

II. BUDGET AND MANAGEMENT

Effective Date: April 21, 2008

C. PROCUREMENT

In an effort to ensure that goods and services are obtained in an efficient, effective manner and in accordance with applicable State requirements, the board of directors should establish policies and procedures which govern and control procurement activities of the non-profit organization.

A code of conduct should specify that no employee, officer, or agent is to participate in the selection, award, or administration of a contract if there is the possibility of either a real or a perceived conflict of interest. In addition, employees, officers, or agents are not to solicit nor accept gratuities, favors, or anything of monetary value from parties to the contract. Specific disciplinary actions to be followed when violations occur should be included in the code of conduct.

All procurement and contract activities should be conducted in a manner which provides, to the maximum extent possible, free and open competition among all parties. Non-profit organizations must be continually alert to organizational conflicts of interest as well as actions or practices on the part of contractors and other parties which might restrict or eliminate competition. In order to ensure objective performance as well as eliminate unfair competitive advantages, contractors who develop or draft specifications, requests for proposals, etc. should be excluded from competing for the contract or award.

Procurement procedures should be developed in a manner which enables the non-profit organization to avoid the purchase of unnecessary and/or unreasonable items. For example, a process should be in place which ensures that a proper analysis and study of lease versus purchase alternatives is made whenever applicable. The solicitation process for securing either goods or services should also provide to prospective vendors complete and adequate information in order to avoid unnecessary delays or misunderstandings on the part of suppliers and/or contractors.

An effort should be made to ensure that small businesses, minority-owned firms, as well as business enterprises owned and operated by women are given every opportunity throughout the procurement process to participate on an equitable basis with larger suppliers and contractors.

Procurement files should document that a cost or price analysis was made with regards to every procurement. The price analysis process may include formal quotations, market prices, or other similar data while the cost analysis is concerned with a review and evaluation of cost elements to determine reasonableness, allocability, and allowability.

A contract monitoring process should be developed which ensures that contractors perform in accordance with terms, conditions, and specifications set forth in the contractual agreement. Also, provisions must be included to ensure timely and proper follow-up on all purchase and performance agreements.

Procurement policies and procedures of non-profit organizations should include a requirement that formal competitive bidding practices are to be used when contracting for goods and services with an expected value equal to or greater than an amount established by the governing board. In addition, such competitive bid practices are strongly encouraged, when practicable, on smaller procurements.