

Summary of ANS Procurement Policy

Requested by Maryland Association of Nonprofits? - Yes

This is a new policy establishing procedures for purchasing materials and other procurement. The policy more or less reflects the procedures that ANS has generally been following although they have never been written down.

This new policy does modify and somewhat relax a previous (but not current) ANS policy on capital expenditures. That policy required three bids for any expenditure over \$5,000. This policy does not require three bids until the expenditure reaches \$15,000.

The new policy was based on a standard procurement policy provided by Patty O'Malley. It was modified to fit the situation at ANS. Section III, stating environmental and social procurement preferences, was also added based upon a review of about a dozen environmental procurement policies.

The ANS Finance Committee approved the proposed policy by email on November 14, 2008.

Title:	Procurement Policy
Number:	FC 100
Effective:	
Revised:	
Review Schedule:	Annually at regularly scheduled Fall meeting
Last Review:	
Responsible Committees:	Finance Committee

I. Purpose and Definitions

- A. The purpose of this policy is to establish the procurement process to obtain appropriate supplies, equipment and services for the Audubon Naturalist Society (ANS), at the best value, and in a timely manner, while maintaining fairness to vendors, abiding by applicable laws, and minimizing the adverse environmental and social impacts resulting from ANS's purchases.
- B. All purchases must be properly authorized by management for valid business purposes
- C. The purchase of items for resale by the ANS Sanctuary Shop is exempt from all provisions of this policy, except for those set forth in Section III.
- D. For the purpose of this policy the term "Program Manager" refers to the person who has direct responsibility for oversight and implementation of a program budget (e.g. the budget for summer camp).
- E. For the purpose of this policy the term "Senior Review Officer" refers to one of the following:
 1. The Executive Director (for all purchases for communications, conservation, advocacy, and development)
 2. The Director of Environmental Education (for all environmental education programs)
 3. The Chief Financial Officer (CFO) (for expenditures on buildings and facilities, sanctuary shops, rentals, and general administration, and any other purchases not included under the Executive Director or the Director of Environmental Education)

II. General

- A. No employee, officer, agent or subcontractor of ANS shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest is involved except under the conditions set forth in ANS's conflict of interest policy.
- B. No employee, officer, agent, or subcontractor shall solicit or accept gratuities, favors, or anything of a monetary value from contractors or parties to agreements.
- C. All purchases other than contractual liabilities must be approved by the appropriate Program Manager and be consistent with an approved program budget.
- D. Employees making purchases on behalf of ANS are encouraged to negotiate prices and the terms of purchase. Suppliers will often give favorable terms to ANS when asked.

III. Environmental and Social Considerations in Making Purchases

- A. The first principle of environmental purchasing is to avoid making additional acquisitions, either by:
 - 1. Doing without the item (reducing consumption) or
 - 2. Reusing existing supplies (reuse).
 - 3. If ANS has no suitable items itself that can be reused, suitable second-hand items may be available for purchase.
- B. Where previously unused items need to be acquired, ANS will strive, where feasible, to purchase environmentally preferable products and services – products and services that in their manufacturer, marketing, use, and disposal are less harmful to the human environment. To fulfill this principle, ANS will strive to purchase products that have the following characteristics:
 - 1. They are durable, as opposed to single use or disposable items
 - 2. They reduce the use of toxins hazardous to the environment and employee and public health
 - 3. They contain high percentages of postconsumer recycled content
 - 4. They are highly energy-efficient
 - 5. They are recyclable, or if not recyclable, may be disposed of safely with a preference for items that are biodegradable
 - 6. They are made from raw materials that have been obtained in an environmentally sound, sustainable manner
 - 7. They are manufactured in an environmentally sound manner
 - 8. They are produced or sold by suppliers who strive to improve their environmental performance and provide environmentally preferable products, and who can document the supply-chain impacts of their efforts

9. They cause minimal or no environmental damage during normal use or maintenance
 10. They are shipped with minimal packaging (consistent with care of the product), preferably made of recycled and or recyclable materials
 11. They are produced by companies employing fair labor practices
 12. They are produced locally (in DC, Maryland, or Virginia)
- C. When appropriate, ANS will include a clause in its bidding specifications that reads: "The Audubon Naturalist Society is committed to buying products that in their manufacture, marketing, use, and disposal are less harmful to the human environment".

IV. Supporting Documentation Required

The amount and type of documentation required in support of a purchase depends upon the type of purchase as follows:

A. Capital Expenditures:

1. Proposals for funding capital projects, whenever they are submitted for approval and however they are funded, should include the following:
 - i. An explanation of why the proposed investment is important for ANS to fulfill its mission,
 - ii. A conservative projection of increases or decreases in operating costs and revenues to ANS which are expected to result from the investment
 - iii. Identification of the risks that could result in the financial impact on ANS being more adverse than projected.
 - iv. Multiple bids appropriate to the amount of the proposed expenditure as specified in the following sections.
2. Capital expenditures intended to modify or expand ANS's buildings or other facilities should be reviewed by the Committee on Buildings and Facilities.

