specified by the Purchasing Department. The procedure for receiving goods is as follows:

- a. Packing slips must be matched by the purchase order.

- b. The Receiving Department shall inspect all shipments to make assure they have been received in good condition and in the proper quantity.

- c. As shipments are received, a check mark shall be entered on the packing slip beside the item to demonstrate that the item was received.

- d. Every received order must be stamped as “received” and initialed by the receiving personnel.

- e. Once the order has been received, receipt of the order is entered into the Accounting system.

f. The packing slip or invoice shall be forwarded to Accounts Payable for payment and closeout.

g. Purchases will be delivered by the Receiving Department.

~~7-2.6~~ 7. *Backorders.* When purchasing supplies on a daily basis, situations will occur where the entire order is not received on the same date. Such an occurrence places the order in a backorder status and the following procedure shall be followed:

a. The Receiving Department shall be responsible for notifying the Purchasing Department that an order has been placed on backorder.

b. The Purchasing Department will then be responsible for tracking and placing the order in a backorder status in the Accounting system.

Section 7. Adoption; Amendment; Repeal

7-1. *Adoption.* This Chapter is adopted by the Tribal Council on March 6, 2002 by resolution # 02- 0306-07 and amended by resolution # 03-0618-177, and resolution # 04-0512-__.

7-2. *Amendment.* This regulation may be amended by the Tribal Council, or by submission of amendments by the Tribal Ogenia approved by the Tribal Council, in accordance with the Constitution and any rules set forth governing amendment of regulations of the Little River Band of Ottawa Indians.

7-3. *Severability Clause.* If any provision of this regulation or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this regulation which can be given effect without the invalid provision or application, and to this end the provisions of this regulation are severable.

7-4. *Compliance.* In regards to compliance with this regulation, deviation from the requirements of this regulation must be noted and corrected. Failure to follow the requirements of this regulation may result in disciplinary action, up to and including termination from employment and action to recover expenditures resulting from unauthorized actions.