

**AUTHORITY:** The Michigan Works! Southwest Workforce Development Board is established under the Workforce Investment Act of 1998 (as a “local workforce investment board”), the Workforce Innovation and Opportunity Act of 2014, and subsequent changes. The Board is assigned the responsibility to set policy for the workforce investment system within the local area.

**ORDER OF PRECEDENCE:** Where any part of this policy shall be determined to be in conflict with any federal, state or local policy, the federal, state, and then local policy shall take precedence without affecting any other part or parts of this policy.

## Procurement and Property Management

### BACKGROUND

Federal and state regulations require Michigan Works! Agencies (MWA) to establish, maintain and follow written policies and procedures to guide the selection of subrecipients and vendors for all procurements done with federal and/or state funds. This policy and the related Procurement and Property Management Procedures shall fulfill that requirement and are consistent with applicable federal and state regulations and policies.

### SCOPE

All programs and services that receive oversight from the Michigan Works! Southwest Workforce Development Board (WDB). Within the Michigan Works! Southwest Agency, the procurement standards outlined in this policy and the companion procedures shall be used to conduct all procurements unless stipulated otherwise by a specific funding source.

### DEFINITIONS

**Equipment**—tangible personal property with a unit acquisition cost of \$5,000 or more, and having a useful life of one year or more.

**The State or State**—refers to the Workforce Development Agency, State of Michigan and its successors.

**Supplies**—tangible personal property with a unit acquisition cost of less than \$5,000

### REFERENCES

Workforce Development Agency (WDA) and its successors, Policy Issuance 15-12 and subsequent changes, Procurement

Workforce Development Agency (WDA) and its successors, Policy Issuance 12-30 and subsequent changes, Property Management

Workforce Investment Act of 1998

Workforce Innovation and Opportunity Act of 2014

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

CFR, Title 48 – Federal Acquisition Regulations System

Michigan Works! Southwest Workforce Development Board Policy 10 R03, and subsequent changes, Standards of Conduct

Michigan Works! Southwest Workforce Development Board Policy 31 R01, and subsequent changes, Records Management and Destruction

**POLICY**

- I. Simplified Acquisition Threshold
  - A. Unless otherwise prescribed by the specific grant or funding source, the simplified acquisition threshold for procurements made in whole or in part with funds administered by the State is \$150,000.
  - B. Prior approval from the State is required before initiating any procurement of equipment, capital improvements, and/or other capital expenditures in excess of the simplified acquisition threshold and using formula funds administered by the State. State established procedures shall be used to secure required prior approval for these types of procurements.
  - C. The entity initiating any procurement over the simplified acquisition threshold, including contract modifications, shall perform a cost or price analysis.
  - D. Discretionary funds and other non-formula funds administered by the State may have lower thresholds for which prior State and/or federal agency approval is required. If no specific guidance is provided from the funding agency, approval from the federal awarding agency is required for expenditures, including equipment, of \$5,000 or more.
  
- II. Procurement Standards
  - A. Prior to initiating any procurement, the MWA and their subrecipients shall conduct a review of their current equipment, supplies and services to assure the planned purchase is necessary and non-duplicative.
    1. The MWA and their subrecipients shall also contact the MWA Property Coordinator prior to the purchase of supplies or equipment to assure that a suitable item is not available in the inventory of returned/unused items.
    2. Lease versus purchase options shall also be considered as a means to avoid unnecessary or duplicative purchases.
  - B. Funds shall be awarded only to entities capable of successfully meeting the terms, conditions and specifications in the procurement documents. All procurement decisions shall consider a proposer's past performance, integrity, risk potential and financial and technical resources.
  - C. The total value of the procurement is to be considered before determining the procurement method to be used.
  - D. Procurements shall be conducted using only the methods approved by the state or federal funding agency.
    1. Approved procurement methods include:
      - a. Micro-Purchases
      - b. Small Purchases
      - c. Sealed Bids
      - d. Competitive Proposals (Request for Proposals/RFP) and
      - e. Noncompetitive Proposals (Sole Source purchases).
    2. A detailed description of each approved procurement method, situations for use, and the requirements for each method shall be included in the local Procurement and Property Management Procedures.
  - E. For all procurements in excess of the simplified acquisition threshold, formal procurement procedures shall be used. Formal procedures shall include only sealed bids or competitive proposals (RFP).
  - F. Documentation of each step in the procurement process must be maintained including rationale for the method of procurement, selection of contract type, independent estimates, cost/price analysis, solicitations, bids, proposals, documentation of costs, justifications, bidder lists, contractor selection or rejections, resulting agreements, profit, and the basis for the agreement price.
    1. Written procedures for procurement transactions must include:
      - a. a clear and accurate description of the requirements and
      - b. identify the requirements and all other factors to be used to evaluate proposals/bids.

2. Documentation of the procurement of a subrecipient and all non-equipment and supply purchases shall be maintained for three years after the end of the funding period.
- G. Prior approval from the MWA is required for all subrecipient equipment purchases of \$5,000 or more.
- H. Procurements cannot be separated into multiple processes or purchases unless it is documented that using such a procedure would result in a cost savings or maximize participation by small businesses and minority and women-owned businesses.
- I. The entity initiating the procurement shall be responsible for the settlement of all contractual and administrative issues arising out of procurements.
- J. All entities shall conduct procurements without consideration for statutorily or administratively imposed state or local geographic preferences in the evaluation of bids or proposals unless applicable Federal statutes mandate or encourage geographic preference.
- K. Equipment or products purchased with WIOA Title I or II or Wagner-Peyser Act funds shall comply with the "Buy American Act."