B. Construction and Certain Other Types of Procurements

1. For construction projects the sanctuary manager is responsible for obtaining assurance from the contractor that:
 - i. The contractor is properly licensed to undertake the proposed work
 - ii. All permits required to undertake the construction have been obtained
 - iii. The contractor is properly and adequately insured

2. For certain other types of procurements that may create financial risks for ANS, at the direction of the CFO, the program manager should obtain assurance from the contractor that the contractor has obtained all appropriate licenses and is properly insured.
3. If appropriate, the CFO may require a contractor to include ANS as a named insured in the contractor's insurance policy.

C. Expenditures up to \$500

1. Once the Program Manager has determined that the expenditure is consistent with the approved program budget and has approved the acquisition, no further documentation is required except for a receipt or invoice from the supplier.
2. However, the individual making the purchase is responsible for ensuring that the purchase:
 - i. Has a low price compared to other reasonable suppliers
 - ii. Is of good quality
 - iii. Complies to the extent reasonable with the principles set forth in section III of this policy.
3. The invoice or purchase receipt should be processed according to the procedures set forth in policy FC 080 (Internal Control and Cash and Expenditure Policy).

D. Expenditures Between \$500 and \$2,500

1. In addition to all the requirements pertaining to expenditures of less than \$500, the individual making the purchase should:
 - i. Obtain oral or written cost estimates from at least two suppliers.

E. Expenditures Between \$2,500 and \$10,000

1. In addition to the requirements pertaining to expenditures of less than \$500, the Program Manager responsible for making the purchase should:
 - i. Solicit at least two written proposals for the proposed purchase or service
 - ii. Review the written proposals to verify that they are in accordance with the intended scope of the project and meet any specific requirements
 - iii. On the basis of this review, prepare a written recommendation for the Senior Review Officer and CFO recommending which proposal ANS should accept and any additional conditions that should be associated with the acquisition.
2. The Senior Review Officer and CFO must approve the proposed acquisition.

3. A final contract outlining the scope of the work or product, the agreed upon payment, and the terms of payment should be approved by the Senior Review Officer and the CFO.
4. Upon completion of the project or delivery of the product, the employee who is responsible for the deliverable should obtain the vendor's invoices and verify that the amounts billed are appropriate. Any deviations from the contract should be explained and approved.
5. A completed W-9 form should be obtained from each independent contractors prior to processing the invoice.

F. Expenditures Exceeding \$10,000

1. In addition to the procedures noted for expenditures between \$2,500 and \$10,000:
 - i. A minimum of three (3) bids must be obtained for expenditure in excess of \$10,000.
 - ii. The bids should be submitted on the vendors' stationery.
 - iii. An analysis sheet containing the following information should be prepared comparing the bids:
 - a) Responsiveness to solicitation
 - b) Cost
 - c) Qualifications of the vendor/contractor
 - d) Ability to deliver the goods/services in a timely fashion
 - e) Compliance with principles set forth in Section III of this policy
 - iv. If qualitative factors are present, such as the unique expertise of a particular vendor, these factors should be included in the analysis sheet
 - v. A recommendation should be made based upon the information in the analysis sheet.
 - vi. The recommendation together with the analysis sheet and a copy of the proposals should be submitted to the CFO, and the Executive Director for approval.
- G. A table summarizing the staff members that are responsible for approving procurements as specified in sections IV.C, through IV.F. above is included in Appendix A.

V. Procurements Made under Ongoing Contracts

- A. Once a contract for the ongoing procurement of services or supplies has been entered into under the provisions of section IV of this policy, procurements made pursuant to that contract need only:
 1. Be approved by the Program Manager upon determination that the expenditure is consistent with the approved program budget

- 2. Be consistent to the extent feasible with Section III of this policy.
- B. Such contracts should be reviewed by the CFO on an annual basis to ensure that they remain consistent with the intent of this policy.
- C. Such contracts should be re-bid every three years or less.

VI. Deviations from Policy

- A. The CFO with the approval of either the Treasurer or Chair of the Finance Committee may, if there is good cause, approve deviations from the requirements set forth in section IV.

VII. Review Schedule for Policy

- A. The Finance Committee shall review this policy on an annual basis at the regularly scheduled fall meeting.

Approval

Finance Committee _____ Date: _____
(chair)

Board of Directors: _____ Date _____

Appendix A

ANS Staff Members Responsible for Approving Procurements	Size of Procurement			
	0 - \$500	\$500 - \$2,500	\$2,500 - \$10,000	Greater than \$10,000
Staff Member Making Purchase	X	X	X	X
Program Manager	X	X	X	X
Senior Review Officer			X	X
CFO			X	X
Executive Director				X