### III. Selection of Subrecipients

- A. The selection of subrecipients for direct workforce development services, i.e., WIOA and PATH Programs, shall be conducted using Request for Proposal (RFP), a formal, competitive procurement process.
- B. The primary consideration in selecting an agency or organization to deliver services shall be the effectiveness of the entity to deliver the services as described in the solicitation documents and their level of potential risk.
  1. RFP documents shall require proposers to submit documentation and/or responses that demonstrate
    - a. their understanding of and ability to work with the population being served,
    - b. to design and implement effective programming, and
    - c. to meet program requirements and performance goals while operating within budget and allowable cost parameters.
  2. Written evaluation criteria for each RFP for direct service delivery shall be weighted to assure that effectiveness is the focus of consideration and that level of risk has been evaluated.
- C. A committee consisting of at least three voting members of the WDB shall review and evaluate proposals submitted in response to an RFP for the provision of direct services. Up to two representatives of other MWA oversight entities may be included in the RFP review committee.
  1. As part of the committee review, a consensus recommendation for subrecipient selection shall be made.
  2. This recommendation, along with the internal staff recommendation, will be used in the subrecipient selection decision.
  3. The subrecipient selection decision shall be communicated to the WDB at the next regularly scheduled meeting of the Executive Committee and the Full Board.
- D. Unless otherwise required by the funding source, the RFP instructions shall indicate that the solicitation for services shall be for a period of no more than three years.
  1. Initial agreements awarded as a result of an RFP process will be developed for a one-year period. The development of agreements for the second and third years of funding is contingent
    - a. upon the availability of state/federal funding,
    - b. satisfactory attainment of performance objectives,
    - c. the negotiation of budgets and performance levels, and
    - d. an evaluation of risk.

2. Michigan Works! Administration reserves the right to conduct an additional solicitation during the three year period if it is determined to be in the best interest of the program.
  3. Agreements awarded as a result of an RFP for direct service delivery shall be structured for cost reimbursement only.
  - E. An administration system shall be used to ensure that subrecipients perform in accordance with the terms, conditions, and specifications of their agreement.
  - F. Agreements awarded in response to an RFP shall contain sufficient language to
    1. protect the federal funds from waste, fraud, and abuse;
    2. protect the fund recipient and subrecipient; and
    3. be in compliance with applicable federal, state, and local laws.
  - G. The MWA shall not contract with any party which is debarred, suspended, ineligible for, or otherwise excluded from participation in federal assistance programs or funding.
    1. The Procurement and Property Management Procedures shall include procedures to assure that funds are not awarded in violation of this requirement.
    2. Agreements shall contain the provisions required by federal and state statute and policy, including but not limited to Equal Employment Opportunity (EEO), Davis Bacon, termination for cause and for convenience and Byrd Anti-Lobbying.
- IV. Procurement and Property Management Procedures
- A. The Michigan Works! Southwest Administration shall establish, maintain, and follow Procurement and Property Management Procedures that are consistent with applicable federal, state, and local laws, regulations, policies and procedures.
    1. These procedures shall establish a procurement environment that allows full and open competition.
    2. Standards shall be established in the Procurement Procedures to assure that unfair requirements that would restrict competition are not placed on procurements.
    3. The Standards of Conduct/Conflict of Interest policies and procedures established by the WDB shall be incorporated into these Procedures and shall address employee, Workforce Development Board member, and organizational conflict of interest.
  - B. This policy and the Procurement and Property Management Procedures shall apply to all subrecipients.
    1. Subrecipients may utilize the procurement procedures of their organization if the requirements of this policy and the related procedures are incorporated in their organization's procedures.
    2. Subrecipients using the MWA Procurement and Property Management Procedures shall formally adopt them through their administrative structure.
  - C. The Procurement and Property Management Procedures shall include procedures for the recording and disposition of equipment and supplies, inventory requirements, and procurement record retention requirements that incorporate federal, state, and local regulations and policies.
- V. Equipment and Property Management
- A. All goods purchased with grant funds shall be used by the program or project for which it was purchased.
  - B. Goods purchased with grant funds shall be used until they are no longer useful or needed by the original program or project.
    1. Michigan Works! Property Coordinator shall be contacted regarding proper disposition of equipment and supplies deemed no longer useful or needed.

2. The Procurement and Property Management Procedures shall detail the procedure for disposition of equipment and supplies based on the requirements of policy and the funding source.
- C. All subrecipients shall be responsible for proper control, maintenance, and accountability of all goods purchased with grant funds, regardless of the cost of the items.
- D. Adequate records sufficient to detail the status and significant history of all goods purchased in whole or in part with state or federal funds shall be maintained.
- E. At a minimum, records of equipment and supply purchases shall be retained for three years after the funding period ends or final disposition of the equipment, whichever is longest.
- F. A local inventory system shall be utilized to track equipment and supplies. All subrecipients shall maintain an equipment and property inventory and submit and/or reconcile their inventory based on a schedule established by the MWA.

**INITIAL EFFECTIVE  
DATE**

7/1/2005

**APPROVED**

<b>Initial Policy</b>	WDB Executive Committee	7/1/2005
<b>Revision 01</b>	Workforce Development Board	5/14/2009
<b>Revision 02</b>	WDB Executive Committee	7/12/2012
<b>Revision 03</b>	WDB Executive Committee	6/6/2013
<b>Revision 04</b>	WDB Executive Committee	7/15/2015
<b>Revision 05</b>	WDB Executive Committee	7/20/2016

**EXPIRATION**

Ongoing